

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 1456

(SENATE AUTHORS: MILLER)

DATE	D-PG	OFFICIAL STATUS
02/27/2017	786	Introduction and first reading Referred to Jobs and Economic Growth Finance and Policy
03/07/2017	1128	Comm report: To pass
	1140	Second reading
03/09/2017	1254	General Orders: Stricken and re-referred to Finance
03/23/2017	1631a	Comm report: To pass as amended
	1934	Second reading
05/10/2017	4496a	Special Order: Amended
	4496	Third reading Passed
05/17/2017	5352	Returned from House with amendment
	5352	Senate not concur, conference committee of 5 requested
	5356	Senate conferees Miller; Dahms; Osmek; Anderson, P.; Champion
05/18/2017	5389	House conferees Garofalo; Newberger; O'Neill; Hoppe; Mahoney
05/21/2017	5799c	Conference committee report, delete everything
	5973	Motion to reject CC report, did not prevail Laid on table
05/22/2017	5975	Taken from table Senate adopted CC report and repassed bill
	5976	Third reading
	5982	House adopted SCC report and repassed bill

1.1 A bill for an act

1.2 relating to state government; appropriating money for jobs and economic

1.3 development; appropriating money for the Department of Employment and

1.4 Economic Development, Housing Finance Agency, Department of Labor and

1.5 Industry, Bureau of Mediation Services, Public Employment Relations Board,

1.6 Workers' Compensation Court of Appeals, Department of Commerce, Public

1.7 Utilities Commission, and Public Facilities Authority; making policy and

1.8 housekeeping changes to labor and industry provisions; making policy changes to

1.9 employment, economic development, and workforce development provisions;

1.10 making policy changes to the Department of Iron Range Resources and

1.11 Rehabilitation; making changes related to workers' compensation; making changes

1.12 to commerce, energy, and telecommunications policy; making other housing and

1.13 miscellaneous policy changes; modifying fees; requiring reports; authorizing

1.14 rulemaking; amending Minnesota Statutes 2016, sections 3.732, subdivision 1;

1.15 3.736, subdivision 3; 3.8851, subdivision 1; 15.01; 15.38, subdivision 7; 15A.0815,

1.16 subdivision 3; 16B.323; 43A.02, subdivision 22; 45.0135, subdivision 6; 46.131,

1.17 subdivision 7, by adding a subdivision; 65B.84, subdivision 1; 80A.61; 80A.65,

1.18 subdivision 2; 85.0146, subdivision 1; 116C.779, subdivision 1; 116C.7792;

1.19 116D.04, subdivision 1a; 116J.423, subdivision 2; 116J.424; 116J.8731, subdivision

1.20 2, by adding a subdivision; 116J.8748, subdivisions 1, 3, 4, 6; 116J.994,

1.21 subdivisions 3, 5, 7; 116L.17, subdivision 1; 116L.665; 116M.14, subdivision 4;

1.22 116M.17, subdivision 4; 116M.18, subdivisions 1a, 4, 4a, 8; 175.45; 176.135, by

1.23 adding a subdivision; 176.1362, subdivisions 1, 2; 176.275, subdivision 1; 176.285;

1.24 176.361, subdivisions 2, 3; 176.521, by adding a subdivision; 176.541, subdivisions

1.25 1, 8, by adding a subdivision; 176.611, subdivision 2; 216B.161, subdivision 1;

1.26 216B.164, subdivisions 2, 5, 9, by adding a subdivision; 216B.1691, subdivision

1.27 2f; 216B.1694, subdivisions 1, 3; 216B.241, subdivisions 1b, 1c, 1d, 2, 5, 5d, 7;

1.28 216B.2422, subdivisions 2, 4; 216B.2424, by adding a subdivision; 216B.62,

1.29 subdivision 3b; 216C.05, subdivision 2; 216C.435, by adding a subdivision;

1.30 216H.03, subdivisions 3, 4, 7; 237.162, subdivisions 2, 4, 9, by adding subdivisions;

1.31 237.163, subdivisions 2, 4, 6, 7, by adding subdivisions; 276A.01, subdivisions

1.32 8, 17; 276A.06, subdivision 8; 282.38, subdivisions 1, 3; 297I.11, subdivision 2;

1.33 298.001, subdivision 8, by adding a subdivision; 298.018, subdivision 1; 298.17;

1.34 298.22, subdivisions 1, 1a, 5a, 6, 10, 11, by adding subdivisions; 298.221; 298.2211,

1.35 subdivisions 3, 6; 298.2212; 298.223, subdivisions 1, 2; 298.227; 298.27; 298.28,

1.36 subdivisions 7, 7a, 9c, 9d, 11; 298.292, subdivision 2; 298.296; 298.2961; 298.297;

1.37 298.46, subdivisions 2, 5, 6; 325J.06; 326B.092, subdivision 7; 326B.153,

1.38 subdivision 1; 326B.37, by adding subdivisions; 326B.435, subdivision 2; 326B.50,

1.39 subdivision 3, by adding subdivisions; 326B.55, subdivisions 2, 4; 326B.89,

2.1 subdivisions 1, 5; 327C.01, by adding a subdivision; 345.42, by adding a
 2.2 subdivision; 345.49; 462.355, subdivision 4; 462A.201, subdivision 2; 462A.2035;
 2.3 462A.204, subdivision 8; 466.03, subdivision 6c; 469.310, subdivision 9; 474A.02,
 2.4 subdivision 21; Laws 2010, chapter 389, article 5, section 7; Laws 2014, chapter
 2.5 211, section 13, as amended; Laws 2014, chapter 312, article 2, section 14, as
 2.6 amended; Laws 2015, First Special Session chapter 1, article 1, sections 2,
 2.7 subdivision 6; 5, subdivision 2; Laws 2016, chapter 189, article 7, section 46; Laws
 2.8 2017, chapter 68, article 1, section 1; proposing coding for new law in Minnesota
 2.9 Statutes, chapters 72A; 116J; 175; 176; 216C; 239; 326B; 327C; 462A; 462C;
 2.10 471; repealing Minnesota Statutes 2016, sections 3.8852; 46.131, subdivision 5;
 2.11 116C.779, subdivision 3; 116J.549; 174.187; 176.541, subdivision 7; 216B.8109;
 2.12 216B.811; 216B.812; 216B.813; 216B.815; 216C.411; 216C.412; 216C.413;
 2.13 216C.414; 216C.415; 216C.416; 298.22, subdivision 8; 298.2213; 298.298;
 2.14 326B.89, subdivision 14; Laws 2013, chapter 85, article 6, section 11; Minnesota
 2.15 Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; 4355.0500.

2.16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

2.17 **ARTICLE 1**

2.18 **APPROPRIATIONS**

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

2.20 (a) The sums shown in the columns marked "Appropriations" are appropriated to the
 2.21 agencies and for the purposes specified in this article. The appropriations are from the
 2.22 general fund, or another named fund, and are available for the fiscal years indicated for
 2.23 each purpose. The figures "2018" and "2019" used in this article mean that the appropriations
 2.24 listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019,
 2.25 respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The
 2.26 biennium" is fiscal years 2018 and 2019.

2.27 (b) If an appropriation in this article is enacted more than once in the 2017 legislative
 2.28 session, the appropriation must be given effect only once.

2.29	<u>APPROPRIATIONS</u>	
2.30	<u>Available for the Year</u>	
2.31	<u>Ending June 30</u>	
2.32	<u>2018</u>	<u>2019</u>

2.33 **Sec. 2. DEPARTMENT OF EMPLOYMENT**
 2.34 **AND ECONOMIC DEVELOPMENT**

2.35	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>145,400,000</u>	<u>\$</u>	<u>119,478,000</u>
2.36	<u>Appropriations by Fund</u>				
2.37		<u>2018</u>		<u>2019</u>	
2.38	<u>General</u>	<u>\$109,565,000</u>		<u>\$84,747,000</u>	
2.39	<u>Remediation</u>	<u>\$700,000</u>		<u>\$700,000</u>	

3.1	<u>Workforce</u>		
3.2	<u>Development</u>	<u>\$34,985,000</u>	<u>\$34,031,000</u>
3.3	<u>Special Revenue</u>	<u>\$150,000</u>	<u>-0-</u>

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

3.7	<u>Subd. 2. Business and Community Development</u>	<u>\$</u>	<u>46,074,000</u>	<u>\$</u>	<u>40,935,000</u>
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3.8	<u>Appropriations by Fund</u>		
3.9	<u>General</u>	<u>\$43,363,000</u>	<u>\$38,424,000</u>
3.10	<u>Remediation</u>	<u>\$700,000</u>	<u>\$700,000</u>
3.11	<u>Workforce</u>		
3.12	<u>Development</u>	<u>\$1,861,000</u>	<u>\$1,811,000</u>
3.13	<u>Special Revenue</u>	<u>\$150,000</u>	<u>-0-</u>

3.14 (a) \$4,195,000 each year is for the Minnesota
 3.15 job skills partnership program under
 3.16 Minnesota Statutes, sections 116L.01 to
 3.17 116L.17. If the appropriation for either year
 3.18 is insufficient, the appropriation for the other
 3.19 year is available. This appropriation is
 3.20 available until spent.

3.21 (b) \$750,000 each year is for grants to the
 3.22 Neighborhood Development Center for small
 3.23 business programs:

3.24 (1) training, lending, and business services;

3.25 (2) model outreach and training in greater
 3.26 Minnesota; and

3.27 (3) development of new business incubators.

3.28 This is a onetime appropriation.

3.29 (c) \$1,175,000 each year is for a grant to the
 3.30 Metropolitan Economic Development
 3.31 Association (MEDA) for statewide business
 3.32 development and assistance services, including
 3.33 services to entrepreneurs with businesses that
 3.34 have the potential to create job opportunities

4.1 for unemployed and underemployed people,
4.2 with an emphasis on minority-owned
4.3 businesses. This is a onetime appropriation.

4.4 (d) \$125,000 each year is for a grant to the
4.5 White Earth Nation for the White Earth Nation
4.6 Integrated Business Development System to
4.7 provide business assistance with workforce
4.8 development, outreach, technical assistance,
4.9 infrastructure and operational support,
4.10 financing, and other business development
4.11 activities. This is a onetime appropriation.

4.12 (e)(1) \$12,500,000 each year is for the
4.13 Minnesota investment fund under Minnesota
4.14 Statutes, section 116J.8731. Of this amount,
4.15 the commissioner of employment and
4.16 economic development may use up to three
4.17 percent for administration and monitoring of
4.18 the program. This appropriation is available
4.19 until spent.

4.20 (2) Of the amount appropriated in fiscal year
4.21 2018, \$4,000,000 is for a loan to construct and
4.22 equip a wholesale electronic component
4.23 distribution center investing a minimum of
4.24 \$200,000,000 and constructing a facility at
4.25 least 700,000 square feet in size. Loan funds
4.26 may be used for purchases of materials,
4.27 supplies, and equipment for the construction
4.28 of the facility and are available from July 1,
4.29 2017, to June 30, 2021. The commissioner of
4.30 employment and economic development shall
4.31 forgive the loan after verification that the
4.32 project has satisfied performance goals and
4.33 contractual obligations as required under
4.34 Minnesota Statutes, section 116J.8731.

5.1 (3) Of the amount appropriated in fiscal year
5.2 2018, \$700,000 is for a loan to extend an
5.3 effluent pipe that will deliver reclaimed water
5.4 to an innovative waste-to-biofuel project
5.5 investing a minimum of \$150,000,000 and
5.6 constructing a facility that is designed to
5.7 process approximately 400,000 tons of waste
5.8 annually. Loan funds are available until June
5.9 30, 2021.

5.10 (f) \$8,500,000 each year is for the Minnesota
5.11 job creation fund under Minnesota Statutes,
5.12 section 116J.8748. Of this amount, the
5.13 commissioner of employment and economic
5.14 development may use up to three percent for
5.15 administrative expenses. This appropriation
5.16 is available until expended. In fiscal year 2020
5.17 and beyond, the base amount is \$8,000,000.

5.18 (g) \$1,647,000 each year is for contaminated
5.19 site cleanup and development grants under
5.20 Minnesota Statutes, sections 116J.551 to
5.21 116J.558. This appropriation is available until
5.22 spent. In fiscal year 2020 and beyond, the base
5.23 amount is \$1,772,000.

5.24 (h) \$12,000 each year is for a grant to the
5.25 Upper Minnesota Film Office.

5.26 (i) \$163,000 each year is for the Minnesota
5.27 Film and TV Board. The appropriation in each
5.28 year is available only upon receipt by the
5.29 board of \$1 in matching contributions of
5.30 money or in-kind contributions from nonstate
5.31 sources for every \$3 provided by this
5.32 appropriation, except that each year up to
5.33 \$50,000 is available on July 1 even if the
5.34 required matching contribution has not been
5.35 received by that date.

6.1 (j) \$500,000 each year is from the general fund
6.2 for a grant to the Minnesota Film and TV
6.3 Board for the film production jobs program
6.4 under Minnesota Statutes, section 116U.26.
6.5 This appropriation is available until June 30,
6.6 2021.

6.7 (k) \$139,000 each year is for a grant to the
6.8 Rural Policy and Development Center under
6.9 Minnesota Statutes, section 116J.421.

6.10 (l)(1) \$1,300,000 each year is for the greater
6.11 Minnesota business development public
6.12 infrastructure grant program under Minnesota
6.13 Statutes, section 116J.431. This appropriation
6.14 is available until spent. If the appropriation
6.15 for either year is insufficient, the appropriation
6.16 for the other year is available. In fiscal year
6.17 2020 and beyond, the base amount is
6.18 \$1,787,000. Funds available under this
6.19 paragraph may be used for site preparation of
6.20 property owned and to be used by private
6.21 entities.

6.22 (2) Of the amounts appropriated, \$1,600,000
6.23 in fiscal year 2018 is for a grant to the city of
6.24 Thief River Falls to support utility extensions,
6.25 roads, and other public improvements related
6.26 to the construction of a wholesale electronic
6.27 component distribution center at least 700,000
6.28 square feet in size and investing a minimum
6.29 of \$200,000,000. Notwithstanding Minnesota
6.30 Statutes, section 116J.431, a local match is
6.31 not required. Grant funds are available from
6.32 July 1, 2017, to June 30, 2021.

6.33 (m) \$876,000 the first year and \$500,000 the
6.34 second year are for the Minnesota emerging
6.35 entrepreneur loan program under Minnesota

7.1 Statutes, section 116M.18. Funds available
7.2 under this paragraph are for transfer into the
7.3 emerging entrepreneur program special
7.4 revenue fund account created under Minnesota
7.5 Statutes, chapter 116M, and are available until
7.6 spent. Of this amount, up to four percent is for
7.7 administration and monitoring of the program.
7.8 In fiscal year 2020 and beyond, the base
7.9 amount is \$1,000,000.

7.10 (n) \$875,000 each year is for a grant to
7.11 Enterprise Minnesota, Inc. for the small
7.12 business growth acceleration program under
7.13 Minnesota Statutes, section 116O.115. This
7.14 is a onetime appropriation.

7.15 (o) \$250,000 in fiscal year 2018 is for a grant
7.16 to the Minnesota Design Center at the
7.17 University of Minnesota for the greater
7.18 Minnesota community design pilot project.

7.19 (p) \$275,000 in fiscal year 2018 is from the
7.20 general fund to the commissioner of
7.21 employment and economic development for
7.22 a grant to Community and Economic
7.23 Development Associates (CEDA) for an
7.24 economic development study and analysis of
7.25 the effects of current and projected economic
7.26 growth in southeast Minnesota. CEDA shall
7.27 report on the findings and recommendations
7.28 of the study to the committees of the house of
7.29 representatives and senate with jurisdiction
7.30 over economic development and workforce
7.31 issues by February 15, 2019. All results and
7.32 information gathered from the study shall be
7.33 made available for use by cities in southeast
7.34 Minnesota by March 15, 2019. This
7.35 appropriation is available until June 30, 2020.

8.1 (q) \$2,000,000 in fiscal year 2018 is for a
8.2 grant to Pillsbury United Communities for
8.3 construction and renovation of a building in
8.4 north Minneapolis for use as the "North
8.5 Market" grocery store and wellness center,
8.6 focused on offering healthy food, increasing
8.7 health care access, and providing job creation
8.8 and economic opportunities in one place for
8.9 children and families living in the area. To the
8.10 extent possible, Pillsbury United Communities
8.11 shall employ individuals who reside within a
8.12 five mile radius of the grocery store and
8.13 wellness center. This appropriation is not
8.14 available until at least an equal amount of
8.15 money is committed from nonstate sources.
8.16 This appropriation is available until the project
8.17 is completed or abandoned, subject to
8.18 Minnesota Statutes, section 16A.642.

8.19 (r) \$1,425,000 each year is for the business
8.20 development competitive grant program. Of
8.21 this amount, up to five percent is for
8.22 administration and monitoring of the business
8.23 development competitive grant program. All
8.24 grant awards shall be for two consecutive
8.25 years. Grants shall be awarded in the first year.

8.26 (s) \$875,000 each year is for the host
8.27 community economic development grant
8.28 program established in Minnesota Statutes,
8.29 section 116J.548.

8.30 (t) \$700,000 each year is from the remediation
8.31 fund for contaminated site cleanup and
8.32 development grants under Minnesota Statutes,
8.33 sections 116J.551 to 116J.558. This
8.34 appropriation is available until spent.

9.1 (u) \$161,000 each year is from the workforce
9.2 development fund for a grant to the Rural
9.3 Policy and Development Center. This is a
9.4 onetime appropriation.

9.5 (v) \$300,000 each year is from the workforce
9.6 development fund for a grant to Enterprise
9.7 Minnesota, Inc. This is a onetime
9.8 appropriation.

9.9 (w) \$50,000 in fiscal year 2018 is from the
9.10 workforce development fund for a grant to
9.11 Fighting Chance for behavioral intervention
9.12 programs for at-risk youth.

9.13 (x) \$1,350,000 each year is from the
9.14 workforce development fund for job training
9.15 grants under Minnesota Statutes, section
9.16 116L.42.

9.17 (y)(1) \$519,000 in fiscal year 2018 is for
9.18 grants to local communities to increase the
9.19 supply of quality child care providers in order
9.20 to support economic development. At least 60
9.21 percent of grant funds must go to communities
9.22 located outside of the seven-county
9.23 metropolitan area, as defined under Minnesota
9.24 Statutes, section 473.121, subdivision 2. Grant
9.25 recipients must obtain a 50 percent nonstate
9.26 match to grant funds in either cash or in-kind
9.27 contributions. Grant funds available under this
9.28 paragraph must be used to implement solutions
9.29 to reduce the child care shortage in the state
9.30 including but not limited to funding for child
9.31 care business start-ups or expansions, training,
9.32 facility modifications or improvements
9.33 required for licensing, and assistance with
9.34 licensing and other regulatory requirements.
9.35 In awarding grants, the commissioner must

10.1 give priority to communities that have
10.2 documented a shortage of child care providers
10.3 in the area.

10.4 (2) Within one year of receiving grant funds,
10.5 grant recipients must report to the
10.6 commissioner on the outcomes of the grant
10.7 program including but not limited to the
10.8 number of new providers, the number of
10.9 additional child care provider jobs created, the
10.10 number of additional child care slots, and the
10.11 amount of local funds invested.

10.12 (3) By January 1 of each year, starting in 2019,
10.13 the commissioner must report to the standing
10.14 committees of the legislature having
10.15 jurisdiction over child care and economic
10.16 development on the outcomes of the program
10.17 to date.

10.18 (z) \$319,000 in fiscal year 2018 is from the
10.19 general fund for a grant to the East Phillips
10.20 Improvement Coalition to create the East
10.21 Phillips Neighborhood Institute (EPNI) to
10.22 expand culturally tailored resources that
10.23 address small business growth and create
10.24 green jobs. The grant shall fund the
10.25 collaborative work of Tamales y Bicicletas,
10.26 Little Earth of the United Tribes, a nonprofit
10.27 servicing East Africans, and other coalition
10.28 members towards developing EPNI as a
10.29 community space to host activities including,
10.30 but not limited to, creation and expansion of
10.31 small businesses, culturally specific
10.32 entrepreneurial activities, indoor urban
10.33 farming, job training, education, and skills
10.34 development for residents of this low-income,
10.35 environmental justice designated

11.1 neighborhood. Eligible uses for grant funds
11.2 include, but are not limited to, planning and
11.3 start-up costs, staff and consultant costs,
11.4 building improvements, rent, supplies, utilities,
11.5 vehicles, marketing, and program activities.
11.6 The commissioner shall submit a report on
11.7 grant activities and quantifiable outcomes to
11.8 the committees of the house of representatives
11.9 and the senate with jurisdiction over economic
11.10 development by December 15, 2020. This
11.11 appropriation is available until June 30, 2020.

11.12 (aa) \$150,000 the first year is from the
11.13 renewable development account in the special
11.14 revenue fund established in Minnesota
11.15 Statutes, section 116C.779, subdivision 1, to
11.16 conduct the biomass facility closure economic
11.17 impact study.

11.18 (bb)(1)\$300,000 in fiscal year 2018 is for a
11.19 grant to East Side Enterprise Center (ESEC)
11.20 to expand culturally tailored resources that
11.21 address small business growth and job
11.22 creation. This appropriation is available until
11.23 June 30, 2020. The appropriation shall fund
11.24 the work of African Economic Development
11.25 Solutions, the Asian Economic Development
11.26 Association, the Dayton's Bluff Community
11.27 Council, and the Latino Economic
11.28 Development Center in a collaborative
11.29 approach to economic development that is
11.30 effective with smaller, culturally diverse
11.31 communities that seek to increase the
11.32 productivity and success of new immigrant
11.33 and minority populations living and working
11.34 in the community. Programs shall provide
11.35 minority business growth and capacity

- 12.1 building that generate wealth and jobs creation
12.2 for local residents and business owners on the
12.3 East Side of St. Paul.
- 12.4 (2) In fiscal year 2019 ESEC shall use funds
12.5 to share its integrated service model and
12.6 evolving collaboration principles with civic
12.7 and economic development leaders in greater
12.8 Minnesota communities which have diverse
12.9 populations similar to the East Side of St. Paul.
12.10 ESEC shall submit a report of activities and
12.11 program outcomes, including quantifiable
12.12 measures of success annually to the house of
12.13 representatives and senate committees with
12.14 jurisdiction over economic development.
- 12.15 (cc) \$150,000 in fiscal year 2018 is for a grant
12.16 to Mille Lacs County for the purpose of
12.17 reimbursement grants to small resort
12.18 businesses located in the city of Isle with less
12.19 than \$350,000 in annual revenue, at least four
12.20 rental units, which are open during both
12.21 summer and winter months, and whose
12.22 business was adversely impacted by a decline
12.23 in walleye fishing on Lake Mille Lacs.
- 12.24 (dd)(1) \$250,000 in fiscal year 2018 is for a
12.25 grant to the Small Business Development
12.26 Center hosted at Minnesota State University,
12.27 Mankato, for a collaborative initiative with
12.28 the Regional Center for Entrepreneurial
12.29 Facilitation. Funds available under this section
12.30 must be used to provide entrepreneur and
12.31 small business development direct professional
12.32 business assistance services in the following
12.33 counties in Minnesota: Blue Earth, Brown,
12.34 Faribault, Le Sueur, Martin, Nicollet, Sibley,
12.35 Watonwan, and Waseca. For the purposes of

13.1 this section, "direct professional business
 13.2 assistance services" must include, but is not
 13.3 limited to, pre-venture assistance for
 13.4 individuals considering starting a business.
 13.5 This appropriation is not available until the
 13.6 commissioner determines that an equal amount
 13.7 is committed from nonstate sources. Any
 13.8 balance in the first year does not cancel and
 13.9 is available for expenditure in the second year.

13.10 (2) Grant recipients shall report to the
 13.11 commissioner by February 1 of each year and
 13.12 include information on the number of
 13.13 customers served in each county; the number
 13.14 of businesses started, stabilized, or expanded;
 13.15 the number of jobs created and retained; and
 13.16 business success rates in each county. By April
 13.17 1 of each year, the commissioner shall report
 13.18 the information submitted by grant recipients
 13.19 to the chairs of the standing committees of the
 13.20 house of representatives and the senate having
 13.21 jurisdiction over economic development
 13.22 issues.

13.23 (ee) \$500,000 in fiscal year 2018 is for the
 13.24 central Minnesota opportunity grant program
 13.25 established under Minnesota Statutes, section
 13.26 116J.9922. This appropriation is available until
 13.27 June 30, 2022.

13.28	<u>Subd. 3. Workforce Development</u>	<u>\$</u>	<u>31,498,000</u>	<u>\$</u>	<u>30,231,000</u>
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13.29	<u>Appropriations by Fund</u>				
13.30	<u>General</u>	<u>\$6,239,000</u>	<u>\$5,889,000</u>		
13.31	<u>Workforce</u>				
13.32	<u>Development</u>	<u>\$25,259,000</u>	<u>\$24,342,000</u>		

13.33 (a) \$500,000 each year is for the
 13.34 youth-at-work competitive grant program
 13.35 under Minnesota Statutes, section 116L.562.

- 14.1 Of this amount, up to five percent is for
14.2 administration and monitoring of the youth
14.3 workforce development competitive grant
14.4 program. All grant awards shall be for two
14.5 consecutive years. Grants shall be awarded in
14.6 the first year. In fiscal year 2020 and beyond,
14.7 the base amount is \$750,000.
- 14.8 (b) \$250,000 each year is for pilot programs
14.9 in the workforce service areas to combine
14.10 career and higher education advising.
- 14.11 (c) \$500,000 each year is for rural career
14.12 counseling coordinator positions in the
14.13 workforce service areas and for the purposes
14.14 specified in Minnesota Statutes, section
14.15 116L.667. The commissioner of employment
14.16 and economic development, in consultation
14.17 with local workforce investment boards and
14.18 local elected officials in each of the service
14.19 areas receiving funds, shall develop a method
14.20 of distributing funds to provide equitable
14.21 services across workforce service areas.
- 14.22 (d) \$1,000,000 each year is for a grant to the
14.23 Construction Careers Foundation for the
14.24 construction career pathway initiative to
14.25 provide year-round educational and
14.26 experiential learning opportunities for teens
14.27 and young adults under the age of 21 that lead
14.28 to careers in the construction industry. This is
14.29 a onetime appropriation. Grant funds must be
14.30 used to:
- 14.31 (1) increase construction industry exposure
14.32 activities for middle school and high school
14.33 youth, parents, and counselors to reach a more
14.34 diverse demographic and broader statewide
14.35 audience. This requirement includes, but is

- 15.1 not limited to, an expansion of programs to
15.2 provide experience in different crafts to youth
15.3 and young adults throughout the state;
- 15.4 (2) increase the number of high schools in
15.5 Minnesota offering construction classes during
15.6 the academic year that utilize a multicraft
15.7 curriculum;
- 15.8 (3) increase the number of summer internship
15.9 opportunities;
- 15.10 (4) enhance activities to support graduating
15.11 seniors in their efforts to obtain employment
15.12 in the construction industry;
- 15.13 (5) increase the number of young adults
15.14 employed in the construction industry and
15.15 ensure that they reflect Minnesota's diverse
15.16 workforce; and
- 15.17 (6) enhance an industrywide marketing
15.18 campaign targeted to youth and young adults
15.19 about the depth and breadth of careers within
15.20 the construction industry.
- 15.21 Programs and services supported by grant
15.22 funds must give priority to individuals and
15.23 groups that are economically disadvantaged
15.24 or historically underrepresented in the
15.25 construction industry, including but not limited
15.26 to women, veterans, and members of minority
15.27 and immigrant groups.
- 15.28 (e) \$1,539,000 each year from the general fund
15.29 and \$4,604,000 each year from the workforce
15.30 development fund are for the Pathways to
15.31 Prosperity adult workforce development
15.32 competitive grant program. Of this amount,
15.33 up to four percent is for administration and
15.34 monitoring of the program. When awarding

16.1 grants under this paragraph, the commissioner
16.2 of employment and economic development
16.3 may give preference to any previous grantee
16.4 with demonstrated success in job training and
16.5 placement for hard-to-train individuals. In
16.6 fiscal year 2020 and beyond, the general fund
16.7 base amount for this program is \$4,039,000.

16.8 (f) \$750,000 each year is for a competitive
16.9 grant program to provide grants to
16.10 organizations that provide support services for
16.11 individuals, such as job training, employment
16.12 preparation, internships, job assistance to
16.13 fathers, financial literacy, academic and
16.14 behavioral interventions for low-performing
16.15 students, and youth intervention. Grants made
16.16 under this section must focus on low-income
16.17 communities, young adults from families with
16.18 a history of intergenerational poverty, and
16.19 communities of color. Of this amount, up to
16.20 four percent is for administration and
16.21 monitoring of the program. In fiscal year 2020
16.22 and beyond, the base amount is \$1,000,000.

16.23 (g) \$500,000 each year is for the women and
16.24 high-wage, high-demand, nontraditional jobs
16.25 grant program under Minnesota Statutes,
16.26 section 116L.99. Of this amount, up to five
16.27 percent is for administration and monitoring
16.28 of the program. In fiscal year 2020 and
16.29 beyond, the base amount is \$750,000.

16.30 (h) \$500,000 each year is for a competitive
16.31 grant program for grants to organizations
16.32 providing services to relieve economic
16.33 disparities in the Southeast Asian community
16.34 through workforce recruitment, development,
16.35 job creation, assistance of smaller

17.1 organizations to increase capacity, and
17.2 outreach. Of this amount, up to five percent
17.3 is for administration and monitoring of the
17.4 program. In fiscal year 2020 and beyond, the
17.5 base amount is \$1,000,000.

17.6 (i) \$250,000 each year is for a grant to the
17.7 American Indian Opportunities and
17.8 Industrialization Center, in collaboration with
17.9 the Northwest Indian Community
17.10 Development Center, to reduce academic
17.11 disparities for American Indian students and
17.12 adults. This is a onetime appropriation. The
17.13 grant funds may be used to provide:

17.14 (1) student tutoring and testing support
17.15 services;

17.16 (2) training in information technology;

17.17 (3) assistance in obtaining a GED;

17.18 (4) remedial training leading to enrollment in
17.19 a postsecondary higher education institution;

17.20 (5) real-time work experience in information
17.21 technology fields; and

17.22 (6) contextualized adult basic education.

17.23 After notification to the legislature, the
17.24 commissioner may transfer this appropriation
17.25 to the commissioner of education.

17.26 (j) \$100,000 each year is for the getting to
17.27 work grant program. This is a onetime
17.28 appropriation and is available until June 30,
17.29 2021.

17.30 (k) \$525,000 each year is from the workforce
17.31 development fund for a grant to the YWCA
17.32 of Minneapolis to provide economically
17.33 challenged individuals the job skills training,

- 18.1 career counseling, and job placement
- 18.2 assistance necessary to secure a child
- 18.3 development associate credential and to have
- 18.4 a career path in early childhood education.
- 18.5 This is a onetime appropriation.
- 18.6 (l) \$1,350,000 each year is from the workforce
- 18.7 development fund for a grant to the Minnesota
- 18.8 High Tech Association to support
- 18.9 SciTechsperience, a program that supports
- 18.10 science, technology, engineering, and math
- 18.11 (STEM) internship opportunities for two- and
- 18.12 four-year college students and graduate
- 18.13 students in their field of study. The internship
- 18.14 opportunities must match students with paid
- 18.15 internships within STEM disciplines at small,
- 18.16 for-profit companies located in Minnesota,
- 18.17 having fewer than 250 employees worldwide.
- 18.18 At least 300 students must be matched in the
- 18.19 first year and at least 350 students must be
- 18.20 matched in the second year. No more than 15
- 18.21 percent of the hires may be graduate students.
- 18.22 Selected hiring companies shall receive from
- 18.23 the grant 50 percent of the wages paid to the
- 18.24 intern, capped at \$2,500 per intern. The
- 18.25 program must work toward increasing the
- 18.26 participation of women or other underserved
- 18.27 populations. This is a onetime appropriation.
- 18.28 (m) \$450,000 each year is from the workforce
- 18.29 development fund for grants to Minnesota
- 18.30 Diversified Industries, Inc. to provide
- 18.31 progressive development and employment
- 18.32 opportunities for people with disabilities. This
- 18.33 is a onetime appropriation.
- 18.34 (n) \$500,000 each year is from the workforce
- 18.35 development fund for a grant to Resource, Inc.

19.1 to provide low-income individuals career
19.2 education and job skills training that are fully
19.3 integrated with chemical and mental health
19.4 services. This is a onetime appropriation.

19.5 (o) \$750,000 each year is from the workforce
19.6 development fund for a grant to the Minnesota
19.7 Alliance of Boys and Girls Clubs to administer
19.8 a statewide project of youth job skills and
19.9 career development. This project, which may
19.10 have career guidance components including
19.11 health and life skills, is designed to encourage,
19.12 train, and assist youth in early access to
19.13 education and job-seeking skills, work-based
19.14 learning experience including career pathways
19.15 in STEM learning, career exploration and
19.16 matching, and first job placement through
19.17 local community partnerships and on-site job
19.18 opportunities. This grant requires a 25 percent
19.19 match from nonstate resources. This is a
19.20 onetime appropriation.

19.21 (p) \$215,000 each year is from the workforce
19.22 development fund for grants to Big Brothers,
19.23 Big Sisters of the Greater Twin Cities for
19.24 workforce readiness, employment exploration,
19.25 and skills development for youth ages 12 to
19.26 21. The grant must serve youth in the Twin
19.27 Cities, Central Minnesota, and Southern
19.28 Minnesota Big Brothers, Big Sisters chapters.
19.29 This is a onetime appropriation.

19.30 (q) \$250,000 each year is from the workforce
19.31 development fund for a grant to YWCA St.
19.32 Paul to provide job training services and
19.33 workforce development programs and
19.34 services, including job skills training and
19.35 counseling. This is a onetime appropriation.

20.1 (r) \$1,000,000 each year is from the workforce
20.2 development fund for a grant to EMERGE
20.3 Community Development, in collaboration
20.4 with community partners, for services
20.5 targeting Minnesota communities with the
20.6 highest concentrations of African and
20.7 African-American joblessness, based on the
20.8 most recent census tract data, to provide
20.9 employment readiness training, credentialed
20.10 training placement, job placement and
20.11 retention services, supportive services for
20.12 hard-to-employ individuals, and a general
20.13 education development fast track and adult
20.14 diploma program. This is a onetime
20.15 appropriation.

20.16 (s) \$1,000,000 each year is from the workforce
20.17 development fund for a grant to the
20.18 Minneapolis Foundation for a strategic
20.19 intervention program designed to target and
20.20 connect program participants to meaningful,
20.21 sustainable living-wage employment. This is
20.22 a onetime appropriation.

20.23 (t) \$750,000 each year is from the workforce
20.24 development fund for a grant to Latino
20.25 Communities United in Service (CLUES) to
20.26 expand culturally tailored programs that
20.27 address employment and education skill gaps
20.28 for working parents and underserved youth by
20.29 providing new job skills training to stimulate
20.30 higher wages for low-income people, family
20.31 support systems designed to reduce
20.32 intergenerational poverty, and youth
20.33 programming to promote educational
20.34 advancement and career pathways. At least
20.35 50 percent of this amount must be used for

- 21.1 programming targeted at greater Minnesota.
- 21.2 This is a onetime appropriation.
- 21.3 (u) \$600,000 each year is from the workforce
- 21.4 development fund for a grant to Ujamaa Place
- 21.5 for job training, employment preparation,
- 21.6 internships, education, training in the
- 21.7 construction trades, housing, and
- 21.8 organizational capacity building. This is a
- 21.9 onetime appropriation.
- 21.10 (v) \$1,297,000 in the first year and \$800,000
- 21.11 in the second year are from the workforce
- 21.12 development fund for performance grants
- 21.13 under Minnesota Statutes, section 116J.8747,
- 21.14 to Twin Cities R!SE to provide training to
- 21.15 hard-to-train individuals. Of the amounts
- 21.16 appropriated, \$497,000 in fiscal year 2018 is
- 21.17 for a grant to Twin Cities R!SE, in
- 21.18 collaboration with Metro Transit and Hennepin
- 21.19 Technical College for the Metro Transit
- 21.20 technician training program. This is a onetime
- 21.21 appropriation and funds are available until
- 21.22 June 30, 2020.
- 21.23 (w) \$230,000 in fiscal year 2018 is from the
- 21.24 workforce development fund for a grant to the
- 21.25 Bois Forte Tribal Employment Rights Office
- 21.26 (TERO) for an American Indian workforce
- 21.27 development training pilot project.
- 21.28 (x) \$40,000 in fiscal year 2018 is from the
- 21.29 workforce development fund for a grant to the
- 21.30 Cook County Higher Education Board to
- 21.31 provide educational programming and
- 21.32 academic support services to remote regions
- 21.33 in northeastern Minnesota. This appropriation
- 21.34 is in addition to other funds previously
- 21.35 appropriated to the board.

22.1 (y) \$250,000 each year is from the workforce
22.2 development fund for a grant to Bridges to
22.3 Healthcare to provide career education,
22.4 wraparound support services, and job skills
22.5 training in high-demand health care fields to
22.6 low-income parents, nonnative speakers of
22.7 English, and other hard-to-train individuals,
22.8 helping families build secure pathways out of
22.9 poverty while also addressing worker
22.10 shortages in one of Minnesota's most
22.11 innovative industries. Funds may be used for
22.12 program expenses, including, but not limited
22.13 to, hiring instructors and navigators; space
22.14 rental; and supportive services to help
22.15 participants attend classes, including assistance
22.16 with course fees, child care, transportation,
22.17 and safe and stable housing. In addition, up to
22.18 five percent of grant funds may be used for
22.19 Bridges to Healthcare's administrative costs.
22.20 This is a onetime appropriation and is
22.21 available until June 30, 2020.

22.22 (z) \$500,000 each year is from the workforce
22.23 development fund for a grant to the Nonprofits
22.24 Assistance Fund to provide capacity-building
22.25 grants to small, culturally specific
22.26 organizations that primarily serve historically
22.27 underserved cultural communities. Grants may
22.28 only be awarded to nonprofit organizations
22.29 that have an annual organizational budget of
22.30 less than \$500,000 and are culturally specific
22.31 organizations that primarily serve historically
22.32 underserved cultural communities. Grant funds
22.33 awarded must be used for:

22.34 (1) organizational infrastructure improvement,
22.35 including developing database management

- 23.1 systems and financial systems, or other
23.2 administrative needs that increase the
23.3 organization's ability to access new funding
23.4 sources;
- 23.5 (2) organizational workforce development,
23.6 including hiring culturally competent staff,
23.7 training and skills development, and other
23.8 methods of increasing staff capacity; or
- 23.9 (3) creation or expansion of partnerships with
23.10 existing organizations that have specialized
23.11 expertise in order to increase the capacity of
23.12 the grantee organization to improve services
23.13 for the community. Of this amount, up to five
23.14 percent may be used by the Nonprofits
23.15 Assistance Fund for administration costs and
23.16 providing technical assistance to potential
23.17 grantees. This is a onetime appropriation.
- 23.18 (aa) \$4,050,000 each year is from the
23.19 workforce development fund for the
23.20 Minnesota youth program under Minnesota
23.21 Statutes, sections 116L.56 and 116L.561.
- 23.22 (bb) \$1,000,000 each year is from the
23.23 workforce development fund for the
23.24 youthbuild program under Minnesota Statutes,
23.25 sections 116L.361 to 116L.366.
- 23.26 (cc) \$3,348,000 each year is from the
23.27 workforce development fund for the "Youth
23.28 at Work" youth workforce development
23.29 competitive grant program. Of this amount,
23.30 up to five percent is for administration and
23.31 monitoring of the youth workforce
23.32 development competitive grant program. All
23.33 grant awards shall be for two consecutive
23.34 years. Grants shall be awarded in the first year.

- 24.1 (dd) \$500,000 each year is from the workforce
24.2 development fund for the Opportunities
24.3 Industrialization Center programs.
- 24.4 (ee) \$750,000 each year is from the workforce
24.5 development fund for a grant to Summit
24.6 Academy OIC to expand its contextualized
24.7 GED and employment placement program.
24.8 This is a onetime appropriation.
- 24.9 (ff) \$500,000 each year is from the workforce
24.10 development fund for a grant to
24.11 Goodwill-Easter Seals Minnesota and its
24.12 partners. The grant shall be used to continue
24.13 the FATHER Project in Rochester, Park
24.14 Rapids, St. Cloud, Minneapolis, and the
24.15 surrounding areas to assist fathers in
24.16 overcoming barriers that prevent fathers from
24.17 supporting their children economically and
24.18 emotionally. This is a onetime appropriation.
- 24.19 (gg) \$150,000 each year is from the workforce
24.20 development fund for displaced homemaker
24.21 programs under Minnesota Statutes, section
24.22 116L.96. The commissioner shall distribute
24.23 the funds to existing nonprofit and state
24.24 displaced homemaker programs. This is a
24.25 onetime appropriation.
- 24.26 (hh)(1) \$150,000 in fiscal year 2018 is from
24.27 the workforce development fund for a grant
24.28 to Anoka County to develop and implement
24.29 a pilot program to increase competitive
24.30 employment opportunities for transition-age
24.31 youth ages 18 to 21.
- 24.32 (2) The competitive employment for
24.33 transition-age youth pilot program shall
24.34 include career guidance components, including

- 25.1 health and life skills, to encourage, train, and
25.2 assist transition-age youth in job-seeking
25.3 skills, workplace orientation, and job site
25.4 knowledge.
- 25.5 (3) In operating the pilot program, Anoka
25.6 County shall collaborate with schools,
25.7 disability providers, jobs and training
25.8 organizations, vocational rehabilitation
25.9 providers, and employers to build upon
25.10 opportunities and services, to prepare
25.11 transition-age youth for competitive
25.12 employment, and to enhance employer
25.13 connections that lead to employment for the
25.14 individuals served.
- 25.15 (4) Grant funds may be used to create an
25.16 on-the-job training incentive to encourage
25.17 employers to hire and train qualifying
25.18 individuals. A participating employer may
25.19 receive up to 50 percent of the wages paid to
25.20 the employee as a cost reimbursement for
25.21 on-the-job training provided.
- 25.22 (ii) \$500,000 each year is from the workforce
25.23 development fund for rural career counseling
25.24 coordinator positions in the workforce service
25.25 areas and for the purposes specified in
25.26 Minnesota Statutes, section 116L.667. The
25.27 commissioner of employment and economic
25.28 development, in consultation with local
25.29 workforce investment boards and local elected
25.30 officials in each of the service areas receiving
25.31 funds, shall develop a method of distributing
25.32 funds to provide equitable services across
25.33 workforce service areas.
- 25.34 (jj) In calendar year 2017, the public utility
25.35 subject to Minnesota Statutes, section

26.1 116C.779, must withhold \$1,000,000 from the
 26.2 funds required to fulfill its financial
 26.3 commitments under Minnesota Statutes,
 26.4 section 116C.779, subdivision 1, and pay such
 26.5 amounts to the commissioner of employment
 26.6 and economic development for deposit in the
 26.7 Minnesota 21st century fund under Minnesota
 26.8 Statutes, section 116J.423.

26.9 (kk) \$350,000 in fiscal year 2018 is for a grant
 26.10 to AccessAbility Incorporated to provide job
 26.11 skills training to individuals who have been
 26.12 released from incarceration for a felony-level
 26.13 offense and are no more than 12 months from
 26.14 the date of release. AccessAbility Incorporated
 26.15 shall annually report to the commissioner on
 26.16 how the money was spent and the results
 26.17 achieved. The report must include, at a
 26.18 minimum, information and data about the
 26.19 number of participants; participant
 26.20 homelessness, employment, recidivism, and
 26.21 child support compliance; and training
 26.22 provided to program participants.

26.23 Subd. 4. **General Support Services** \$ 4,170,000 \$ 4,654,000

26.24 Appropriations by Fund

26.25 <u>General Fund</u>	<u>\$4,135,000</u>	<u>\$4,606,000</u>
26.26 <u>Workforce</u>		
26.27 <u>Development</u>	<u>\$35,000</u>	<u>\$48,000</u>

26.28 (a) \$250,000 each year is for the publication,
 26.29 dissemination, and use of labor market
 26.30 information under Minnesota Statutes, section
 26.31 116J.401.

26.32 (b) \$1,269,000 each year is for transfer to the
 26.33 Minnesota Housing Finance Agency for
 26.34 operating the Olmstead Compliance Office.

27.1 (c) \$500,000 each year is for a statewide
27.2 capacity-building grant program. The
27.3 commissioner of employment and economic
27.4 development shall, through a request for
27.5 proposal process, select a nonprofit
27.6 organization to administer the
27.7 capacity-building grant program. The selected
27.8 organization must have demonstrated
27.9 experience in providing financial and technical
27.10 assistance to nonprofit organizations statewide.
27.11 The selected organization shall provide
27.12 financial assistance in the form of subgrants
27.13 and technical assistance to small to
27.14 medium-sized nonprofit organizations
27.15 offering, or seeking to offer, workforce or
27.16 economic development programming that
27.17 addresses economic disparities in underserved
27.18 cultural communities. This assistance can be
27.19 provided in-house or in partnership with other
27.20 organizations depending on need. The
27.21 nonprofit organization selected to administer
27.22 the grant program shall report to the
27.23 commissioner by February 1 each year
27.24 regarding assistance provided, including the
27.25 demographic and geographic distribution of
27.26 the grant awards, services, and outcomes. By
27.27 April 1 each year, the commissioner shall
27.28 report the information submitted by the
27.29 nonprofit to the legislative committees having
27.30 jurisdiction over economic development
27.31 issues. Of this amount, one percent is for the
27.32 commissioner to conduct the request for
27.33 proposal process and monitor the selected
27.34 organization. The nonprofit selected to
27.35 administer the grant program may use up to
27.36 five percent of the grant funds for

- 28.1 administration costs and providing technical
 28.2 assistance to potential subgrantees.
- 28.3 (d) \$25,000 each year is for the administration
 28.4 of state aid for the Destination Medical Center
 28.5 under Minnesota Statutes, sections 469.40 to
 28.6 469.47.
- 28.7 **Subd. 5. Minnesota Trade Office** \$ 2,292,000 \$ 2,292,000
- 28.8 (a) \$300,000 each year is for the STEP grants
 28.9 in Minnesota Statutes, section 116J.979.
- 28.10 (b) \$180,000 each year is for the Invest
 28.11 Minnesota marketing initiative in Minnesota
 28.12 Statutes, section 116J.9781.
- 28.13 (c) \$270,000 each year is for the Minnesota
 28.14 Trade Offices under Minnesota Statutes,
 28.15 section 116J.978.
- 28.16 (d) \$50,000 each year is for the Trade Policy
 28.17 Advisory Council under Minnesota Statutes,
 28.18 section 116J.9661.
- 28.19 **Subd. 6. Vocational Rehabilitation** \$ 34,691,000 \$ 34,691,000
- 28.20 Appropriations by Fund
- 28.21 General \$26,861,000 \$26,861,000
- 28.22 Workforce
- 28.23 Development \$7,830,000 \$7,830,000
- 28.24 (a) \$14,300,000 each year is for the state's
 28.25 vocational rehabilitation program under
 28.26 Minnesota Statutes, chapter 268A. In fiscal
 28.27 year 2020 and beyond, the base amount is
 28.28 \$10,800,000.
- 28.29 (b) \$3,011,000 each year is for grants to
 28.30 centers for independent living under
 28.31 Minnesota Statutes, section 268A.11.
- 28.32 (c) \$6,995,000 each year is from the general
 28.33 fund and \$6,830,000 each year is from the

29.1 workforce development fund for extended
 29.2 employment services for persons with severe
 29.3 disabilities under Minnesota Statutes, section
 29.4 268A.15. Of the general fund amount
 29.5 appropriated, \$1,000,000 each year is for rate
 29.6 increases to providers of extended employment
 29.7 services for persons with severe disabilities
 29.8 under Minnesota Statutes, section 268A.15.
 29.9 In fiscal year 2020 and beyond, the general
 29.10 fund base amount is \$8,995,000. Of the base
 29.11 amounts in fiscal years 2020 and 2021,
 29.12 \$2,000,000 in fiscal year 2020 and \$2,000,000
 29.13 in fiscal year 2021 are for rate increases to
 29.14 providers of extended employment services
 29.15 for persons with severe disabilities under
 29.16 Minnesota Statutes, section 268A.15.

29.17 (d) \$2,555,000 each year is for grants to
 29.18 programs that provide employment support
 29.19 services to persons with mental illness under
 29.20 Minnesota Statutes, sections 268A.13 and
 29.21 268A.14.

29.22 (e) \$1,000,000 each year is from the workforce
 29.23 development fund for grants under Minnesota
 29.24 Statutes, section 268A.16, for employment
 29.25 services for persons, including transition-age
 29.26 youth, who are deaf, deafblind, or
 29.27 hard-of-hearing. If the amount in the first year
 29.28 is insufficient, the amount in the second year
 29.29 is available in the first year.

29.30 **Subd. 7. Services for the Blind** \$ 6,425,000 \$ 6,425,000

29.31 Of this amount, \$500,000 each year is for
 29.32 senior citizens who are becoming blind. At
 29.33 least half of the funds for this purpose must
 29.34 be used to provide training services for seniors
 29.35 who are becoming blind. Training services

30.1 must provide independent living skills to
 30.2 seniors who are becoming blind to allow them
 30.3 to continue to live independently in their
 30.4 homes.

30.5 **Subd. 8. Broadband Development** \$ 20,250,000 \$ 250,000

30.6 (a) \$20,000,000 in fiscal year 2018 is for
 30.7 deposit in the border-to-border broadband fund
 30.8 account in the special revenue fund established
 30.9 under Minnesota Statutes, section 116J.396.

30.10 (b) \$250,000 each year is for the Broadband
 30.11 Development Office.

30.12 **Subd. 9. Reporting**

30.13 (a) An entity receiving a direct appropriation
 30.14 in this article that received a direct
 30.15 appropriation in Laws 2016, chapter 189,
 30.16 article 12, is subject to the requirements for
 30.17 grants to individually specified recipients
 30.18 under Laws 2016, chapter 189, article 12,
 30.19 section 11.

30.20 (b) Any recipient of a direct appropriation
 30.21 from the workforce development fund for
 30.22 adult workforce-related programs under
 30.23 subdivision 3 not subject to the requirements
 30.24 of paragraph (a) is subject to the reporting
 30.25 requirements under Minnesota Statutes,
 30.26 section 116L.98.

30.27 **Sec. 3. HOUSING FINANCE AGENCY**

30.28 **Subdivision 1. Total Appropriation** \$ 54,798,000 \$ 52,798,000

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

30.32 Unless otherwise specified, this appropriation
 30.33 is for transfer to the housing development fund

31.1 for the programs specified in this section.

31.2 Except as otherwise indicated, this transfer is

31.3 part of the agency's permanent budget base.

31.4 **Subd. 2. Challenge Program**

14,925,000

14,925,000

31.5 (a)(1) This appropriation is for the economic

31.6 development and housing challenge program

31.7 under Minnesota Statutes, section 462A.33.

31.8 The agency must continue to strengthen its

31.9 efforts to address the disparity rate between

31.10 white households and indigenous American

31.11 Indians and communities of color. Of this

31.12 amount, \$1,208,000 each year shall be made

31.13 available during the first 11 months of the

31.14 fiscal year exclusively for housing projects

31.15 for American Indians. Any funds not

31.16 committed to housing projects for American

31.17 Indians in the first 11 months of each fiscal

31.18 year shall be available for any eligible activity

31.19 under Minnesota Statutes, section 462A.33.

31.20 (2) The appropriation may be used to finance

31.21 the construction or replacement of real

31.22 property that is located in Melrose affected by

31.23 the fire on September 8, 2016.

31.24 (3) The commissioner may allocate a portion

31.25 of the appropriation for the economic

31.26 development and housing challenge program

31.27 for assistance in the area included in DR-4290,

31.28 as provided in Minnesota Statutes, section

31.29 12A.09. The maximum loan amount per

31.30 housing structure is \$20,000. Within the limits

31.31 of available appropriations, the agency may

31.32 increase the maximum amount if the cost of

31.33 repair or replacement of the residential

31.34 property exceeds the total of the maximum

31.35 loan amount and any assistance available from

32.1 FEMA, other federal government agencies,
 32.2 including the Small Business Administration,
 32.3 and private insurance and flood insurance
 32.4 benefits.

32.5 (b) \$2,000,000 each year is for the purposes
 32.6 of the workforce housing development
 32.7 program under Minnesota Statutes, section
 32.8 462A.39. The commissioner of housing
 32.9 finance may hire staff sufficient for the
 32.10 purposes of this paragraph.

32.11 Subd. 3. **Housing Trust Fund** 13,396,000 11,646,000

32.12 (a) This appropriation is for deposit in the
 32.13 housing fund account created under Minnesota
 32.14 Statutes, section 462A.201, and may be used
 32.15 for the purposes provided in that section.

32.16 (b) \$1,750,000 in fiscal year 2018 is for the
 32.17 rental assistance to highly mobile students
 32.18 program under Minnesota Statutes, section
 32.19 462A.201, subdivision 2, paragraph (a), clause
 32.20 (4).

32.21 Subd. 4. **Rental Assistance for Mentally Ill** 4,088,000 4,088,000

32.22 This appropriation is for the rental housing
 32.23 assistance program for persons with a mental
 32.24 illness or families with an adult member with
 32.25 a mental illness, under Minnesota Statutes,
 32.26 section 462A.2097. Among comparable
 32.27 proposals, the agency shall prioritize those
 32.28 proposals that target, in part, eligible persons
 32.29 who desire to move to more integrated,
 32.30 community-based settings.

32.31 Subd. 5. **Family Homeless Prevention** 8,769,000 8,519,000

32.32 (a) This appropriation is for the family
 32.33 homeless prevention and assistance programs
 32.34 under Minnesota Statutes, section 462A.204.

33.1 (b) \$250,000 in fiscal year 2018 is for grants
 33.2 to programs under Minnesota Statutes, section
 33.3 462A.204, subdivision 8.

33.4 **Subd. 6. Home Ownership Assistance Fund** 885,000 885,000

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

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

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

33.22 (b) The owner of federally assisted rental
 33.23 property must agree to participate in the
 33.24 applicable federally assisted housing program
 33.25 and to extend any existing low-income
 33.26 affordability restrictions on the housing for
 33.27 the maximum term permitted. The owner must
 33.28 also enter into an agreement that gives local
 33.29 units of government, housing and
 33.30 redevelopment authorities, and nonprofit
 33.31 housing organizations the right of first refusal
 33.32 if the rental property is offered for sale.
 33.33 Priority must be given among comparable
 33.34 federally assisted rental properties to
 33.35 properties with the longest remaining term

34.1 under an agreement for federal assistance.
 34.2 Priority must also be given among comparable
 34.3 rental housing developments to developments
 34.4 that are or will be owned by local government
 34.5 units, a housing and redevelopment authority,
 34.6 or a nonprofit housing organization.

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

34.15 <u>Subd. 8. Housing Rehabilitation</u>	<u>6,515,000</u>	<u>6,515,000</u>
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34.16 This appropriation is for the housing
 34.17 rehabilitation program under Minnesota
 34.18 Statutes, section 462A.05, subdivision 14. Of
 34.19 this amount, \$2,772,000 each year is for the
 34.20 rehabilitation of owner-occupied housing,
 34.21 \$3,743,000 each year is for the rehabilitation
 34.22 of eligible rental housing. In administering a
 34.23 rehabilitation program for rental housing, the
 34.24 agency may apply the processes and priorities
 34.25 adopted for administration of the economic
 34.26 development and housing challenge program
 34.27 under Minnesota Statutes, section 462A.33.

34.28 <u>Subd. 9. Homeownership Education, Counseling,</u> 34.29 <u>and Training</u>	<u>857,000</u>	<u>857,000</u>
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34.30 This appropriation is for the homeownership
 34.31 education, counseling, and training program
 34.32 under Minnesota Statutes, section 462A.209.
 34.33 Priority may be given to funding programs
 34.34 that are aimed at culturally specific groups

35.1 who are providing services to members of their
 35.2 communities.

35.3 **Subd. 10. Capacity Building Grants** 645,000 645,000

35.4 This appropriation is for nonprofit capacity
 35.5 building grants under Minnesota Statutes,
 35.6 section 462A.21, subdivision 3b. Of this
 35.7 amount, \$125,000 each year is for support of
 35.8 the Homeless Management Information
 35.9 System (HMIS).

35.10 **Subd. 11. Build Wealth MN** 500,000 500,000

35.11 This appropriation is for grants to Build
 35.12 Wealth MN to provide a family stabilization
 35.13 plan program including program outreach,
 35.14 financial literacy education, and budget and
 35.15 debt counseling.

35.16 **Sec. 4. DEPARTMENT OF LABOR AND**
 35.17 **INDUSTRY**

35.18 **Subdivision 1. Total Appropriation** **\$ 28,820,000** **\$ 29,143,000**

35.19 Appropriations by Fund

	<u>2018</u>	<u>2019</u>
35.20		
35.21 <u>General</u>	<u>1,776,000</u>	<u>1,790,000</u>
35.22 <u>Workers'</u>		
35.23 <u>Compensation</u>	<u>24,975,000</u>	<u>24,975,000</u>
35.24 <u>Workforce</u>		
35.25 <u>Development</u>	<u>2,069,000</u>	<u>2,378,000</u>

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

35.29 **Subd. 2. Workers' Compensation** 14,782,000 14,782,000

35.30 (a) This appropriation is from the workers'
 35.31 compensation fund.

35.32 (b)(1) \$3,000,000 each year is for workers'
 35.33 compensation system upgrades. This amount

36.1 is available until June 30, 2021. This is a
 36.2 onetime appropriation.

36.3 (2) This appropriation includes funds for
 36.4 information technology project services and
 36.5 support subject to the provisions of Minnesota
 36.6 Statutes, section 16E.0466. Any ongoing
 36.7 information technology costs must be
 36.8 incorporated into the service level agreement
 36.9 and must be paid to the Office of MN.IT
 36.10 Services by the commissioner of labor and
 36.11 industry under the rates and mechanism
 36.12 specified in that agreement.

36.13	<u>Subd. 3. Labor Standards and Apprenticeship</u>	<u>3,645,000</u>	<u>3,668,000</u>
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36.14 Appropriations by Fund

36.15	<u>General</u>	<u>1,776,000</u>	<u>1,790,000</u>
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36.16	<u>Workforce</u>		
36.17	<u>Development</u>	<u>1,869,000</u>	<u>1,878,000</u>

36.18 (a) \$500,000 each year is from the general
 36.19 fund for wage theft prevention under the
 36.20 division of labor standards.

36.21 (b) \$100,000 each year is from the workforce
 36.22 development fund for labor education and
 36.23 advancement program grants under Minnesota
 36.24 Statutes, section 178.11, to expand and
 36.25 promote registered apprenticeship training for
 36.26 minorities and women.

36.27 (c) \$300,000 each year is from the workforce
 36.28 development fund for the PIPELINE program.

36.29 (d) \$200,000 each year is from the workforce
 36.30 development fund for grants to the
 36.31 Construction Careers Foundation for the
 36.32 Helmets to Hardhats Minnesota initiative.
 36.33 Grant funds must be used to recruit, retain,
 36.34 assist, and support National Guard, reserve,
 36.35 and active duty military members' and

37.1 veterans' participation into apprenticeship
 37.2 programs registered with the Department of
 37.3 Labor and Industry and connect them with
 37.4 career training and employment in the building
 37.5 and construction industry. The recruitment,
 37.6 selection, employment, and training must be
 37.7 without discrimination due to race, color,
 37.8 creed, religion, national origin, sex, sexual
 37.9 orientation, marital status, physical or mental
 37.10 disability, receipt of public assistance, or age.
 37.11 This is a onetime appropriation.

37.12 (e) \$1,029,000 each year is from the workforce
 37.13 development fund for the apprenticeship
 37.14 program under Minnesota Statutes, chapter
 37.15 178.

37.16 (f) \$150,000 each year is from the workforce
 37.17 development fund for prevailing wage
 37.18 enforcement.

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

37.20 This appropriation is from the workers'
 37.21 compensation fund.

37.22 Subd. 5. **General Support** 6,239,000 6,539,000

37.23 Appropriations by Fund

37.24	<u>Workforce</u>		
37.25	<u>Development Fund</u>	<u>200,000</u>	<u>500,000</u>
37.26	<u>Workers'</u>		
37.27	<u>Compensation</u>	<u>6,039,000</u>	<u>6,039,000</u>

37.28 (a) Except as provided in paragraphs (b) and
 37.29 (c), this appropriation is from the workers'
 37.30 compensation fund.

37.31 (b) \$200,000 in fiscal year 2018 is from the
 37.32 workforce development fund for the
 37.33 commissioner of labor and industry to convene
 37.34 and collaborate with stakeholders as provided
 37.35 under Minnesota Statutes, section 175.46,

38.1 subdivision 3, and to develop youth skills
 38.2 training competencies for approved
 38.3 occupations. This is a onetime appropriation.
 38.4 (c) \$500,000 in fiscal year 2019 is from the
 38.5 workforce development fund to administer the
 38.6 youth skills training program under Minnesota
 38.7 Statutes, section 175.46. The commissioner
 38.8 shall award up to five grants each year to local
 38.9 partnerships located throughout the state, not
 38.10 to exceed \$100,000 per local partnership grant.
 38.11 The commissioner may use a portion of this
 38.12 appropriation for administration of the grant
 38.13 program. The base amount for this program
 38.14 is \$500,000 each year beginning in fiscal year
 38.15 2020.

38.16 **Sec. 5. BUREAU OF MEDIATION SERVICES \$ 2,446,000 \$ 2,522,000**

38.17 (a) \$394,000 each year is for the Office of
 38.18 Collaboration and Dispute Resolution under
 38.19 Minnesota Statutes, section 179.90. Of this
 38.20 amount, \$160,000 each year is for grants under
 38.21 Minnesota Statutes, section 179.91.

38.22 (b) \$68,000 each year is from the general fund
 38.23 for grants to area labor management
 38.24 committees. Grants may be awarded for a
 38.25 12-month period beginning July 1 each year.
 38.26 Any unencumbered balance remaining at the
 38.27 end of the first year does not cancel but is
 38.28 available for the second year.

38.29 (c) \$125,000 each year is for purposes of the
 38.30 Public Employment Relations Board under
 38.31 Minnesota Statutes, section 179A.041.

38.32 **Sec. 6. WORKERS' COMPENSATION COURT**
 38.33 **OF APPEALS \$ 1,913,000 \$ 1,913,000**

39.1 This appropriation is from the workers'
 39.2 compensation fund.

39.3 **Sec. 7. DEPARTMENT OF COMMERCE**

39.4	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>27,485,000</u>	<u>\$</u>	<u>27,165,000</u>
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39.5 Appropriations by Fund

39.6	<u>General</u>	<u>23,472,000</u>	<u>23,152,000</u>
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39.7	<u>Special Revenue</u>	<u>2,210,000</u>	<u>2,210,000</u>
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39.8	<u>Petroleum Tank</u>	<u>1,052,000</u>	<u>1,052,000</u>
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39.9	<u>Workers'</u>		
39.10	<u>Compensation</u>	<u>751,000</u>	<u>751,000</u>

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

39.14	<u>Subd. 2. Financial Institutions</u>		<u>920,000</u>		<u>820,000</u>
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39.15 (a) \$400,000 each year is for grants to Prepare
 39.16 and Prosper for purposes of developing,
 39.17 marketing, evaluating, and distributing a
 39.18 financial services inclusion program that will
 39.19 assist low-income and financially underserved
 39.20 populations build savings, strengthen credit,
 39.21 and provide services to assist them in being
 39.22 more financially stable and secure. Grants in
 39.23 fiscal year 2018 must be matched by nonstate
 39.24 contributions. Money remaining after the first
 39.25 year is available for the second year.

39.26 (b) \$100,000 in fiscal year 2018 is for a grant
 39.27 to Exodus Lending to assist individuals in
 39.28 reaching financial stability and resolving
 39.29 payday loans. this appropriation is available
 39.30 until June 30, 2020.

39.31	<u>Subd. 3. Petroleum Tank Release Compensation</u>				
39.32	<u>Board</u>		<u>1,052,000</u>		<u>1,052,000</u>

39.33 This appropriation is from the petroleum tank
 39.34 fund.

40.1	<u>Subd. 4. Administrative Services</u>		<u>7,386,000</u>	<u>7,386,000</u>
40.2	<u>(a) \$384,000 each year is for additional</u>			
40.3	<u>compliance efforts with unclaimed property.</u>			
40.4	<u>The commissioner may issue contracts for</u>			
40.5	<u>these services.</u>			
40.6	<u>(b) \$100,000 each year is for the support of</u>			
40.7	<u>broadband development.</u>			
40.8	<u>(c) \$33,000 each year is for rulemaking and</u>			
40.9	<u>administration under Minnesota Statutes,</u>			
40.10	<u>section 80A.461.</u>			
40.11	<u>Subd. 5. Telecommunications</u>		<u>2,619,000</u>	<u>2,619,000</u>
40.12	<u>Appropriations by Fund</u>			
40.13	<u>General</u>	<u>1,009,000</u>		<u>1,009,000</u>
40.14	<u>Special Revenue</u>	<u>1,610,000</u>		<u>1,610,000</u>
40.15	<u>\$1,610,000 each year is from the</u>			
40.16	<u>telecommunication access Minnesota fund</u>			
40.17	<u>account in the special revenue fund for the</u>			
40.18	<u>following transfers. This appropriation is</u>			
40.19	<u>added to the department's base.</u>			
40.20	<u>(1) \$1,170,000 each year is to the</u>			
40.21	<u>commissioner of human services to</u>			
40.22	<u>supplement the ongoing operational expenses</u>			
40.23	<u>of the Commission of Deaf, DeafBlind, and</u>			
40.24	<u>Hard-of-Hearing Minnesotans;</u>			
40.25	<u>(2) \$290,000 each year is to the chief</u>			
40.26	<u>information officer for the purpose of</u>			
40.27	<u>coordinating technology accessibility and</u>			
40.28	<u>usability;</u>			
40.29	<u>(3) \$100,000 each year is to the Legislative</u>			
40.30	<u>Coordinating Commission for captioning of</u>			
40.31	<u>legislative coverage. This transfer is subject</u>			
40.32	<u>to Minnesota Statutes, section 16A.281; and</u>			

41.1 (4) \$50,000 each year is to the Office of
 41.2 MN.IT Services for a consolidated access fund
 41.3 to provide grants to other state agencies related
 41.4 to accessibility of their Web-based services.

41.5 **Subd. 6. Enforcement** 5,672,000 5,472,000

	<u>Appropriations by Fund</u>	
41.6		
41.7	<u>5,474,000</u>	<u>5,274,000</u>
41.8		
41.9	<u>198,000</u>	<u>198,000</u>

41.10 (a) \$279,000 each year is for health care
 41.11 enforcement.

41.12 (b)(1) \$200,000 in fiscal year 2018 is to create
 41.13 and execute a statewide education and
 41.14 outreach campaign to protect seniors, meaning
 41.15 those 60 years of age or older, vulnerable
 41.16 adults, as defined in Minnesota Statutes,
 41.17 section 626.5572, subdivision 21, and their
 41.18 caregivers from financial fraud and
 41.19 exploitation.

41.20 (2) The education and outreach campaign must
 41.21 be statewide, and must include, but is not
 41.22 limited to, the dissemination of information
 41.23 through television, print, or other media,
 41.24 training and outreach to senior living facilities,
 41.25 and the creation of a senior fraud toolkit.

41.26 (3) The commissioner of commerce shall
 41.27 report by January 15, 2018, to the chairs and
 41.28 ranking minority members of the committees
 41.29 of the house of representatives and senate
 41.30 having jurisdiction over commerce issues
 41.31 regarding the results of the statewide education
 41.32 and outreach campaign, and recommendations
 41.33 for supporting ongoing efforts to prevent
 41.34 financial fraud from occurring to, and the

42.1 financial exploitation of, seniors, vulnerable
 42.2 adults, and their caregivers.

42.3 (c) The revenue transferred in Minnesota
 42.4 Statutes, section 297I.11, subdivision 2, to the
 42.5 insurance fraud prevention account must be
 42.6 used in part for compensation for two new
 42.7 employees in the Commerce Fraud Bureau to
 42.8 perform analytical duties. The new employees
 42.9 must not be peace officers.

42.10 Subd. 7. **Energy Resources** 4,847,000 4,847,000

42.11	<u>Appropriations by Fund</u>		
42.12	<u>General</u>	<u>4,247,000</u>	<u>4,247,000</u>
42.13	<u>Special Revenue</u>	<u>600,000</u>	<u>600,000</u>

42.14 (a) \$150,000 each year is to remediate
 42.15 vermiculate insulation from households that
 42.16 are eligible for weatherization assistance under
 42.17 Minnesota's weatherization assistance program
 42.18 state plan under Minnesota Statutes, section
 42.19 216C.264. Remediation must be done in
 42.20 conjunction with federal weatherization
 42.21 assistance program services.

42.22 (b) \$832,000 each year is for energy regulation
 42.23 and planning unit staff.

42.24 (c) \$100,000 each year is from the renewable
 42.25 development account in the special revenue
 42.26 fund established in Minnesota Statutes, section
 42.27 116C.779, subdivision 1, to administer the
 42.28 "Made in Minnesota" solar energy production
 42.29 incentive program in Minnesota Statutes,
 42.30 section 216C.417. Any remaining unspent
 42.31 funds cancel back to the renewable
 42.32 development account at the end of the
 42.33 biennium.

43.1 (d) \$500,000 each year is from the renewable
 43.2 development account in the special revenue
 43.3 fund established in Minnesota Statutes, section
 43.4 116C.779, subdivision 1, for costs associated
 43.5 with any third-party expert evaluation of a
 43.6 proposal submitted in response to a request
 43.7 for proposal to the renewable development
 43.8 advisory group under Minnesota Statutes,
 43.9 section 116C.779, subdivision 1, paragraph
 43.10 (l). No portion of this appropriation may be
 43.11 expended or retained by the commissioner of
 43.12 commerce. Any funds appropriated under this
 43.13 paragraph that are unexpended at the end of a
 43.14 fiscal year cancel to the renewable
 43.15 development account.

43.16 **Subd. 8. Insurance** 4,989,000 4,969,000

43.17 Appropriations by Fund

43.18 General 4,436,000 4,416,000

43.19 Workers'

43.20 Compensation 553,000 553,000

43.21 (a) \$642,000 each year is for health insurance
 43.22 rate review staffing.

43.23 (b) \$412,000 each year is for actuarial work
 43.24 to prepare for implementation of
 43.25 principle-based reserves.

43.26 (c) \$20,000 in fiscal year 2018 is for payment
 43.27 of two years of membership dues for
 43.28 Minnesota to the National Conference of
 43.29 Insurance Legislators. This is a onetime
 43.30 appropriation.

43.31 **Sec. 8. PUBLIC UTILITIES COMMISSION** **\$ 7,465,000** **\$ 7,465,000**

43.32 \$21,000 each year is for the purposes of
 43.33 Minnesota Statutes, section 237.045.

44.1 **Sec. 9. PUBLIC FACILITIES AUTHORITY** **\$ 1,800,000 \$ -0-**

44.2 (a) \$300,000 in fiscal year 2018 is for a grant
 44.3 to the city of New Trier to replace water
 44.4 infrastructure under Hogan Avenue, including
 44.5 related road reconstruction, and to acquire land
 44.6 for predesign, design, and construction of a
 44.7 storm water pond that will be colocated with
 44.8 the pond of the new subdivision. This
 44.9 appropriation does not require a nonstate
 44.10 contribution.

44.11 (b) \$600,000 in fiscal year 2018 is for a grant
 44.12 to the Ramsey/Washington Recycling and
 44.13 Energy Board to design, construct, and equip
 44.14 capital improvements to the
 44.15 Ramsey/Washington Recycling and Energy
 44.16 Center in Newport.

44.17 (c) \$900,000 in fiscal year 2018 is for a grant
 44.18 to the Clear Lake-Clearwater Sewer Authority
 44.19 to remove and replace the existing wastewater
 44.20 treatment facility. This project is intended to
 44.21 prevent the discharge of phosphorus into the
 44.22 Mississippi River. This appropriation is not
 44.23 available until the commissioner of
 44.24 management and budget determines that at
 44.25 least \$200,000 is committed to the project
 44.26 from nonstate sources and the authority has
 44.27 applied for at least two grants to offset the
 44.28 cost. An amount equal to any grant money
 44.29 received by the authority must be returned to
 44.30 the general fund.

44.31 **ARTICLE 2**

44.32 **LABOR AND INDUSTRY**

44.33 Section 1. Minnesota Statutes 2016, section 175.45, is amended to read:

45.1 **175.45 ~~COMPETENCY STANDARDS FOR DUAL TRAINING.~~**

45.2 Subdivision 1. **Duties; goal.** The commissioner of labor and industry shall convene
 45.3 industry representatives, identify occupational competency standards for dual training, and
 45.4 provide technical assistance to develop dual-training programs. ~~The goal of dual training~~
 45.5 ~~is to provide employees of an employer with training to acquire competencies that the~~
 45.6 ~~employer requires.~~ The competency standards shall be identified for employment in
 45.7 occupations in advanced manufacturing, health care services, information technology, and
 45.8 agriculture. Competency standards are not rules and are exempt from the rulemaking
 45.9 provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do
 45.10 not apply.

45.11 Subd. 2. ~~Definition; competency standards~~ Definitions. For purposes of this section,
 45.12 the following terms have the meanings given them:

45.13 (1) "competency standards" means the specific knowledge and skills necessary for a
 45.14 particular occupation; and

45.15 (2) "dual-training program" means an employment-based earn-as-you-learn program
 45.16 where the trainee is employed by a participating employer and receives structured on-the-job
 45.17 training and technical instruction in accordance with the competency standards.

45.18 Subd. 3. **Competency standards identification process.** In identifying competency
 45.19 standards, the commissioner shall consult with the commissioner of the Office of Higher
 45.20 Education and the commissioner of employment and economic development and convene
 45.21 recognized industry experts, representative employers, higher education institutions,
 45.22 representatives of the disabled community, and representatives of labor to assist in identifying
 45.23 credible competency standards. Competency standards must be consistent with, to the extent
 45.24 available and practical, recognized international and national standards.

45.25 Subd. 4. **Duties.** The commissioner shall:

45.26 (1) convene industry representatives to identify, develop, and implement dual-training
 45.27 programs;

45.28 (2) identify competency standards for ~~entry-level~~ entry-level and higher skill levels;

45.29 ~~(2)~~ (3) verify the competency standards and skill levels and their transferability by subject
 45.30 matter expert representatives of each respective industry;

45.31 ~~(3)~~ (4) develop models for Minnesota educational institutions to engage in providing
 45.32 education and training to meet the competency standards established;

46.1 ~~(4)~~ (5) encourage participation by employers and labor in the competency standard
 46.2 identification process for occupations in their industry; and

46.3 ~~(5)~~ (6) align ~~dual training competency standards~~ dual-training programs with other
 46.4 workforce initiatives; and

46.5 (7) provide technical assistance to develop dual-training programs.

46.6 Subd. 5. **Notification.** The commissioner must communicate identified competency
 46.7 standards to the commissioner of the Office of Higher Education for the purpose of the ~~dual~~
 46.8 ~~training~~ dual-training competency grant program under section 136A.246. The commissioner
 46.9 of labor and industry shall maintain the competency standards on the department's Web
 46.10 site.

46.11 Sec. 2. [175.46] YOUTH SKILLS TRAINING PROGRAM.

46.12 Subdivision 1. Program established; grants authorized. The commissioner shall
 46.13 approve youth skills training programs established for the purpose of providing work-based
 46.14 skills training for student learners ages 16 and older. The commissioner shall award grants
 46.15 to local partnerships for the implementation and coordination of local youth skills training
 46.16 programs as provided in this section.

46.17 Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have
 46.18 the meanings given.

46.19 (b) "School district" means a school district or charter school.

46.20 (c) "Local partnership" means a school district, nonpublic school, intermediate school
 46.21 district, or postsecondary institution, in partnership with other school districts, nonpublic
 46.22 schools, intermediate school districts, postsecondary institutions, workforce development
 46.23 authorities, economic development authorities, nonprofit organizations, labor unions, or
 46.24 individuals who have an agreement with one or more local employers to be responsible for
 46.25 implementing and coordinating a local youth skills training program.

46.26 (d) "Student learner" means a student who is both enrolled in a course of study at a public
 46.27 or nonpublic school to obtain related instruction for academic credit and is employed under
 46.28 a written agreement to obtain on-the-job skills training under a youth skills training program
 46.29 approved under this section.

46.30 (e) "Commissioner" means the commissioner of labor and industry.

46.31 Subd. 3. **Duties.** (a) The commissioner shall:

47.1 (1) approve youth skills training programs in high-growth, high-demand occupations
47.2 that provide:

47.3 (i) that the work of the student learner in the occupations declared particularly hazardous
47.4 shall be incidental to the training;

47.5 (ii) that the work shall be intermittent and for short periods of time, and under the direct
47.6 and close supervision of a qualified and experienced person;

47.7 (iii) that safety instruction shall be provided to the student learner and may be given by
47.8 the school and correlated by the employer with on-the-job training;

47.9 (iv) a schedule of organized and progressive work processes to be performed on the job;

47.10 (v) a schedule of wage rates in compliance with section 177.24; and

47.11 (vi) whether the student learner will obtain secondary school academic credit,
47.12 postsecondary credit, or both, for the training program;

47.13 (2) approve occupations and maintain a list of approved occupations for programs under
47.14 this section;

47.15 (3) issue requests for proposals for grants;

47.16 (4) work with individuals representing industry and labor to develop new youth skills
47.17 training programs;

47.18 (5) develop model program guides;

47.19 (6) monitor youth skills training programs;

47.20 (7) provide technical assistance to local partnership grantees;

47.21 (8) work with providers to identify paths for receiving postsecondary credit for
47.22 participation in the youth skills training program; and

47.23 (9) approve other activities as necessary to implement the program.

47.24 (b) The commissioner shall collaborate with stakeholders, including, but not limited to,
47.25 representatives of secondary school institutions, career and technical education instructors,
47.26 postsecondary institutions, businesses, and labor, in developing youth skills training
47.27 programs, and identifying and approving occupations and competencies for youth skills
47.28 training programs.

47.29 Subd. 4. **Training agreement.** Each student learner shall sign a written training agreement
47.30 on a form prescribed by the commissioner. Each agreement shall contain the name of the
47.31 student learner, and be signed by the employer, the school coordinator or administrator, and

48.1 the student learner, or if the student learner is a minor, by the student's parent or legal
48.2 guardian. Copies of each agreement shall be kept on file by both the school and the employer.

48.3 Subd. 5. **Program approval.** The commissioner may grant exemptions from the
48.4 provisions of chapter 181A for student learners participating in youth skills training programs
48.5 approved by the commissioner under this section. The approval of a youth skills training
48.6 program will be reviewed annually. The approval of a youth skills training program may
48.7 be revoked at any time if the commissioner finds that:

48.8 (1) all provisions of subdivision 3 have not been met in the previous year; or

48.9 (2) reasonable precautions have not been observed for the safety of minors.

48.10 The commissioner shall maintain and annually update a list of occupations and tasks suitable
48.11 for student learners in compliance with federal law.

48.12 Subd. 6. **Interactions with education finance.** (a) For the purpose of computing state
48.13 aids for the enrolling school district, the hours a student learner participates in a youth skills
48.14 training program under this section must be counted in the student's hours of average daily
48.15 membership under section 126C.05.

48.16 (b) Educational expenses for a participating student learner must be included in the
48.17 enrolling district's career and technical revenue as provided under section 124D.4531.

48.18 Subd. 7. **Academic credit.** A school district may grant academic credit to student learners
48.19 participating in youth skills training programs under this section in accordance with local
48.20 requirements.

48.21 Subd. 8. **Postsecondary credit.** A postsecondary institution may award postsecondary
48.22 credit to a student learner who successfully completes a youth skills training program.

48.23 Subd. 9. **Work-based learning program.** A youth skills training program shall qualify
48.24 as a work-based learning program if it meets requirements for a career and technical education
48.25 program and is supervised by a qualified teacher with appropriate licensure for a work-based
48.26 learning teacher-coordinator.

48.27 Subd. 10. **School coordinator.** Unless otherwise required for a work-based learning
48.28 program, a youth skills training program may be supervised by a qualified teacher or by an
48.29 administrator as determined by the school district.

48.30 Subd. 11. **Other apprenticeship programs.** (a) This section shall not affect programs
48.31 under section 124D.47.

49.1 (b) A registered apprenticeship program governed by chapter 178 may grant credit
49.2 toward the completion of a registered apprenticeship for the successful completion of a
49.3 youth skills training program under this section.

49.4 Subd. 12. **Grant applications.** (a) Applications for grants must be made to the
49.5 commissioner on a form provided by the commissioner.

49.6 (b) A local partnership may apply for a grant and shall include in its grant application:

49.7 (1) the identity of each school district, public agency, nonprofit organization, or individual
49.8 who is a participant in the local partnership;

49.9 (2) the identity of each employer who is a participant in the local partnership and the
49.10 amount of matching funds provided by each employer, if any;

49.11 (3) a plan to accomplish the implementation and coordination of activities specified in
49.12 this subdivision; and

49.13 (4) the identity of a fiscal agent responsible for receiving, managing, and accounting for
49.14 the grant.

49.15 Subd. 13. **Grant awards.** (a) A local partnership awarded a grant under this section
49.16 must use the grant award for any of the following implementation and coordination activities:

49.17 (1) recruiting additional employers to provide on-the-job training and supervision for
49.18 student learners and providing technical assistance to those employers;

49.19 (2) recruiting students to participate in the local youth skills training program, monitoring
49.20 the progress of student learners participating in the program, and monitoring program
49.21 outcomes;

49.22 (3) coordinating youth skills training activities within participating school districts and
49.23 among participating school districts, postsecondary institutions, and employers;

49.24 (4) coordinating academic, vocational and occupational learning, school-based and
49.25 work-based learning, and secondary and postsecondary education for participants in the
49.26 local youth skills training program;

49.27 (5) coordinating transportation for student learners participating in the local youth skills
49.28 training program; and

49.29 (6) any other implementation or coordination activity that the commissioner may direct
49.30 or permit the local partnership to perform.

50.1 (b) Grant awards may not be used to directly or indirectly pay the wages of a student
 50.2 learner.

50.3 Subd. 14. **Outcomes.** The following outcomes are expected of a local youth skills training
 50.4 program:

50.5 (1) at least 80 percent of the student learners who participate in a youth skills training
 50.6 program receive a high school diploma when eligible upon completion of the training
 50.7 program; and

50.8 (2) at least 60 percent of the student learners who participate in a youth skills training
 50.9 program receive a recognized credential upon completion of the training program.

50.10 Subd. 15. **Reporting.** (a) By February 1, 2019, and annually thereafter, the commissioner
 50.11 shall report on the activity and outcomes of the program for the preceding fiscal year to the
 50.12 chairs of the legislative committees with jurisdiction over jobs and economic growth policy
 50.13 and finance. At a minimum, the report must include:

50.14 (1) the number of student learners who commenced the training program and the number
 50.15 who completed the training program; and

50.16 (2) recommendations, if any, for changes to the program.

50.17 (b) The initial report shall include a detailed description of the differences between the
 50.18 state and federal systems in child safety standards.

50.19 Sec. 3. Minnesota Statutes 2016, section 326B.092, subdivision 7, is amended to read:

50.20 **Subd. 7. License fees and license renewal fees.** (a) The license fee for each license is
 50.21 the base license fee plus any applicable board fee, continuing education fee, and contractor
 50.22 recovery fund fee and additional assessment, as set forth in this subdivision.

50.23 (b) For purposes of this section, "license duration" means the number of years for which
 50.24 the license is issued except that if the initial license is not issued for a whole number of
 50.25 years, the license duration shall be rounded up to the next whole number.

50.26 (c) The base license fee shall depend on whether the license is classified as an entry
 50.27 level, master, journeyman, or business license, and on the license duration. The base license
 50.28 fee shall be:

	License Classification	License Duration	
		1 year	2 years
	Entry level	\$10	\$20
	Journeyworker	\$20	\$40

51.1	Master	\$40	\$80
51.2	Business		\$180

51.3 (d) If there is a continuing education requirement for renewal of the license, then a
 51.4 continuing education fee must be included in the renewal license fee. The continuing
 51.5 education fee for all license classifications shall be: \$10 if the renewal license duration is
 51.6 one year; and \$20 if the renewal license duration is two years.

51.7 (e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.925,
 51.8 then a board fee must be included in the license fee and the renewal license fee. The board
 51.9 fee for all license classifications shall be: \$4 if the license duration is one year; and \$8 if
 51.10 the license duration is two years.

51.11 (f) If the application is for the renewal of a license issued under sections 326B.802 to
 51.12 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision
 51.13 3, and any additional assessment required under section 326B.89, subdivision 16, must be
 51.14 included in the license renewal fee.

51.15 (g) Notwithstanding the fee amounts described in paragraphs (c) to (f), for the period
 51.16 July 1, ~~2015~~ 2017, through ~~June 30, 2017~~ September 30, 2021, the following fees apply:

51.17	License Classification	License Duration	
		51.18 1 year	2 years
51.19	Entry level	\$10	\$20
51.20	Journeyworker	\$15	\$35
51.21			<u>\$30</u>
51.22	Master	\$30	\$75
51.23			<u>\$60</u>
51.24	Business		\$160
51.25			<u>\$120</u>

51.26 If there is a continuing education requirement for renewal of the license, then a continuing
 51.27 education fee must be included in the renewal license fee. The continuing education fee for
 51.28 all license classifications shall be \$5.

51.29 **Sec. 4. [326B.108] PLACES OF PUBLIC ACCOMMODATION SUBJECT TO**
 51.30 **CODE.**

51.31 **Subdivision 1. Definition.** For purposes of this section, "place of public accommodation"
 51.32 means a publicly or privately owned facility that is designed for occupancy by 200 or more
 51.33 people and includes a sports or entertainment arena, stadium, theater, community or
 51.34 convention hall, special event center, indoor amusement facility or water park, or swimming
 51.35 pool.

52.1 Subd. 2. **Application.** Construction, additions, and alterations to a place of public
 52.2 accommodation must be designed and constructed to comply with the State Building Code.

52.3 Subd. 3. **Enforcement.** In a municipality that has not adopted the code by ordinance
 52.4 under section 326B.121, subdivision 2, the commissioner shall enforce this section in
 52.5 accordance with section 326B.107, subdivision 1.

52.6 Subd. 4. **Fire protection systems.** If fire protection systems regulated by chapter 299M
 52.7 are required in a place of public accommodation, then those plan reviews and inspections
 52.8 shall be conducted by the state fire marshal.

52.9 Sec. 5. Minnesota Statutes 2016, section 326B.153, subdivision 1, is amended to read:

52.10 Subdivision 1. **Building permits.** (a) Fees for building permits submitted as required
 52.11 in section ~~326B.106~~ 326B.107 include:

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

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

52.15 (b) The total valuation and fee schedule is:

52.16 (1) \$1 to \$500, ~~\$29.50~~ \$21;

52.17 (2) \$501 to \$2,000, ~~\$28~~ \$21 for the first \$500 plus ~~\$3.70~~ \$2.75 for each additional \$100
 52.18 or fraction thereof, to and including \$2,000;

52.19 (3) \$2,001 to \$25,000, ~~\$83.50~~ \$62.25 for the first \$2,000 plus ~~\$16.55~~ \$12.50 for each
 52.20 additional \$1,000 or fraction thereof, to and including \$25,000;

52.21 (4) \$25,001 to \$50,000, ~~\$464.15~~ \$349.75 for the first \$25,000 plus ~~\$12~~ \$9 for each
 52.22 additional \$1,000 or fraction thereof, to and including \$50,000;

52.23 (5) \$50,001 to \$100,000, ~~\$764.15~~ \$574.75 for the first \$50,000 plus ~~\$8.45~~ \$6.25 for
 52.24 each additional \$1,000 or fraction thereof, to and including \$100,000;

52.25 (6) \$100,001 to \$500,000, ~~\$1,186.65~~ \$887.25 for the first \$100,000 plus ~~\$6.75~~ \$5 for
 52.26 each additional \$1,000 or fraction thereof, to and including \$500,000;

52.27 (7) \$500,001 to \$1,000,000, ~~\$3,886.65~~ \$2,887.25 for the first \$500,000 plus ~~\$5.50~~ \$4.25
 52.28 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; and

52.29 (8) \$1,000,001 and up, ~~\$6,636.65~~ \$5,012.25 for the first \$1,000,000 plus ~~\$4.50~~ \$2.75
 52.30 for each additional \$1,000 or fraction thereof.

53.1 (c) Other inspections and fees are:

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

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

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

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

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

53.12 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective
53.13 July 1, 2017, and the amendments to it expire October 1, 2021.

53.14 Sec. 6. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to
53.15 read:

53.16 **Subd. 16. Wind electric systems.** (a) The inspection fee for the installation of a wind
53.17 turbine is:

53.18 (1) zero watts to and including 100,000 watts, \$80;

53.19 (2) 100,001 watts to and including 500,000 watts, \$105;

53.20 (3) 500,001 watts to and including 1,000,000 watts, \$120;

53.21 (4) 1,000,001 watts to and including 1,500,000 watts, \$125;

53.22 (5) 1,500,001 watts to and including 2,000,000 watts, \$130;

53.23 (6) 2,000,001 watts to and including 3,000,000 watts, \$145; and

53.24 (7) 3,000,001 watts and larger, \$160.

53.25 (b) For the purpose of paragraph (a), the watt rating is the total estimated alternating
53.26 current energy output of one individual wind turbine.

54.1 Sec. 7. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to
54.2 read:

54.3 Subd. 17. **Solar photovoltaic systems.** (a) The inspection fee for the installation of a
54.4 solar photovoltaic system is:

54.5 (1) zero watts to and including 5,000 watts, \$60;

54.6 (2) 5,001 watts to and including 10,000 watts, \$100;

54.7 (3) 10,001 watts to and including 20,000 watts, \$150;

54.8 (4) 20,001 watts to and including 30,000 watts, \$200;

54.9 (5) 30,001 watts to and including 40,000 watts, \$250;

54.10 (6) 40,001 watts to and including 1,000,000 watts, \$250, and \$25 for each additional
54.11 10,000 watts over 40,000 watts;

54.12 (7) 1,000,001 watts to 5,000,000 watts, \$2,650, and \$15 for each additional 10,000 watts
54.13 over 1,000,000 watts; and

54.14 (8) 5,000,001 watts and larger, \$8,650, and \$10 for each additional 10,000 watts over
54.15 5,000,000 watts.

54.16 (b) For the purpose of paragraph (a), the watt rating is the total estimated alternating
54.17 current energy output of the solar photovoltaic system.

54.18 Sec. 8. Minnesota Statutes 2016, section 326B.435, subdivision 2, is amended to read:

54.19 **Subd. 2. Powers; duties; administrative support.** (a) The board shall have the power
54.20 to:

54.21 (1) elect its chair, vice-chair, and secretary;

54.22 (2) adopt bylaws that specify the duties of its officers, the meeting dates of the board,
54.23 and containing such other provisions as may be useful and necessary for the efficient conduct
54.24 of the business of the board;

54.25 (3) adopt the Plumbing Code that must be followed in this state and any Plumbing Code
54.26 amendments thereto. The Plumbing Code shall include the minimum standards described
54.27 in sections 326B.43, subdivision 1, and 326B.52, subdivision 1. The board shall adopt the
54.28 Plumbing Code and any amendments thereto pursuant to chapter 14 and as provided in
54.29 subdivision 6, paragraphs (b), (c), and (d);

55.1 (4) review requests for final interpretations and issue final interpretations as provided
55.2 in section 326B.127, subdivision 5;

55.3 (5) adopt rules that regulate the licensure, certification, or registration of plumbing
55.4 contractors, journeymen, unlicensed individuals, master plumbers, restricted master plumbers,
55.5 restricted journeymen, restricted plumbing contractors, backflow prevention rebuilders and
55.6 testers, water conditioning contractors, and water conditioning installers, and other persons
55.7 engaged in the design, installation, and alteration of plumbing systems or engaged in or
55.8 working at the business of water conditioning installation or service, or engaged in or
55.9 working at the business of medical gas system installation, maintenance, or repair, except
55.10 for those individuals licensed under section 326.02, subdivisions 2 and 3. The board shall
55.11 adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e)
55.12 and (f);

55.13 (6) adopt rules that regulate continuing education for individuals licensed as master
55.14 plumbers, journeyman plumbers, restricted master plumbers, restricted journeyman plumbers,
55.15 registered unlicensed individuals, water conditioning ~~contractors~~ masters, and water
55.16 conditioning installers journeymen, and for individuals certified under sections 326B.437
55.17 and 326B.438. The board shall adopt these rules pursuant to chapter 14 and as provided in
55.18 subdivision 6, paragraphs (e) and (f);

55.19 (7) refer complaints or other communications to the commissioner, whether oral or
55.20 written, as provided in subdivision 8, that allege or imply a violation of a statute, rule, or
55.21 order that the commissioner has the authority to enforce pertaining to code compliance,
55.22 licensure, or an offering to perform or performance of unlicensed plumbing services;

55.23 (8) approve per diem and expenses deemed necessary for its members as provided in
55.24 subdivision 3;

55.25 (9) approve license reciprocity agreements;

55.26 (10) select from its members individuals to serve on any other state advisory council,
55.27 board, or committee; and

55.28 (11) recommend the fees for licenses, registrations, and certifications.

55.29 Except for the powers granted to the Plumbing Board, the Board of Electricity, and the
55.30 Board of High Pressure Piping Systems, the commissioner of labor and industry shall
55.31 administer and enforce the provisions of this chapter and any rules promulgated pursuant
55.32 thereto.

55.33 (b) The board shall comply with section 15.0597, subdivisions 2 and 4.

56.1 (c) The commissioner shall coordinate the board's rulemaking and recommendations
 56.2 with the recommendations and rulemaking conducted by the other boards created pursuant
 56.3 to this chapter. The commissioner shall provide staff support to the board. The support
 56.4 includes professional, legal, technical, and clerical staff necessary to perform rulemaking
 56.5 and other duties assigned to the board. The commissioner of labor and industry shall supply
 56.6 necessary office space and supplies to assist the board in its duties.

56.7 Sec. 9. Minnesota Statutes 2016, section 326B.50, subdivision 3, is amended to read:

56.8 Subd. 3. **Water conditioning installation.** "Water conditioning installation" means the
 56.9 installation of appliances, appurtenances, and fixtures designed to treat water so as to alter,
 56.10 modify, add or remove mineral, chemical or bacterial content, said installation to be made
 56.11 in a water distribution system serving:

56.12 (1) a single family residential unit, which has been initially established by a licensed
 56.13 plumber, and does not involve a direct connection without an air gap to a soil or waste pipe;
 56.14 or

56.15 (2) a multifamily or nonresidential building, where the plumbing installation has been
 56.16 initially established by a licensed plumber. Isolation valves shall be required for all water
 56.17 conditioning installations and shall be readily accessible. Water conditioning installation
 56.18 does not include:

56.19 (i) a valve that allows isolation of the water conditioning installation;

56.20 (ii) piping greater than two-inch nominal pipe size; or

56.21 (iii) a direct connection without an air gap to a soil or waste pipe.

56.22 Sec. 10. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision
 56.23 to read:

56.24 Subd. 5. **Direct supervision.** "Direct supervision," with respect to direct supervision of
 56.25 a registered unlicensed individual, means that:

56.26 (1) at all times while the registered unlicensed individual is performing water conditioning
 56.27 installation work, a direct supervisor is present at the location where the registered unlicensed
 56.28 individual is working;

56.29 (2) the direct supervisor is physically present and immediately available to the registered
 56.30 unlicensed individual at all times for assistance and direction;

57.1 (3) any form of electronic supervision does not meet the requirement of being physically
57.2 present;

57.3 (4) the direct supervisor reviews the water conditioning installation work performed by
57.4 the registered unlicensed individual before the water conditioning installation is operated;
57.5 and

57.6 (5) the direct supervisor determines that all water conditioning installation work
57.7 performed by the registered unlicensed individual is performed in compliance with sections
57.8 326B.50 to 326B.59, all rules adopted under these sections, the Minnesota Plumbing Code,
57.9 and all orders issued under section 326B.082.

57.10 Sec. 11. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision
57.11 to read:

57.12 Subd. 6. **Direct supervisor.** "Direct supervisor" means a master plumber, journeyman
57.13 plumber, restricted master plumber, restricted journeyman plumber, water conditioning
57.14 master, or water conditioning journeyman responsible for providing direct supervision of
57.15 a registered unlicensed individual.

57.16 Sec. 12. Minnesota Statutes 2016, section 326B.55, subdivision 2, is amended to read:

57.17 Subd. 2. **Qualifications for licensing.** (a) A water conditioning master license shall be
57.18 issued only to an individual who has demonstrated skill in planning, superintending, ~~and~~
57.19 servicing, and installing water conditioning installations, and has successfully passed the
57.20 examination for water conditioning masters. A water conditioning journeyman license shall
57.21 only be issued to an individual other than a water conditioning master who has demonstrated
57.22 practical knowledge of water conditioning installation, and has successfully passed the
57.23 examination for water conditioning journeymen. A water conditioning journeyman must
57.24 successfully pass the examination for water conditioning masters before being licensed as
57.25 a water conditioning master.

57.26 (b) Each water conditioning contractor must designate a responsible licensed master
57.27 plumber or a responsible licensed water conditioning master, who shall be responsible for
57.28 the performance of all water conditioning installation and servicing in accordance with the
57.29 requirements of sections 326B.50 to 326B.59, all rules adopted under sections 326B.50 to
57.30 326B.59, the Minnesota Plumbing Code, and all orders issued under section 326B.082. If
57.31 the water conditioning contractor is an individual or sole proprietorship, the responsible
57.32 licensed master must be the individual, proprietor, or managing employee. If the water
57.33 conditioning contractor is a partnership, the responsible licensed master must be a general

58.1 partner or managing employee. If the water conditioning contractor is a limited liability
58.2 company, the responsible licensed master must be a chief manager or managing employee.
58.3 If the water conditioning contractor is a corporation, the responsible licensed master must
58.4 be an officer or managing employee. If the responsible licensed master is a managing
58.5 employee, the responsible licensed master must be actively engaged in performing water
58.6 conditioning work on behalf of the water conditioning contractor and cannot be employed
58.7 in any capacity as a water conditioning master or water conditioning journeyman for any
58.8 other water conditioning contractor. An individual must not be the responsible licensed
58.9 master for more than one water conditioning contractor.

58.10 (c) All applications and renewals for water conditioning contractor licenses shall include
58.11 a verified statement that the applicant or licensee has complied with paragraph (b).

58.12 (d) Each application and renewal for a water conditioning master license, water
58.13 conditioning journeyman license, or a water conditioning contractor license shall be
58.14 accompanied by all fees required by section 326B.092.

58.15 Sec. 13. Minnesota Statutes 2016, section 326B.55, subdivision 4, is amended to read:

58.16 Subd. 4. **Plumber's apprentices.** (a) A plumber's apprentice who is registered under
58.17 section 326B.47 is authorized to assist in water conditioning installation and water
58.18 conditioning servicing only while under the direct supervision of a master plumber,
58.19 journeyman plumber, restricted master plumber, restricted journeyman plumber, water
58.20 conditioning master, or water conditioning journeyman. The master or journeyman is
58.21 responsible for ensuring that all water conditioning work performed by the plumber's
58.22 apprentice complies with the plumbing code and rules adopted under sections 326B.50 to
58.23 326B.59. The supervising master or journeyman must be licensed and must be employed
58.24 by the same employer as the plumber's apprentice. Licensed individuals shall not permit
58.25 plumber's apprentices to perform water conditioning work except under the direct supervision
58.26 of an individual actually licensed to perform such work. Plumber's apprentices shall not
58.27 supervise the performance of plumbing work or make assignments of plumbing work to
58.28 unlicensed individuals.

58.29 (b) Water conditioning contractors employing plumber's apprentices to perform water
58.30 conditioning work shall maintain records establishing compliance with this subdivision that
58.31 shall identify all plumber's apprentices performing water conditioning work, and shall permit
58.32 the department to examine and copy all such records.

59.1 Sec. 14. **[326B.555] REGISTERED UNLICENSED INDIVIDUALS.**

59.2 **Subdivision 1. Registration; supervision; records.** (a) All unlicensed individuals
59.3 engaged in water conditioning installation must be registered under subdivision 3.

59.4 (b) A registered unlicensed individual is authorized to assist in water conditioning
59.5 installations in a single family residential unit only when a master plumber, journeyman
59.6 plumber, restricted master plumber, restricted journeyman plumber, water conditioning
59.7 master, or water conditioning journeyman is available and responsible for ensuring that all
59.8 water conditioning installation work performed by the unlicensed individual complies with
59.9 the applicable provisions of the plumbing and water conditioning codes and rules adopted
59.10 pursuant to such codes. For all other water conditioning installation work, the registered
59.11 unlicensed individual must be under the direct supervision of a responsible licensed water
59.12 conditioning master.

59.13 (c) Water conditioning contractors employing registered unlicensed individuals to perform
59.14 water conditioning installation work shall maintain records establishing compliance with
59.15 this subdivision that shall identify all unlicensed individuals performing water conditioning
59.16 installations, and shall permit the department to examine and copy all such records.

59.17 **Subd. 2. Journeyman exam.** A registered unlicensed individual who has completed
59.18 875 hours of practical water conditioning installation, servicing, and training is eligible to
59.19 take the water conditioning journeyman examination. Up to 100 hours of practical water
59.20 conditioning installation and servicing experience prior to becoming a registered unlicensed
59.21 individual may be applied to the practical experience requirement. However, none of this
59.22 practical experience may be applied if the unlicensed individual did not have any practical
59.23 experience in the 12-month period immediately prior to becoming a registered unlicensed
59.24 individual.

59.25 **Subd. 3. Registration, renewals, and fees.** An unlicensed individual may register by
59.26 completing and submitting to the commissioner an application form provided by the
59.27 commissioner, with all fees required by section 326B.58. A completed application form
59.28 must state the date, the individual's age, schooling, previous experience and employer, and
59.29 other information required by the commissioner. The plumbing board may prescribe rules,
59.30 not inconsistent with this section, for the registration of unlicensed individuals. Applications
59.31 for initial registration may be submitted at any time. Registration must be renewed annually
59.32 and shall be for the period from July 1 of each year to June 30 of the following year.

60.1 Sec. 15. Minnesota Statutes 2016, section 326B.89, subdivision 1, is amended to read:

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

60.4 (b) "Gross annual receipts" means the total amount derived from residential contracting
60.5 or residential remodeling activities, regardless of where the activities are performed, and
60.6 must not be reduced by costs of goods sold, expenses, losses, or any other amount.

60.7 (c) "Licensee" means a person licensed as a residential contractor or residential remodeler.

60.8 (d) "Residential real estate" means a new or existing building constructed for habitation
60.9 by one to four families, and includes detached garages intended for storage of vehicles
60.10 associated with the residential real estate.

60.11 (e) "Fund" means the contractor recovery fund.

60.12 (f) "Owner" when used in connection with real property, means a person who has any
60.13 legal or equitable interest in real property and includes a condominium or townhome
60.14 association that owns common property located in a condominium building or townhome
60.15 building or an associated detached garage. Owner does not include any real estate developer
60.16 or any owner using, or intending to use, the property for a business purpose and not as
60.17 owner-occupied residential real estate.

60.18 Sec. 16. Minnesota Statutes 2016, section 326B.89, subdivision 5, is amended to read:

60.19 Subd. 5. **Payment limitations.** The commissioner shall not pay compensation from the
60.20 fund to an owner or a lessee in an amount greater than \$75,000 per licensee. The
60.21 commissioner shall not pay compensation from the fund to owners and lessees in an amount
60.22 that totals more than ~~\$150,000~~ \$300,000 per licensee. The commissioner shall only pay
60.23 compensation from the fund for a final judgment that is based on a contract directly between
60.24 the licensee and the homeowner or lessee that was entered into prior to the cause of action
60.25 and that requires licensure as a residential building contractor or residential remodeler.

60.26 Sec. 17. Laws 2015, First Special Session chapter 1, article 1, section 5, subdivision 2, is
60.27 amended to read:

60.28 Subd. 2. **Workers' Compensation** 15,226,000 17,782,000

60.29 This appropriation is from the workers'
60.30 compensation fund.

61.1 \$4,000,000 in fiscal year 2016 and \$6,000,000
 61.2 in fiscal year 2017 are for workers'
 61.3 compensation system upgrades and are
 61.4 available through June 30, 2021. The base
 61.5 appropriation for this purpose is \$3,000,000
 61.6 in fiscal year 2018 and \$3,000,000 in fiscal
 61.7 year 2019. The base appropriation for fiscal
 61.8 year 2020 and beyond is zero.

61.9 This appropriation includes funds for
 61.10 information technology project services and
 61.11 support subject to the provisions of Minnesota
 61.12 Statutes, section 16E.0466. Any ongoing
 61.13 information technology costs will be
 61.14 incorporated into the service level agreement
 61.15 and will be paid to the Office of MN.IT
 61.16 Services by the commissioner of labor and
 61.17 industry under the rates and mechanism
 61.18 specified in that agreement.

61.19 Sec. 18. Laws 2017, chapter 68, article 1, section 1, is amended to read:

61.20 Section 1. Minnesota Statutes 2016, section 181A.04, subdivision 6, is amended to read:

61.21 Subd. 6. **Time of day, high school students.** A high school student must not be permitted
 61.22 to work after 11:00 p.m. on an evening before a school day or before 5:00 a.m. on a school
 61.23 day, except:

61.24 (1) as permitted by section 181A.07, subdivisions 1, 2, 3, and 4; ~~or~~

61.25 (2) ~~for~~ this subdivision does not apply to a high school student age 18 or older, if unless
 61.26 the student provides a written request for the hours restrictions to the employer ~~to work~~
 61.27 ~~during the restricted hours.~~ at least two weeks before any restricted hours begin; or

61.28 (3) if a high school student under the age of 18 has supplied the employer with a note
 61.29 signed by the parent or guardian of the student, the student may be permitted to work until
 61.30 11:30 p.m. on the evening before a school day and beginning at 4:30 a.m. on a school day.

61.31 For the purpose of this subdivision, a high school student does not include a student
 61.32 enrolled in an alternative education program approved by the commissioner of education

62.1 or an area learning center, including area learning centers under sections 123A.05 to 123A.08
 62.2 or according to section 122A.163.

62.3 Sec. 19. **REPEALER.**

62.4 Minnesota Statutes 2016, section 326B.89, subdivision 14, is repealed.

62.5 **ARTICLE 3**

62.6 **WORKERS' COMPENSATION ADVISORY COUNCIL; DEPARTMENT**
 62.7 **PROPOSALS**

62.8 Section 1. Minnesota Statutes 2016, section 176.135, is amended by adding a subdivision
 62.9 to read:

62.10 Subd. 9. **Designated contact person and required training related to submission**
 62.11 **and payment of medical bills.** (a) For purposes of this subdivision:

62.12 (1) "clearinghouse" means a health care clearinghouse as defined in section 62J.51,
 62.13 subdivision 11a, that receives or transmits workers' compensation electronic transactions
 62.14 as described in section 62J.536;

62.15 (2) "department" means the Department of Labor and Industry;

62.16 (3) "hospital" means a hospital licensed in this state;

62.17 (4) "payer" means:

62.18 (i) a workers' compensation insurer;

62.19 (ii) an employer, or group of employers, authorized to self-insure for workers'
 62.20 compensation liability; and

62.21 (iii) a third-party administrator licensed by the Department of Commerce under section
 62.22 60A.23, subdivision 8, to pay or review workers' compensation medical bills under this
 62.23 chapter; and

62.24 (5) "submission or payment of medical bills" includes the submission, transmission,
 62.25 receipt, acceptance, response, adjustment, and payment of medical bills under this chapter.

62.26 (b) Effective November 1, 2017, each payer, hospital, and clearinghouse must provide
 62.27 the department with the name and contact information of a designated employee to answer
 62.28 inquiries related to the submission or payment of medical bills. Payers, hospitals, and
 62.29 clearinghouses must provide the department with the name of a new designated employee
 62.30 within 14 days after the previously designated employee is no longer employed or becomes
 62.31 unavailable for more than 30 days. The name and contact information of the designated

63.1 employee must be provided on forms and at intervals prescribed by the department. The
 63.2 department must post a directory of the designated employees on the department's Web site.

63.3 (c) The designated employee under paragraph (b) must:

63.4 (1) complete training, provided by the department, about submission or payment of
 63.5 medical bills; and

63.6 (2) respond within 30 days to written department inquiries related to submission or
 63.7 payment of medical bills.

63.8 The training requirement in clause (1) does not apply to a payer that has not received any
 63.9 workers' compensation medical bills in the 12 months before the training becomes available.

63.10 (d) The commissioner may assess penalties, payable to the assigned risk safety account,
 63.11 against payers, hospitals, and clearinghouses for violation of this subdivision as provided
 63.12 in clauses (1) to (3):

63.13 (1) for failure to comply with the requirements in paragraph (b), the commissioner may
 63.14 assess a penalty of \$50 for each day of noncompliance after the department has provided
 63.15 the noncompliant payer, clearinghouse, or hospital with a 30-day written warning;

63.16 (2) for failure of the designated employee to complete training under paragraph (c),
 63.17 clause (1), within 90 days after the department has notified a payer, clearinghouse, or
 63.18 hospital's designated employee that required training is available, the commissioner may
 63.19 assess a penalty of \$3,000;

63.20 (3) for failure to respond within 30 days to a department inquiry related to submission
 63.21 or payment of medical bills under paragraph (c), clause (2), the commissioner may assess
 63.22 a penalty of \$3,000. The commissioner shall not assess a penalty under both this clause and
 63.23 section 176.194, subdivision 3, clause (6), for failure to respond to the same department
 63.24 inquiry.

63.25 **EFFECTIVE DATE.** This section is effective October 1, 2017.

63.26 Sec. 2. Minnesota Statutes 2016, section 176.1362, subdivision 1, is amended to read:

63.27 Subdivision 1. **Payment based on Medicare MS-DRG system.** (a) Except as provided
 63.28 in subdivisions 2 and 3, the maximum reimbursement for inpatient hospital services, articles,
 63.29 and supplies is 200 percent of the amount calculated for each hospital under the federal
 63.30 Inpatient Prospective Payment System developed for Medicare, using the inpatient Medicare
 63.31 PC-Pricer program for the applicable MS-DRG as provided in ~~paragraph (b)~~ this subdivision.

64.1 All adjustments included in the PC-Pricer program are included in the amount calculated,
64.2 including but not limited to any outlier payments.

64.3 (b) Payment under this section is effective for services, articles, and supplies provided
64.4 to patients discharged from the hospital on or after January 1, 2016. Payment for services,
64.5 articles, and supplies provided to patients discharged on January 1, 2016, through December
64.6 31, 2016, must be based on the Medicare PC-Pricer program in effect on January 1, 2016.

64.7 (c) For patients discharged on or after the effective date of this section, payment for
64.8 inpatient services, articles, and supplies ~~for patients discharged in each calendar year~~
64.9 ~~thereafter~~ must be ~~based on~~ calculated according to the PC-Pricer program in effect on
64.10 January 1 of the year of discharge identified on Medicare's Web site as FY 2016.1, updated
64.11 on January 19, 2016.

64.12 (d) For patients discharged on or after October 1, 2017, payment for inpatient services,
64.13 articles, and supplies must be calculated according to the PC-Pricer program posted on the
64.14 Department of Labor and Industry's Web site as follows:

64.15 (1) No later than October 1, 2017, and October 1 of each subsequent year, the
64.16 commissioner must post on the department's Web site the version of the PC-Pricer program
64.17 that is most recently available on Medicare's Web site as of the preceding July 1. If no
64.18 PC-Pricer program is available on the Medicare Web site on any July 1, the PC-Pricer
64.19 program most recently posted on the department's Web site remains in effect.

64.20 (2) The commissioner must publish notice of the applicable PC-Pricer program in the
64.21 State Register no later than October 1 of each year.

64.22 (e) The MS-DRG grouper software or program that corresponds to the applicable version
64.23 of the PC-Pricer program must be used to determine payment under this subdivision.

64.24 ~~(e)~~ (f) Hospitals must bill workers' compensation insurers using the same codes, formats,
64.25 and details that are required for billing for hospital inpatient services by the Medicare
64.26 program. The bill must be submitted to the insurer within the time period required by section
64.27 62Q.75, subdivision 3. For purposes of this section, "insurer" includes both workers'
64.28 compensation insurers and self-insured employers.

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

64.30 Sec. 3. Minnesota Statutes 2016, section 176.1362, subdivision 2, is amended to read:

64.31 Subd. 2. **Payment for catastrophic, high-cost injuries.** (a) If the hospital's total usual
64.32 and customary charges for services, articles, and supplies for a patient's hospitalization

65.1 exceed a threshold of \$175,000, annually adjusted as provided in paragraph (b),
 65.2 reimbursement must not be based on the MS-DRG system, but must instead be paid at 75
 65.3 percent of the hospital's usual and customary charges. The threshold amount in effect on
 65.4 the date of discharge determines the applicability of this paragraph.

65.5 (b) ~~Beginning On~~ January 1, 2017, ~~and each January 1 thereafter~~, the commissioner
 65.6 must adjust the previous year's threshold by the percent change in average total charges per
 65.7 inpatient case, using data available as of October 1 for non-Critical Access Hospitals from
 65.8 the Health Care Cost Information System maintained by the Department of Health pursuant
 65.9 to chapter 144. Beginning October 1, 2017, and each October 1 thereafter, the commissioner
 65.10 must adjust the previous threshold using the data available as of the preceding July 1. The
 65.11 commissioner must ~~annually~~ publish notice of the updated threshold in the State Register.

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

65.13 Sec. 4. Minnesota Statutes 2016, section 176.275, subdivision 1, is amended to read:

65.14 Subdivision 1. **Filing.** If a document is required to be filed by this chapter or any rules
 65.15 adopted pursuant to authority granted by this chapter, the filing shall be completed by the
 65.16 receipt of the document at the division, department, office, or the court of appeals. The
 65.17 division, department, office, and the court of appeals shall accept any document which has
 65.18 been delivered to it for legal filing, but may refuse to accept any form or document that
 65.19 lacks ~~the name of the injured employee, employer, or insurer, the date of injury, or the~~
 65.20 ~~injured employee's Social Security number~~ information required by statute or rule. The
 65.21 division, department, office, and court of appeals are not required to maintain, and may
 65.22 destroy, a duplicate of a form or document that has already been filed. If a workers'
 65.23 compensation identification number has been assigned by the department, it may be
 65.24 substituted for the Social Security number on a form or document. If the injured employee
 65.25 has fewer than three days of lost time from work, the party submitting the required document
 65.26 must attach to it, at the time of filing, a copy of the first report of injury.

65.27 A notice or other document required to be served or filed at either the department, the
 65.28 office, or the court of appeals which is inadvertently served or filed at the wrong one of
 65.29 these agencies shall be deemed to have been served or filed with the proper agency. The
 65.30 receiving agency shall note the date of receipt of a document and shall forward the documents
 65.31 to the proper agency no later than two working days following receipt.

65.32 Sec. 5. Minnesota Statutes 2016, section 176.285, is amended to read:

65.33 **176.285 SERVICE OF PAPERS AND NOTICES; ELECTRONIC FILING.**

66.1 Subdivision 1. Service by mail. Service of papers and notices shall be by mail or
66.2 otherwise as the commissioner or the chief administrative law judge may by rule direct.
66.3 Where service is by mail, service is effected at the time mailed if properly addressed and
66.4 stamped. If it is so mailed, it is presumed the paper or notice reached the party to be served.
66.5 However, a party may show by competent evidence that that party did not receive it or that
66.6 it had been delayed in transit for an unusual or unreasonable period of time. In case of
66.7 nonreceipt or delay, an allowance shall be made for the party's failure to assert a right within
66.8 the prescribed time.

66.9 Subd. 2. Electronic service and filing. (a) Where a statute or rule authorizes or requires
66.10 a document to be filed with or served on an agency, the document may be filed electronically
66.11 if electronic filing is authorized by the agency and if the document is transmitted in the
66.12 manner and in the format specified by the agency. If electronic filing of a document is
66.13 authorized by the agency and a statute or rule requires a copy of the document to be provided
66.14 or served on another person or party, the document filed electronically with the agency and
66.15 provided or served on the other person or party must contain the same information in the
66.16 format required by the commissioner.

66.17 (b) Where a statute or rule authorizes or requires a person's signature on a document to
66.18 be filed with or served on an agency, the signature may be an electronic signature, as defined
66.19 by section 325L.02, or transmitted electronically, if authorized by the agency and if the
66.20 signature is transmitted in the manner and format specified by the agency. The commissioner
66.21 may require that a document authorized or required to be filed with the commissioner,
66.22 department, or division be filed electronically in the manner and format specified by the
66.23 commissioner, except that an employee must not be required to file a document electronically
66.24 unless the document is filed by an attorney on behalf of an employee. ~~An agency may serve~~
66.25 ~~a document electronically if the recipient agrees to receive it in an electronic format.~~ The
66.26 department or court may adopt rules for the certification of signatures.

66.27 (c) An agency may serve a document electronically on a payer, rehabilitation provider,
66.28 or attorney. An agency may serve a document on any other party if the recipient agrees to
66.29 receive it in an electronic format. The date of electronic service of a document is the date
66.30 the recipient is sent a document electronically, or the date the recipient is notified that the
66.31 document is available on a Web site, whichever occurs first.

66.32 (d) When the electronic filing of a legal document with the department marks the
66.33 beginning of a prescribed time for another party to assert a right, the prescribed time for
66.34 another party to assert a right shall be lengthened by two calendar days when it can be shown
66.35 that service to the other party was by mail.

67.1 Subd. 3. **Proof of service.** The commissioner and the chief administrative law judge
 67.2 shall ensure that proof of service of all papers and notices served by their respective agencies
 67.3 is placed in the official file of the case.

67.4 Subd. 4. **Definitions; applicability.** (a) For purposes of this section, "agency" means
 67.5 the workers' compensation division, the Department of Labor and Industry, the commissioner
 67.6 of the Department of Labor and Industry, the Office of Administrative Hearings, the chief
 67.7 administrative law judge, or the Workers' Compensation Court of Appeals. "Document"
 67.8 includes documents, reports, notices, orders, papers, forms, information, and data elements
 67.9 that are authorized or required to be filed with an agency or the commissioner or that are
 67.10 authorized or required to be served on or by an agency or the commissioner. "Payer" means
 67.11 a workers' compensation insurer, self-insurer employer, or third-party administrator.

67.12 (b) Except as otherwise modified by this section, the provisions of chapter 325L apply
 67.13 to electronic signatures and the electronic transmission of documents under this section.

67.14 Sec. 6. Minnesota Statutes 2016, section 176.541, subdivision 1, is amended to read:

67.15 Subdivision 1. **Application of chapter to state employees.** This chapter applies to the
 67.16 employees of any department of this state as defined in section 3.732, subdivision 1, clause
 67.17 (1).

67.18 Sec. 7. Minnesota Statutes 2016, section 176.541, is amended by adding a subdivision to
 67.19 read:

67.20 Subd. 7a. **Exceptions.** This section does not apply to the University of Minnesota.

67.21 Sec. 8. Minnesota Statutes 2016, section 176.541, subdivision 8, is amended to read:

67.22 Subd. 8. **State may insure.** The state of Minnesota may elect to insure its liability under
 67.23 the workers' compensation law for persons employed under the federal ~~Emergency~~
 67.24 ~~Employment Act of 1971, as amended, and the Comprehensive Employment and Training~~
 67.25 ~~Act of 1973, as amended~~ Workforce Innovation and Opportunity Act, and similar programs,
 67.26 with an insurer properly licensed in Minnesota.

67.27 Sec. 9. Minnesota Statutes 2016, section 176.611, subdivision 2, is amended to read:

67.28 Subd. 2. **State departments.** Every department of the state, ~~including the University of~~
 67.29 ~~Minnesota,~~ shall reimburse the fund for money paid for its claims and the costs of
 67.30 administering the revolving fund at such times and in such amounts as the commissioner
 67.31 of administration shall certify has been paid out of the fund on its behalf. The heads of the

68.1 departments shall anticipate these payments by including them in their budgets. In addition,
 68.2 the commissioner of administration, with the approval of the commissioner of management
 68.3 and budget, may require an agency to make advance payments to the fund sufficient to
 68.4 cover the agency's estimated obligation for a period of at least 60 days. Reimbursements
 68.5 and other money received by the commissioner of administration under this subdivision
 68.6 must be credited to the state compensation revolving fund.

68.7 Sec. 10. **REPEALER.**

68.8 Minnesota Statutes 2016, section 176.541, subdivision 7, is repealed.

68.9 Sec. 11. **EFFECTIVE DATE.**

68.10 This article is effective the day following final enactment.

68.11 **ARTICLE 4**

68.12 **WORKERS' COMPENSATION ADVISORY COUNCIL; SPECIAL** 68.13 **COMPENSATION FUND**

68.14 Section 1. **[176.1292] FORBEARANCE OF AMOUNTS OWED TO THE SPECIAL**
 68.15 **COMPENSATION FUND.**

68.16 Subdivision 1. **Definitions.** For purposes of this section, the following definitions apply.

68.17 (a) "Payer" means a workers' compensation insurer, or an employer or group of employers
 68.18 that are self-insured for workers' compensation.

68.19 (b) "Retirement benefits" means retirement benefits paid by any government retirement
 68.20 benefit program and received by employees, other than old age and survivor insurance
 68.21 benefits received under the federal Social Security Act, United States Code, title 42, sections
 68.22 401 to 434. Retirement benefits include retirement annuities, optional annuities received in
 68.23 lieu of retirement benefits, and any other benefit or annuity paid by a government benefit
 68.24 program that is not clearly identified as a disability benefit or disability annuity in the
 68.25 applicable governing statute.

68.26 Subd. 2. **Payment of permanent total disability benefits to employees, dependents,**
 68.27 **and legal heirs.** (a) A payer is entitled to the relief described in subdivisions 3 and 4 only
 68.28 if the payer complies with all of the conditions in paragraphs (b) to (d) for all of the payer's
 68.29 permanently totally disabled employees and documents compliance according to the
 68.30 procedures and forms established by the commissioner under subdivision 7.

68.31 (b) Except as provided in paragraph (e), the payer must:

69.1 (1) recharacterize supplementary benefits paid to all employees as permanent total
69.2 disability benefits if the supplementary benefits were paid because the permanent total
69.3 disability benefits were reduced by retirement benefits received by the employee;

69.4 (2) pay all permanently totally disabled employees, regardless of the date of injury, past
69.5 and future permanent total disability benefits calculated without any reduction for retirement
69.6 benefits received by the employees, from the date the employees' benefits were first reduced;
69.7 and

69.8 (3) for all deceased employees, pay the employees' dependents or, if none, the employees'
69.9 legal heirs, the permanent total disability benefits the deceased employees would have
69.10 received if the benefits had been calculated without any reduction for retirement benefits
69.11 received by the employees.

69.12 (c) A payer may take a credit against its obligations under paragraph (b), clauses (2) and
69.13 (3), for:

69.14 (1) supplementary benefits previously paid to an employee that have been recharacterized
69.15 as permanent total disability benefits under paragraph (b), clause (1); and

69.16 (2) permanent total disability benefits previously paid to an employee.

69.17 (d) The payer must pay the permanent total disability benefits as provided in paragraphs
69.18 (b) and (c) within the time frames described in clauses (1) to (4). More than one time frame
69.19 may apply to a claim.

69.20 (1) No later than 150 days following final enactment, the payer must begin paying the
69.21 recalculated permanent total disability benefit amounts to employees who are entitled to
69.22 ongoing permanent total disability benefits.

69.23 (2) No later than 210 days following final enactment, the payer must pay employees the
69.24 amounts that past permanent total disability benefits were underpaid.

69.25 (3) No later than 270 days following final enactment, the payer must pay the employees'
69.26 dependents or legal heirs the amounts that permanent total disability benefits were underpaid.

69.27 (4) The commissioner may waive payment under paragraphs (b) and (c) or extend these
69.28 time frames if the payer, after making a good-faith effort, is unable to: locate an employee;
69.29 identify or locate the dependents or legal heirs of a deceased employee; or locate
69.30 documentation to determine the amount of an underpayment.

69.31 (e) Paragraphs (a) to (d) do not apply if:

69.32 (1) the employee died before January 1, 2008;

70.1 (2) the employee's last permanent total disability benefit was paid before January 1,
70.2 2000;

70.3 (3) the employee's last permanent total disability benefit would have been paid before
70.4 January 1, 2000, if it had not been reduced by his or her retirement benefits;

70.5 (4) a stipulation for settlement, signed by the employee and approved by a compensation
70.6 judge, provided for a full, final, and complete settlement of permanent total disability benefits
70.7 under this chapter in exchange for a lump sum payment amount or a lump sum converted
70.8 to a structured annuity;

70.9 (5) a final court order, or a stipulation for settlement signed by the employee and approved
70.10 by a compensation judge, explicitly states the employee's permanent total disability benefits
70.11 may be reduced by specified retirement benefits. Paragraphs (a) to (d) apply if a court order
70.12 or stipulation for settlement is ambiguous about whether the employee's permanent total
70.13 disability benefits could be reduced by retirement benefits; or

70.14 (6) a final court order or a stipulation for settlement described in clause (4) or (5) was
70.15 vacated after the effective date of this section.

70.16 Subd. 3. **Reimbursement of supplementary benefits.** (a) Except as provided in
70.17 subdivision 9, paragraph (a), clause (2), a payer that has complied with the requirements of
70.18 subdivision 2, paragraphs (a) to (d):

70.19 (1) is not required to repay supplementary benefits for any claim that the special
70.20 compensation fund over reimbursed due to the payer's reduction of any employee's permanent
70.21 total disability benefits by retirement benefits received by the employee;

70.22 (2) is entitled to reimbursement of supplementary benefits paid or payable before August
70.23 13, 2014, to the extent the special compensation fund denied reimbursement due to the
70.24 payer's reduction of any employee's permanent total disability benefits by the employee's
70.25 retirement benefits; and

70.26 (3) is entitled to reimbursement of supplementary benefits the special compensation
70.27 fund withheld under section 176.129, subdivision 13, paragraph (a), to offset supplementary
70.28 benefits that were over reimbursed due to the payer's reduction of any employee's permanent
70.29 total disability benefits by the employee's retirement benefits.

70.30 (b) Paragraph (a) does not preclude the special compensation fund from denying
70.31 reimbursement of supplementary benefits, or adjusting the reimbursement amount, for any
70.32 reason other than reduction of permanent total disability benefits by the employee's retirement
70.33 benefits.

71.1 Subd. 4. Assessments. (a) Except as provided in subdivision 6, paragraph (b), clause
71.2 (2), and subdivision 9, paragraph (a), clause (2), a payer that has complied with the
71.3 requirements of subdivision 2, paragraphs (a) to (d), is not required to pay past or future
71.4 assessments under section 176.129 on the amount of increased or additional permanent total
71.5 disability benefits paid, or on supplementary benefits that are appropriately characterized
71.6 as permanent total disability benefits, due to the elimination of the retirement benefit
71.7 reduction.

71.8 (b) The special compensation fund shall not recalculate assessments previously paid by
71.9 any payer because of the assessment adjustments in paragraph (a).

71.10 (c) The assessment adjustments described in paragraph (a) do not apply to permanent
71.11 total disability benefits paid to employees with dates of injury on or after August 13, 2014.
71.12 Payers must pay full assessments according to section 176.129 on permanent total disability
71.13 benefits calculated without a reduction for retirement benefits for these employees.

71.14 Subd. 5. Refunds. (a) A payer is entitled to a refund from the special compensation fund
71.15 if:

71.16 (1) the payer complies with the requirements of subdivision 2, paragraphs (a) to (d); and

71.17 (2) due to the elimination of the retirement benefit reduction, the payer repaid the special
71.18 compensation fund for over reimbursement of supplementary benefits, or paid assessments
71.19 on the increased permanent total disability benefits for employees with dates of injury before
71.20 August 13, 2014.

71.21 (b) The special compensation fund must issue a refund within 30 days after receiving
71.22 the payer's documentation of compliance with subdivision 2, paragraphs (a) to (d), and an
71.23 itemization by claim of the amount repaid or paid to the special compensation fund as
71.24 described in paragraph (a), clause (2).

71.25 (c) The special compensation fund must pay interest on any refunded amount under this
71.26 section to the payer at an annual rate of four percent, calculated from the date the payer
71.27 repaid or paid the special compensation fund as described in paragraph (a), clause (2).

71.28 Subd. 6. Applicability. (a) This section does not preclude any employee, dependent, or
71.29 legal heir from pursuing additional benefits beyond those paid under subdivision 2,
71.30 paragraphs (b) to (d); however, the payments under subdivision 2, paragraphs (b) to (d), are
71.31 not to be construed as an admission of liability by the payer in any proceeding. The payments
71.32 cannot be used to justify additional claims; they represent a compromise between the payer

72.1 and the special compensation fund on supplementary benefits and assessments. Payers
 72.2 reserve any and all defenses to claims to which this section does not apply.

72.3 (b) If an employee, dependent, or legal heir pursues additional benefits, claims, or
 72.4 penalties related to the benefits paid or payable under subdivision 2, paragraphs (b) to (d),
 72.5 payers may assert any and all defenses including, but not limited to, those specified in
 72.6 subdivision 2, paragraph (e), clauses (4) and (5), with respect to the additional benefits,
 72.7 claims, and penalties, and any future permanent total disability benefits payable, subject to
 72.8 the following conditions:

72.9 (1) if it is determined by a compensation judge, the Workers' Compensation Court of
 72.10 Appeals, or the Minnesota Supreme Court that the payer is entitled to reduce the employee's
 72.11 permanent total disability benefits by retirement benefits received by the employee, the
 72.12 payer shall not recover any overpayment that results from benefits the employee, dependent,
 72.13 or legal heir has already received under subdivision 2, paragraphs (b) to (d). Notwithstanding
 72.14 section 176.129, the payer shall not take a credit against an employee's future benefits for
 72.15 any such overpayment; and

72.16 (2) if it is determined by a compensation judge, the Workers' Compensation Court of
 72.17 Appeals, or the Minnesota Supreme Court that the payer is not entitled to reduce the
 72.18 employee's permanent total disability benefits by retirement benefits received by the
 72.19 employee, the payer is not entitled to the relief provided in subdivision 4 as applied to the
 72.20 claim of the specific employee, dependent, or legal heir.

72.21 (c) A payer shall not assert defenses related to the offset of retirement benefits against
 72.22 an employee's future permanent total disability benefits if the only additional claims asserted
 72.23 by the employee under paragraph (b) are for attorney fees, costs and disbursements, and an
 72.24 additional award pursuant to section 176.081, subdivision 7.

72.25 Subd. 7. **Procedure.** No later than 60 days after final enactment, in consultation with
 72.26 affected payers, the commissioner must establish a procedure, which may include forms,
 72.27 to implement this section.

72.28 Subd. 8. **Reporting.** This section does not affect a payer's obligation to report the full
 72.29 amount of permanent total disability benefits paid to the extent required by this chapter or
 72.30 other law. A payer must report supplementary benefits as permanent total disability benefits
 72.31 if the supplementary benefits were paid because the permanent total disability benefits were
 72.32 reduced by retirement benefits received by the employee.

72.33 Subd. 9. **Failure to comply.** (a) If a payer reports to the department that it has complied
 72.34 with the requirements of subdivision 2, paragraphs (a) to (d), but the payer has not paid an

73.1 employee, dependent, or legal heir, as required by subdivision 2, the payer is subject to the
73.2 following:

73.3 (1) the payer must issue payment to the employee, dependent, or legal heir within 14
73.4 days of the date the payer discovers the noncompliance or the date the department notifies
73.5 the payer of the noncompliance;

73.6 (2) the payer is not entitled to the relief provided in subdivisions 3 and 4 as applied to
73.7 the claim of the specific employee, dependent, or legal heir who was not paid as required
73.8 by subdivision 2;

73.9 (3) the special compensation fund may immediately begin collection of any assessments
73.10 or over-reimbursement owed for the claim;

73.11 (4) if the commissioner determines that a payer's failure to comply under this subdivision
73.12 was not in good faith, the commissioner may assess a penalty, payable to the employee,
73.13 dependent, or legal heir, of up to 25 percent of the total permanent total disability benefits
73.14 underpaid; and

73.15 (5) if the payer is found after a hearing to be liable for increased or additional permanent
73.16 total disability benefits because the employee's permanent total disability benefits were
73.17 improperly reduced by his or her retirement benefits, the compensation judge shall assess
73.18 a penalty against the payer, payable to the employee or dependent, up to the total amount
73.19 of the permanent total disability benefits that were not paid pursuant to subdivision 2. The
73.20 compensation judge may issue a penalty against the payer, up to the total amount of the
73.21 permanent total disability benefits underpaid, payable to a legal heir.

73.22 (b) The penalties assessed under this subdivision are in addition to any other penalty
73.23 that may be, or is required to be, assessed under this chapter; however, the commissioner
73.24 shall not assess a penalty against a payer for late payment of permanent total disability
73.25 benefits if the employee's benefits have been paid and documented in accordance with
73.26 subdivision 2.

73.27 (c) If a payer and the special compensation fund have agreed to a list of employees
73.28 required to be paid under subdivision 2, this subdivision does not apply to any claim with
73.29 a date of injury before October 1, 1995, that is not on the agreed-upon list.

73.30 **EFFECTIVE DATE.** This section is effective the day after final enactment.

74.1

ARTICLE 5

74.2

**WORKERS' COMPENSATION ADVISORY COUNCIL; WORKERS'
74.3 COMPENSATION INTERVENTION**

74.4 Section 1. Minnesota Statutes 2016, section 176.361, subdivision 2, is amended to read:

74.5 Subd. 2. **Written motion.** A person desiring to intervene in a workers' compensation
74.6 case as a party, including but not limited to a health care provider who has rendered services
74.7 to an employee or an insurer who has paid benefits under section 176.191, shall submit a
74.8 timely written motion to intervene to the commissioner, the office, or to the court of appeals,
74.9 whichever is applicable.

74.10 (a) The motion must be served on all parties, except for other intervenors, either
74.11 personally, by first class mail, or by registered mail, return receipt requested. A motion to
74.12 intervene must be served and filed within 60 days after a potential intervenor has been
74.13 served with notice of a right to intervene or within 30 days of notice of an administrative
74.14 conference or expedited hearing. Upon the filing of a timely motion to intervene, the potential
74.15 intervenor shall be granted intervenor status without the need for an order. Objections to
74.16 the intervention may be subsequently addressed by a compensation judge. Where a motion
74.17 to intervene is not timely filed under this section, the potential intervenor interest shall be
74.18 extinguished and the potential intervenor may not collect, or attempt to collect, the
74.19 extinguished interest from the employee, employer, insurer, or any government program.

74.20 (b) The motion must show how the applicant's legal rights, duties, or privileges may be
74.21 determined or affected by the case; state the grounds and purposes for which intervention
74.22 is sought; and indicate the statutory right to intervene. The motion must be accompanied
74.23 by the following:

74.24 (1) an itemization of disability payments showing the period during which the payments
74.25 were or are being made; the weekly or monthly rate of the payments; and the amount of
74.26 reimbursement claimed;

74.27 (2) a summary of the medical or treatment payments, or rehabilitation services provided
74.28 by the Vocational Rehabilitation Unit, broken down by creditor, showing the total bill
74.29 submitted, the period of treatment or rehabilitation covered by that bill, the amount of
74.30 payment on that bill, and to whom the payment was made;

74.31 (3) copies of all medical or treatment bills for which payment is sought;

74.32 (4) copies of the work sheets or other information stating how the payments on medical
74.33 or treatment bills were calculated;

75.1 (5) a copy of the relevant policy or contract provisions upon which the claim for
75.2 reimbursement is based;

75.3 (6) the name and telephone number of the person representing the intervenor who has
75.4 authority to represent the intervenor, including but not limited to the authority to reach a
75.5 settlement of the issues in dispute;

75.6 (7) proof of service or copy of the registered mail receipt evidencing service on all parties
75.7 except for other intervenors;

75.8 (8) at the option of the intervenor, a proposed stipulation which states that all of the
75.9 payments for which reimbursement is claimed are related to the injury or condition in dispute
75.10 in the case and that, if the petitioner is successful in proving the compensability of the claim,
75.11 it is agreed that the sum be reimbursed to the intervenor; and

75.12 (9) if represented by an attorney, the name, address, telephone number, and Minnesota
75.13 Supreme Court license number of the attorney.

75.14 Sec. 2. Minnesota Statutes 2016, section 176.361, subdivision 3, is amended to read:

75.15 Subd. 3. **Stipulation.** If the person ~~submitting the~~ filing a timely motion to intervene
75.16 has included a proposed stipulation, all parties shall either execute and return the signed
75.17 stipulation to the intervenor who must file it with the division or judge or serve upon the
75.18 intervenor and all other parties and file with the division specific and detailed objections to
75.19 any services rendered or payments made by the intervenor which are not conceded to be
75.20 correct and related to the injury or condition the petitioner has asserted is compensable. If
75.21 a party has not returned the signed stipulation or filed specific and detailed objections within
75.22 30 days of service of the motion to intervene, the intervenor's right to reimbursement for
75.23 the amount sought is deemed established provided that the petitioner's claim is determined
75.24 to be compensable. The office may establish procedures for filing objections if a timely
75.25 motion to intervene is filed less than 30 days before a scheduled hearing.

75.26 Sec. 3. Minnesota Statutes 2016, section 176.521, is amended by adding a subdivision to
75.27 read:

75.28 Subd. 2b. **Partial settlement.** (a) The parties may file a partial stipulation for settlement
75.29 which resolves the claims of the employee and reserves the claims of one or more intervenors.
75.30 If the partial stipulation, or a letter of agreement attached to the partial stipulation, is not
75.31 signed by an intervenor, the partial stipulation must include a statement that the parties were
75.32 unable to:

76.1 (1) obtain a response from the nonsigning intervenor regarding clarification or
76.2 confirmation of its interest or an offer of settlement within a reasonable time despite
76.3 good-faith efforts to obtain a response;

76.4 (2) reach agreement with the nonsigning intervenor despite the belief that the parties
76.5 negotiated with the intervenor in good faith and made a reasonable offer to settle the
76.6 intervention claim; or

76.7 (3) obtain the nonsigning intervenor's signature within a reasonable time after an
76.8 agreement was reached with the intervenor.

76.9 The partial stipulation must include detailed and case-specific support for the parties'
76.10 statements. In addition, the partial stipulation must reserve the nonsigning intervenor's
76.11 interests to pursue its claim at a hearing on the merits, and must contain a statement that
76.12 the employee will cooperate at the hearing.

76.13 (b) Prior to filing the partial stipulation for approval, a copy of the partial stipulation
76.14 must be served on all parties, including the nonsigning intervenor, together with a written
76.15 notification that the settling parties intend to file the partial stipulation for approval by a
76.16 compensation judge and of the nonsigning intervenor's right to request a hearing on the
76.17 merits of the intervenor's claim.

76.18 (c) Within ten days after service of a partial stipulation for settlement and notice of an
76.19 intent to file for approval by a compensation judge, a nonsigning intervenor may serve and
76.20 file a written objection to approval of the partial stipulation, which filing must provide a
76.21 detailed and case-specific factual basis establishing that approval of the partial stipulation
76.22 will adversely impact the rights of the intervenor.

76.23 (d) After expiration of the ten-day period within which a nonsigning intervenor may
76.24 serve and file its written objection, any party may file for approval a partial stipulation for
76.25 settlement which conforms with this section. An affidavit of service must accompany the
76.26 partial stipulation when it is filed for approval.

76.27 (e) Unless the compensation judge has a reasonable belief that approval of the partial
76.28 stipulation will adversely impact the rights of the nonsigning intervenor, the compensation
76.29 judge shall immediately issue the award and file it with the commissioner. The issuance of
76.30 the award shall be accompanied by notice to the intervenors and other parties of their right
76.31 to request amended findings within a period of 30 days following the date of issuance in
76.32 conformity with applicable law.

77.1 (f) If the compensation judge has a reasonable belief that approval of the partial stipulation
 77.2 will adversely impact the rights of the intervenor, the compensation judge shall disapprove
 77.3 the stipulation by written order detailing a factual basis for the determination of adverse
 77.4 impact.

77.5 Sec. 4. **RULEMAKING.**

77.6 The Office of Administrative Hearings is directed to use the expedited rulemaking
 77.7 provisions of Minnesota Statutes, section 14.389, to amend Minnesota Rules, part 1420.1850,
 77.8 to conform to the amendments of Minnesota Statutes, section 176.361, subdivision 3.

77.9 **ARTICLE 6**

77.10 **EMPLOYMENT AND ECONOMIC DEVELOPMENT**

77.11 Section 1. **[116J.4221] RURAL POLICY AND DEVELOPMENT CENTER FUND.**

77.12 (a) A rural policy and development center fund is established as an account in the special
 77.13 revenue fund in the state treasury. The commissioner of management and budget shall credit
 77.14 to the account the amounts authorized under this section and appropriations and transfers
 77.15 to the account. The State Board of Investment shall ensure that account money is invested
 77.16 under section 11A.24. All money earned by the account must be credited to the account.
 77.17 The principal of the account and any unexpended earnings must be invested and reinvested
 77.18 by the State Board of Investment.

77.19 (b) Gifts and donations, including land or interests in land, may be made to the account.
 77.20 Noncash gifts and donations must be disposed of for cash as soon as the board prudently
 77.21 can maximize the value of the gift or donation. Gifts and donations of marketable securities
 77.22 may be held or be disposed of for cash at the option of the board. The cash receipts of gifts
 77.23 and donations of cash or capital assets and marketable securities disposed of for cash must
 77.24 be credited immediately to the principal of the account. The value of marketable securities
 77.25 at the time the gift or donation is made must be credited to the principal of the account and
 77.26 any earnings from the marketable securities are earnings of the account. The earnings in
 77.27 the account are annually appropriated to the board of the Center for Rural Policy and
 77.28 Development to carry out the duties of the center.

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

78.1 Sec. 2. Minnesota Statutes 2016, section 116J.8731, subdivision 2, is amended to read:

78.2 Subd. 2. **Administration.** (a) Except as otherwise provided in this section, the
 78.3 commissioner shall administer the fund as part of the Small Cities Development Block
 78.4 Grant Program and funds shall be made available to local communities and recognized
 78.5 Indian tribal governments in accordance with the rules adopted for economic development
 78.6 grants in the small cities community development block grant program. All units of general
 78.7 purpose local government are eligible applicants for Minnesota investment funds. The
 78.8 commissioner may provide forgivable loans directly to a private enterprise and not require
 78.9 a local community or recognized Indian tribal government application other than a resolution
 78.10 supporting the assistance.

78.11 (b) Eligible applicants for the state-funded portion of the fund also include development
 78.12 authorities as defined in section 116J.552, subdivision 4, provided that the governing body
 78.13 of the municipality approves, by resolution, the application of the development authority.
 78.14 A local government entity may receive more than one award in a fiscal year. The
 78.15 commissioner may also make funds available within the department for eligible expenditures
 78.16 under subdivision 3, clause (2).

78.17 (c) A home rule charter or statutory city, county, or town may loan or grant money
 78.18 received from repayment of funds awarded under this section to a regional development
 78.19 commission, other regional entity, or statewide community capital fund as determined by
 78.20 the commissioner, to capitalize or to provide the local match required for capitalization of
 78.21 a regional or statewide revolving loan fund.

78.22 Sec. 3. Minnesota Statutes 2016, section 116J.8731, is amended by adding a subdivision
 78.23 to read:

78.24 Subd. 10. **Transfer.** The commissioner may transfer up to \$2,000,000 of a fiscal year's
 78.25 appropriation between the Minnesota job creation fund program and Minnesota investment
 78.26 fund to meet business demand.

78.27 Sec. 4. Minnesota Statutes 2016, section 116J.8748, subdivision 1, is amended to read:

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

78.30 (b) "Agreement" or "business subsidy agreement" means a business subsidy agreement
 78.31 under section 116J.994 that must include, but is not limited to: specification of the duration
 78.32 of the agreement, job goals and a timeline for achieving those goals over the duration of

79.1 the agreement, construction and other investment goals and a timeline for achieving those
 79.2 goals over the duration of the agreement, and the value of benefits the firm may receive
 79.3 following achievement of capital investment and employment goals. The local government
 79.4 and business must report to the commissioner on the business performance using the forms
 79.5 developed by the commissioner.

79.6 (c) "Business" means an individual, corporation, partnership, limited liability company,
 79.7 association, or other entity.

79.8 (d) "Capital investment" means money that is expended for the purpose of building or
 79.9 improving real fixed property where employees under paragraphs (g) and (h) are or will be
 79.10 employed and also includes construction materials, services, and supplies, and the purchase
 79.11 and installation of equipment and machinery as provided under subdivision 4, paragraph
 79.12 (b), clause (5).

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

79.14 (f) "Minnesota job creation fund business" means a business that is designated by the
 79.15 commissioner under subdivision 3.

79.16 (g) "Minority person" means a person belonging to a racial or ethnic minority as defined
 79.17 in Code of Federal Regulations, title 49, section 23.5.

79.18 ~~(g)~~ (h) "New full-time employee" means an employee who:

79.19 (1) begins work at a Minnesota job creation fund business facility noted in a business
 79.20 subsidy agreement and following the designation as a job creation fund business; and

79.21 (2) has expected work hours of at least 2,080 hours annually.

79.22 (i) "Persons with disabilities" means an individual with a disability, as defined under
 79.23 the Americans with Disabilities Act, United States Code, title 42, section 12102.

79.24 ~~(h)~~ (j) "Retained job" means a full-time position:

79.25 (1) that existed at the facility prior to the designation as a job creation fund business;

79.26 and

79.27 (2) has expected work hours of at least 2,080 hours annually.

79.28 (k) "Veteran" means a veteran as defined in section 197.447.

79.29 ~~(i)~~ (l) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

80.1 Sec. 5. Minnesota Statutes 2016, section 116J.8748, subdivision 3, is amended to read:

80.2 Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To
80.3 receive designation as a Minnesota job creation fund business, a business must satisfy all
80.4 of the following conditions:

80.5 (1) the business is or will be engaged in, within Minnesota, one of the following as its
80.6 primary business activity:

80.7 (i) manufacturing;

80.8 (ii) warehousing;

80.9 (iii) distribution;

80.10 (iv) information technology;

80.11 (v) finance;

80.12 (vi) insurance; or

80.13 (vii) professional or technical services;

80.14 (2) the business must not be primarily engaged in lobbying; gambling; entertainment;
80.15 professional sports; political consulting; leisure; hospitality; or professional services provided
80.16 by attorneys, accountants, business consultants, physicians, or health care consultants, or
80.17 primarily engaged in making retail sales to purchasers who are physically present at the
80.18 business's location;

80.19 (3) the business must enter into a binding construction and job creation business subsidy
80.20 agreement with the commissioner to expend directly, or ensure expenditure by or in
80.21 partnership with a third party constructing or managing the project, at least \$500,000 in
80.22 capital investment in a capital investment project that includes a new, expanded, or remodeled
80.23 facility within one year following designation as a Minnesota job creation fund business or
80.24 \$250,000 if the project is located outside the metropolitan area as defined in section 200.02,
80.25 subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans,
80.26 women, or persons with a disability; and:

80.27 (i) create at least ten new full-time employee positions within two years of the benefit
80.28 date following the designation as a Minnesota job creation fund business or five new full-time
80.29 employee positions within two years of the benefit date if the project is located outside the
80.30 metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business
80.31 is cumulatively owned by minorities, veterans, women, or persons with a disability; or

81.1 (ii) expend at least \$25,000,000, which may include the installation and purchase of
81.2 machinery and equipment, in capital investment and retain at least 200 employees for projects
81.3 located in the metropolitan area as defined in section 200.02, subdivision 24, and 75
81.4 employees for projects located outside the metropolitan area;

81.5 (4) positions or employees moved or relocated from another Minnesota location of the
81.6 Minnesota job creation fund business must not be included in any calculation or determination
81.7 of job creation or new positions under this paragraph; and

81.8 (5) a Minnesota job creation fund business must not terminate, lay off, or reduce the
81.9 working hours of an employee for the purpose of hiring an individual to satisfy job creation
81.10 goals under this subdivision.

81.11 (b) Prior to approving the proposed designation of a business under this subdivision, the
81.12 commissioner shall consider the following:

81.13 (1) the economic outlook of the industry in which the business engages;

81.14 (2) the projected sales of the business that will be generated from outside the state of
81.15 Minnesota;

81.16 (3) how the business will build on existing regional, national, and international strengths
81.17 to diversify the state's economy;

81.18 (4) whether the business activity would occur without financial assistance;

81.19 (5) whether the business is unable to expand at an existing Minnesota operation due to
81.20 facility or land limitations;

81.21 (6) whether the business has viable location options outside Minnesota;

81.22 (7) the effect of financial assistance on industry competitors in Minnesota;

81.23 (8) financial contributions to the project made by local governments; and

81.24 (9) any other criteria the commissioner deems necessary.

81.25 (c) Upon receiving notification of local approval under subdivision 2, the commissioner
81.26 shall review the determination by the local government and consider the conditions listed
81.27 in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local
81.28 area to designate a business as a Minnesota job creation fund business.

81.29 (d) If the commissioner designates a business as a Minnesota job creation fund business,
81.30 the business subsidy agreement shall include the performance outcome commitments and
81.31 the expected financial value of any Minnesota job creation fund benefits.

82.1 (e) The commissioner may amend an agreement once, upon request of a local government
82.2 on behalf of a business, only if the performance is expected to exceed thresholds stated in
82.3 the original agreement.

82.4 (f) A business may apply to be designated as a Minnesota job creation fund business at
82.5 the same location more than once only if all goals under a previous Minnesota job creation
82.6 fund agreement have been met and the agreement is completed.

82.7 Sec. 6. Minnesota Statutes 2016, section 116J.8748, subdivision 4, is amended to read:

82.8 Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job
82.9 creation fund business as eligible to receive a specific value of benefit under paragraphs (b)
82.10 and (c) when the business has achieved its job creation and capital investment goals noted
82.11 in its agreement under subdivision 3.

82.12 (b) A qualified Minnesota job creation fund business may be certified eligible for the
82.13 benefits in this paragraph for up to five years for projects located in the metropolitan area
82.14 as defined in section 200.02, subdivision 24, and seven years for projects located outside
82.15 the metropolitan area, as determined by the commissioner when considering the best interests
82.16 of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a),
82.17 clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located
82.18 outside the metropolitan area may be for up to seven years in length. The eligibility for the
82.19 following benefits begins the date the commissioner certifies the business as a qualified
82.20 Minnesota job creation fund business under this subdivision:

82.21 (1) up to five percent rebate for projects located in the metropolitan area as defined in
82.22 section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan
82.23 area, on capital investment on qualifying purchases as provided in subdivision 5 with the
82.24 total rebate for a project not to exceed \$500,000;

82.25 (2) an award of up to \$500,000 based on full-time job creation and wages paid as provided
82.26 in subdivision 6 with the total award not to exceed \$500,000;

82.27 (3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards
82.28 are allowable for projects that have at least \$25,000,000 in capital investment and 200 new
82.29 employees in the metropolitan area as defined in section 200.02, subdivision 24, and 75
82.30 new employees for projects located outside the metropolitan area;

82.31 (4) up to \$1,000,000 in capital investment rebates are allowable for projects that have
82.32 at least \$25,000,000 in capital investment and 200 retained employees for projects located

83.1 in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for
83.2 projects located outside the metropolitan area; and

83.3 (5) for clauses (3) and (4) only, the capital investment expenditure requirements may
83.4 include the installation and purchases of machinery and equipment. These expenditures are
83.5 not eligible for the capital investment rebate provided under subdivision 5.

83.6 (c) The job creation award may be provided in multiple years as long as the qualified
83.7 Minnesota job creation fund business continues to meet the job creation goals provided for
83.8 in its agreement under subdivision 3 and the total award does not exceed \$500,000 except
83.9 as provided under paragraph (b), clauses (3) and (4).

83.10 (d) No rebates or award may be provided until the Minnesota job creation fund business
83.11 or a third party constructing or managing the project has at least \$500,000 in capital
83.12 investment in the project and at least ten full-time jobs have been created and maintained
83.13 for at least one year or the retained employees, as provided in paragraph (b), clause (4),
83.14 remain for at least one year. The agreement may require additional performance outcomes
83.15 that need to be achieved before rebates and awards are provided. If fewer retained jobs are
83.16 maintained, but still above the minimum under this subdivision, the capital investment
83.17 award shall be reduced on a proportionate basis.

83.18 (e) The forms needed to be submitted to document performance by the Minnesota job
83.19 creation fund business must be in the form and be made under the procedures specified by
83.20 the commissioner. The forms shall include documentation and certification by the business
83.21 that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66,
83.22 and other provisions as specified by the commissioner.

83.23 (f) Minnesota job creation fund businesses must pay each new full-time employee added
83.24 pursuant to the agreement total compensation, including benefits not mandated by law, that
83.25 on an annualized basis is equal to at least 110 percent of the federal poverty level for a
83.26 family of four.

83.27 (g) A Minnesota job creation fund business must demonstrate reasonable progress on
83.28 ~~its~~ capital investment expenditures within six months following designation as a Minnesota
83.29 job creation fund business to ensure that the capital investment goal in the agreement under
83.30 subdivision 1 will be met. Businesses not making reasonable progress will not be eligible
83.31 for benefits under the submitted application and will need to work with the local government
83.32 unit to resubmit a new application and request to be a Minnesota job creation fund business.
83.33 Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not
83.34 be considered a default of the business subsidy agreement.

84.1 Sec. 7. Minnesota Statutes 2016, section 116J.8748, subdivision 6, is amended to read:

84.2 Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is
84.3 eligible for an annual award for each new job created and maintained by the business using
84.4 the following schedule: \$1,000 for each job position paying annual wages at least \$26,000
84.5 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than
84.6 \$45,000; and \$3,000 for each job position paying at least \$45,000; and as noted in the goals
84.7 under the agreement provided under subdivision 1. These awards are increased by \$1,000
84.8 if the business is located outside the metropolitan area as defined in section 200.02,
84.9 subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans,
84.10 women, or persons with a disability.

84.11 (b) The job creation award schedule must be adjusted annually using the percentage
84.12 increase in the federal poverty level for a family of four.

84.13 (c) Minnesota job creation fund businesses seeking an award credit provided under
84.14 subdivision 4 must submit forms and applications to the Department of Employment and
84.15 Economic Development as prescribed by the commissioner.

84.16 Sec. 8. **[116J.9922] CENTRAL MINNESOTA OPPORTUNITY GRANT PROGRAM.**

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

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

84.20 (c) "Community initiative" means a nonprofit organization which provides services to
84.21 central Minnesota communities of color in one or more of the program areas listed in
84.22 subdivision 4, paragraph (a).

84.23 (d) "Foundation" means the Central Minnesota Community Foundation.

84.24 Subd. 2. **Establishment.** The commissioner shall establish a central Minnesota
84.25 opportunity grant program, administered by the foundation, to identify and support
84.26 community initiatives in the St. Cloud area that enhance long-term economic self-sufficiency
84.27 by improving education, housing, and economic outcomes for central Minnesota communities
84.28 of color.

84.29 Subd. 3. **Grant to the Central Minnesota Community Foundation.** The commissioner
84.30 shall award all grant funds to the foundation, which shall administer the central Minnesota
84.31 opportunity grant program. The foundation may use up to five percent of grant funds for
84.32 administrative costs.

85.1 Subd. 4. Grants to community initiatives. (a) The foundation must award funds through
 85.2 a competitive grant process to community initiatives that will provide services, either alone
 85.3 or in partnership with another nonprofit organization, in one or more of the following areas:

85.4 (1) economic development, including but not limited to programs to foster
 85.5 entrepreneurship or small business development;

85.6 (2) education, including but not limited to programs to encourage civic engagement or
 85.7 provide youth after-school or recreation programs; or

85.8 (3) housing, including but not limited to, programs to prevent and respond to
 85.9 homelessness or to provide access to loans or grants for housing stability and affordability.

85.10 (b) To receive grant funds, a community initiative must submit a written application to
 85.11 the foundation, using a form developed by the foundation. This grant application must
 85.12 include:

85.13 (1) a description of the activities that will be funded by the grant;

85.14 (2) an estimate of the cost of each grant activity;

85.15 (3) the total cost of the project;

85.16 (4) the sources and amounts of nonstate funds supplementing the grant;

85.17 (5) how the project aims to achieve stated outcomes in areas including improved job
 85.18 training; workforce development; small business support; early childhood, kindergarten
 85.19 through grade 12, and higher education achievement; and access to housing, including loans;
 85.20 and

85.21 (6) any additional information requested by the foundation.

85.22 (c) In awarding grants under this subdivision, the foundation shall give weight to
 85.23 applications from organizations that demonstrate:

85.24 (1) a history of successful provision of the services listed in paragraph (a); and

85.25 (2) a history of successful fund-raising from private sources for such services.

85.26 (d) In evaluating grant applications, the foundation shall not consider the composition
 85.27 of a community initiative's governing board.

85.28 (e) Grant funds may be used by a community initiative for the following purposes:

85.29 (1) operating costs, including but not limited to staff, office space, computers, software,
 85.30 and Web development and maintenance services;

86.1 (2) program costs;

86.2 (3) travel within Minnesota;

86.3 (4) consultants directly related to and necessary for delivering services listed in paragraph

86.4 (a); and

86.5 (5) capacity building.

86.6 Subd. 5. **Reports to the legislature.** By January 15, 2019, and each January 15 thereafter
 86.7 through 2022, the commissioner must submit a report to the chairs and ranking minority
 86.8 members of the house of representatives and the senate committees with jurisdiction over
 86.9 economic development that details the use of grant funds. This report must include data on
 86.10 the number of individuals served and, to the extent practical, measures of progress toward
 86.11 achieving the outcomes stated in subdivision 4, paragraph (b), clause (5).

86.12 Sec. 9. Minnesota Statutes 2016, section 116L.17, subdivision 1, is amended to read:

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

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

86.16 (c) "Dislocated worker" means an individual who is a resident of Minnesota at the time
 86.17 employment ceased or was working in the state at the time employment ceased and:

86.18 (1) has been permanently separated or has received a notice of permanent separation
 86.19 from public or private sector employment and is eligible for or has exhausted entitlement
 86.20 to unemployment benefits, and is unlikely to return to the previous industry or occupation;

86.21 (2) has been long-term unemployed and has limited opportunities for employment or
 86.22 reemployment in the same or a similar occupation in the area in which the individual resides,
 86.23 including older individuals who may have substantial barriers to employment by reason of
 86.24 age;

86.25 (3) has been terminated or has received a notice of termination of employment as a result
 86.26 of a plant closing or a substantial layoff at a plant, facility, or enterprise;

86.27 (4) has been self-employed, including farmers and ranchers, and is unemployed as a
 86.28 result of general economic conditions in the community in which the individual resides or
 86.29 because of natural disasters;

86.30 ~~(5) MS 2011 Supp [Expired, 2011 c 84 art 3 s 1]~~

87.1 ~~(6)~~ (5) is a veteran as defined by section 197.447, has been discharged or released from
 87.2 active duty under honorable conditions within the last 36 months, and (i) is unemployed or
 87.3 (ii) is employed in a job verified to be below the skill level and earning capacity of the
 87.4 veteran;

87.5 ~~(7)~~ (6) is an individual determined by the United States Department of Labor to be
 87.6 covered by trade adjustment assistance under United States Code, title 19, sections 2271 to
 87.7 2331, as amended; or

87.8 ~~(8)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has
 87.9 spent a substantial number of years in the home providing homemaking service and (i) has
 87.10 been dependent upon the financial support of another; and now due to divorce, separation,
 87.11 death, or disability of that person, must find employment to self support; or (ii) derived the
 87.12 substantial share of support from public assistance on account of dependents in the home
 87.13 and no longer receives such support. To be eligible under this clause, the support must have
 87.14 ceased while the worker resided in Minnesota.

87.15 For the purposes of this section, "dislocated worker" does not include an individual who
 87.16 was an employee, at the time employment ceased, of a political committee, political fund,
 87.17 principal campaign committee, or party unit, as those terms are used in chapter 10A, or an
 87.18 organization required to file with the federal elections commission.

87.19 (d) "Eligible organization" means a state or local government unit, nonprofit organization,
 87.20 community action agency, business organization or association, or labor organization.

87.21 (e) "Plant closing" means the announced or actual permanent shutdown of a single site
 87.22 of employment, or one or more facilities or operating units within a single site of
 87.23 employment.

87.24 (f) "Substantial layoff" means a permanent reduction in the workforce, which is not a
 87.25 result of a plant closing, and which results in an employment loss at a single site of
 87.26 employment during any 30-day period for at least 50 employees excluding those employees
 87.27 that work less than 20 hours per week.

87.28 Sec. 10. Minnesota Statutes 2016, section 116L.665, is amended to read:

87.29 **116L.665 WORKFORCE DEVELOPMENT COUNCIL BOARD.**

87.30 Subdivision 1. **Creation.** The governor's Workforce Development Council is created
 87.31 ~~under the authority of the Workforce Investment Act, United States Code, title 29, section~~
 87.32 ~~2801, et seq. Local workforce development councils are authorized under the Workforce~~
 87.33 ~~Investment Act. The governor's Workforce Development Council serves as Minnesota's~~

88.1 ~~Workforce Investment Board for the purposes of the federal Workforce Investment Act.~~
 88.2 ~~Board serves as Minnesota's state workforce development board for the purposes of the~~
 88.3 ~~federal Workforce Innovation and Opportunity Act, United States Code, title 29, section~~
 88.4 ~~3111, and must perform the duties under that act.~~

88.5 Subd. 2. **Membership.** ~~(a) The governor's Workforce Development Council Board is~~
 88.6 ~~composed of 31 members appointed by the governor. The members may be removed pursuant~~
 88.7 ~~to section 15.059. In selecting the representatives of the council board, the governor shall~~
 88.8 ~~ensure that 50 percent a majority of the members come from nominations provided by local~~
 88.9 ~~workforce councils. Local education representatives shall come from nominations provided~~
 88.10 ~~by local education to employment partnerships. The 31 members shall represent the following~~
 88.11 ~~sectors: the private sector, pursuant to United States Code, title 29, section 3111. For the~~
 88.12 ~~public members, membership terms, compensation of members, and removal of members~~
 88.13 ~~are governed by section 15.059, subdivisions 2, 3, and 4. To the extent practicable, the~~
 88.14 ~~membership should be balanced as to gender and ethnic diversity.~~

88.15 ~~(a) State agencies: the following individuals shall serve on the council:~~

88.16 ~~(1) commissioner of the Minnesota Department of Employment and Economic~~
 88.17 ~~Development;~~

88.18 ~~(2) commissioner of the Minnesota Department of Education; and~~

88.19 ~~(3) commissioner of the Minnesota Department of Human Services.~~

88.20 ~~(b) Business and industry: six individuals shall represent the business and industry sectors~~
 88.21 ~~of Minnesota.~~

88.22 ~~(c) Organized labor: six individuals shall represent labor organizations of Minnesota.~~

88.23 ~~(d) Community-based organizations: four individuals shall represent community-based~~
 88.24 ~~organizations of Minnesota. Community-based organizations are defined by the Workforce~~
 88.25 ~~Investment Act as private nonprofit organizations that are representative of communities~~
 88.26 ~~or significant segments of communities and that have demonstrated expertise and~~
 88.27 ~~effectiveness in the field of workforce investment and may include entities that provide job~~
 88.28 ~~training services, serve youth, serve individuals with disabilities, serve displaced~~
 88.29 ~~homemakers, union-related organizations, employer-related nonprofit organizations, and~~
 88.30 ~~organizations serving nonreservation Indians and tribal governments.~~

88.31 ~~(e) Education: six individuals shall represent the education sector of Minnesota as follows:~~

88.32 ~~(1) one individual shall represent local public secondary education;~~

89.1 ~~(2) one individual shall have expertise in design and implementation of school-based~~
 89.2 ~~service-learning;~~

89.3 ~~(3) one individual shall represent leadership of the University of Minnesota;~~

89.4 ~~(4) one individual shall represent secondary/postsecondary vocational institutions;~~

89.5 ~~(5) the chancellor of the Board of Trustees of the Minnesota State Colleges and~~
 89.6 ~~Universities; and~~

89.7 ~~(6) one individual shall have expertise in agricultural education.~~

89.8 ~~(f) Other: two individuals shall represent other constituencies including:~~

89.9 ~~(1) units of local government; and~~

89.10 ~~(2) applicable state or local programs.~~

89.11 ~~The speaker and the minority leader of the house of representatives shall each appoint~~
 89.12 ~~a representative to serve as an ex officio member of the council. The majority and minority~~
 89.13 ~~leaders of the senate shall each appoint a senator to serve as an ex officio member of the~~
 89.14 ~~council.~~

89.15 ~~The governor shall appoint one individual representing public libraries, one individual~~
 89.16 ~~with expertise in assisting women in obtaining employment in high-wage, high-demand,~~
 89.17 ~~nontraditional occupations, and one individual representing adult basic education programs~~
 89.18 ~~to serve as nonvoting advisors to the council.~~

89.19 ~~(b) No person shall serve as a member of more than one category described in paragraph~~
 89.20 ~~(c).~~

89.21 ~~(c) Voting members shall consist of the following:~~

89.22 ~~(1) the governor or the governor's designee;~~

89.23 ~~(2) two members of the house of representatives, one appointed by the speaker of the~~
 89.24 ~~house and one appointed by the minority leader of the house of representatives;~~

89.25 ~~(3) two members of the senate, one appointed by the senate majority leader and one~~
 89.26 ~~appointed by the senate minority leader;~~

89.27 ~~(4) a majority of the members must be representatives of businesses in the state appointed~~
 89.28 ~~by the governor who:~~

89.29 ~~(i) are owners of businesses, chief executives, or operating officers of businesses, or~~
 89.30 ~~other business executives or employers with optimum policy-making or hiring authority~~

90.1 and who, in addition, may be members of a local board under United States Code, title 29,
90.2 section 3122(b)(2)(A)(i);

90.3 (ii) represent businesses, including small businesses, or organizations representing
90.4 businesses that provide employment opportunities that, at a minimum, include high-quality,
90.5 work-relevant training and development in in-demand industry sectors or occupations in
90.6 the state; and

90.7 (iii) are appointed from individuals nominated by state business organizations and
90.8 business trade associations;

90.9 (5) six representatives of labor organizations appointed by the governor, including:

90.10 (i) representatives of labor organizations who have been nominated by state labor
90.11 federations; and

90.12 (ii) a member of a labor organization or a training director from a joint labor organization;

90.13 (6) commissioners of the state agencies with primary responsibility for core programs
90.14 identified within the state plan including:

90.15 (i) the Department of Employment and Economic Development;

90.16 (ii) the Department of Education; and

90.17 (iii) the Department of Human Services;

90.18 (7) two chief elected officials, appointed by the governor, collectively representing cities
90.19 and counties;

90.20 (8) two representatives who are people of color or people with disabilities, appointed
90.21 by the governor, of community-based organizations that have demonstrated experience and
90.22 expertise in addressing the employment, training, or education needs of individuals with
90.23 barriers to employment; and

90.24 (9) four officials responsible for education programs in the state, appointed by the
90.25 governor, including chief executive officers of community colleges and other institutions
90.26 of higher education, including:

90.27 (i) the chancellor of the Minnesota State Colleges and Universities;

90.28 (ii) the president of the University of Minnesota;

90.29 (iii) a president from a private postsecondary school; and

90.30 (iv) a representative of career and technical education.

91.1 (d) The nonvoting members of the board shall be appointed by the governor and consist
 91.2 of one of each of the following:

91.3 (1) a representative of Adult Basic Education;

91.4 (2) a representative of public libraries;

91.5 (3) a person with expertise in women's economic security;

91.6 (4) the chair or executive director of the Minnesota Workforce Council Association;

91.7 (5) the commissioner of labor and industry;

91.8 (6) the commissioner of the Office of Higher Education;

91.9 (7) the commissioner of corrections;

91.10 (8) the commissioner of management and budget;

91.11 (9) two representatives of community-based organizations who are people of color or
 91.12 people with disabilities who have demonstrated experience and expertise in addressing the
 91.13 employment, training, and education needs of individuals with barriers to employment;

91.14 (10) a representative of secondary, postsecondary, or career-technical education;

91.15 (11) a representative of school-based service learning;

91.16 (12) a representative of the Council on Asian-Pacific Minnesotans;

91.17 (13) a representative of the Minnesota Council on Latino Affairs;

91.18 (14) a representative of the Council for Minnesotans of African Heritage;

91.19 (15) a representative of the Minnesota Indian Affairs Council;

91.20 (16) a representative of the Minnesota State Council on Disability; and

91.21 (17) a representative of the Office on the Economic Status of Women.

91.22 ~~(g) Appointment.~~ (e) Each member shall be appointed for a term of three years from the
 91.23 first day of January or July immediately following their appointment. Elected officials shall
 91.24 forfeit their appointment if they cease to serve in elected office.

91.25 ~~(h) Members of the council are compensated as provided in section 15.059, subdivision~~
 91.26 ~~3.~~

91.27 Subd. 2a. **Council Board meetings; chair.** ~~(a) If compliance with section 13D.02 is~~
 91.28 ~~impractical, the Governor's Workforce Development Council may conduct a meeting of its~~

92.1 ~~members by telephone or other electronic means so long as the following conditions are~~
 92.2 ~~met:~~

92.3 ~~(1) all members of the council participating in the meeting, wherever their physical~~
 92.4 ~~location, can hear one another and can hear all discussion and testimony;~~

92.5 ~~(2) members of the public present at the regular meeting location of the council can hear~~
 92.6 ~~clearly all discussion and testimony and all votes of members of the council and, if needed,~~
 92.7 ~~receive those services required by sections 15.44 and 15.441;~~

92.8 ~~(3) at least one member of the council is physically present at the regular meeting location;~~
 92.9 ~~and~~

92.10 ~~(4) all votes are conducted by roll call, so each member's vote on each issue can be~~
 92.11 ~~identified and recorded.~~

92.12 ~~(b) Each member of the council participating in a meeting by telephone or other electronic~~
 92.13 ~~means is considered present at the meeting for purposes of determining a quorum and~~
 92.14 ~~participating in all proceedings.~~

92.15 ~~(c) If telephone or other electronic means is used to conduct a meeting, the council, to~~
 92.16 ~~the extent practical, shall allow a person to monitor the meeting electronically from a remote~~
 92.17 ~~location. The council may require the person making such a connection to pay for~~
 92.18 ~~documented marginal costs that the council incurs as a result of the additional connection.~~

92.19 ~~(d) If telephone or other electronic means is used to conduct a regular, special, or~~
 92.20 ~~emergency meeting, the council shall provide notice of the regular meeting location, of the~~
 92.21 ~~fact that some members may participate by telephone or other electronic means, and of the~~
 92.22 ~~provisions of paragraph (c). The timing and method of providing notice is governed by~~
 92.23 ~~section 13D.04.~~

92.24 (a) The board shall hold regular in-person meetings at least quarterly and as often as
 92.25 necessary to perform the duties outlined in the statement of authority and the board's bylaws.
 92.26 Meetings shall be called by the chair. Special meetings may be called as needed. Notices
 92.27 of all meetings shall be made at least 48 hours before the meeting date.

92.28 (b) The governor shall designate a chair from among the appointed business representative
 92.29 voting members. The chair shall approve an agenda for each meeting. Members shall submit
 92.30 a written request for consideration of an agenda item no less than 24 hours in advance of
 92.31 the meeting. Members of the public may submit a written request within 48 hours of a
 92.32 meeting to be considered for inclusion in the agenda. Members of the public attending a

93.1 meeting of the board may address the board only with the approval or at the request of the
 93.2 chair.

93.3 (c) All meeting notices must be posted on the board's Web site. All meetings of the board
 93.4 and committees must be open to the public. The board must make available to the public,
 93.5 on a regular basis through electronic means and open meetings, information regarding the
 93.6 activities of the board, information regarding membership, and, on request, minutes of
 93.7 formal meetings of the board.

93.8 (d) For the purpose of conducting business before the board at a duly called meeting, a
 93.9 simple majority of the voting members, excluding any vacancies, constitutes a quorum.

93.10 ~~Subd. 3. **Purpose; duties.** The governor's Workforce Development Council shall replace~~
 93.11 ~~the governor's Job Training Council and assume all of its requirements, duties, and~~
 93.12 ~~responsibilities under the Workforce Investment Act. Additionally, the Workforce~~
 93.13 ~~Development Council shall assume the following duties and responsibilities:~~

93.14 ~~(a) Review the provision of services and the use of funds and resources under applicable~~
 93.15 ~~federal human resource programs and advise the governor on methods of coordinating the~~
 93.16 ~~provision of services and the use of funds and resources consistent with the laws and~~
 93.17 ~~regulations governing the programs. For purposes of this section, applicable federal and~~
 93.18 ~~state human resource programs mean the:~~

93.19 ~~(1) Workforce Investment Act, United States Code, title 29, section 2911, et seq.;~~

93.20 ~~(2) Carl D. Perkins Vocational and Applied Technology Education Act, United States~~
 93.21 ~~Code, title 20, section 2301, et seq.;~~

93.22 ~~(3) Adult Education Act, United States Code, title 20, section 1201, et seq.;~~

93.23 ~~(4) Wagner-Peyser Act, United States Code, title 29, section 49;~~

93.24 ~~(5) Personal Responsibility and Work Opportunities Act of 1996 (TANF);~~

93.25 ~~(6) Food Stamp Act of 1977, United States Code, title 7, section 6(d)(4), Food Stamp~~
 93.26 ~~Employment and Training Program, United States Code, title 7, section 2015(d)(4); and~~

93.27 ~~(7) programs defined in section 116L.19, subdivision 5.~~

93.28 ~~Additional federal and state programs and resources can be included within the scope~~
 93.29 ~~of the council's duties if recommended by the governor after consultation with the council.~~

93.30 ~~(b) Review federal, state, and local education, postsecondary, job skills training, and~~
 93.31 ~~youth employment programs, and make recommendations to the governor and the legislature~~

94.1 ~~for establishing an integrated seamless system for providing education and work skills~~
94.2 ~~development services to learners and workers of all ages.~~

94.3 ~~(c) Advise the governor on the development and implementation of statewide and local~~
94.4 ~~performance standards and measures relating to applicable federal human resource programs~~
94.5 ~~and the coordination of performance standards and measures among programs.~~

94.6 ~~(d) Promote education and employment transitions programs and knowledge and skills~~
94.7 ~~of entrepreneurship among employers, workers, youth, and educators, and encourage~~
94.8 ~~employers to provide meaningful work-based learning opportunities.~~

94.9 ~~(e) Evaluate and identify exemplary education and employment transitions programs~~
94.10 ~~and provide technical assistance to local partnerships to replicate the programs throughout~~
94.11 ~~the state.~~

94.12 ~~(f) Advise the governor on methods to evaluate applicable federal human resource~~
94.13 ~~programs.~~

94.14 ~~(g) Sponsor appropriate studies to identify human investment needs in Minnesota and~~
94.15 ~~recommend to the governor goals and methods for meeting those needs.~~

94.16 ~~(h) Recommend to the governor goals and methods for the development and coordination~~
94.17 ~~of a human resource system in Minnesota.~~

94.18 ~~(i) Examine federal and state laws, rules, and regulations to assess whether they present~~
94.19 ~~barriers to achieving the development of a coordinated human resource system.~~

94.20 ~~(j) Recommend to the governor and to the federal government changes in state or federal~~
94.21 ~~laws, rules, or regulations concerning employment and training programs that present barriers~~
94.22 ~~to achieving the development of a coordinated human resource system.~~

94.23 ~~(k) Recommend to the governor and to the federal government waivers of laws and~~
94.24 ~~regulations to promote coordinated service delivery.~~

94.25 ~~(l) Sponsor appropriate studies and prepare and recommend to the governor a strategic~~
94.26 ~~plan which details methods for meeting Minnesota's human investment needs and for~~
94.27 ~~developing and coordinating a state human resource system.~~

94.28 ~~(m) Provide the commissioner of employment and economic development and the~~
94.29 ~~committees of the legislature with responsibility for economic development with~~
94.30 ~~recommendations provided to the governor under this subdivision.~~

95.1 ~~(n) In consultation with local workforce councils and the Department of Employment~~
 95.2 ~~and Economic Development, develop an ongoing process to identify and address local gaps~~
 95.3 ~~in workforce services.~~

95.4 Subd. 4. **Executive committee duties.** The executive committee must, with advice and
 95.5 input of local workforce ~~councils~~ boards and other stakeholders as appropriate, develop
 95.6 performance standards for the state workforce centers. By January 15, ~~2002~~ 2019, and each
 95.7 odd-numbered year thereafter, the executive committee shall submit a report to the senate
 95.8 and house of representatives committees with jurisdiction over workforce development
 95.9 programs regarding the performance and outcomes of the workforce centers. The report
 95.10 must provide recommendations regarding workforce center funding levels and sources,
 95.11 program changes, and administrative changes.

95.12 Subd. 5. **Subcommittees.** The chair of the Workforce Development ~~Council~~ Board may
 95.13 establish subcommittees in order to carry out the duties and responsibilities of the ~~council~~
 95.14 board.

95.15 Subd. 6. **Staffing.** The ~~Department of~~ commissioner of employment and economic
 95.16 development must provide staff, ~~including but not limited to professional, technical, and~~
 95.17 ~~clerical staff to the board~~ necessary to ~~perform the duties assigned to the Minnesota~~
 95.18 ~~Workforce Development Council. All staff report to the commissioner~~ carry out the duties
 95.19 of the board. The council may ask for assistance from other units of At the request of the
 95.20 board, state government as departments and agencies must provide the board with the
 95.21 assistance it requires ~~in order~~ to fulfill its duties and responsibilities.

95.22 Subd. 7. **Expiration.** The ~~council~~ board expires if there is no federal funding for the
 95.23 human resource programs within the scope of the ~~council's~~ board's duties.

95.24 Subd. 8. **Funding.** The commissioner ~~shall develop recommendations on a funding~~
 95.25 ~~formula for allocating Workforce Investment Act funds to the council with a minimum~~
 95.26 ~~allocation of~~ employment and economic development must provide at least \$350,000 per
 95.27 each fiscal year. The commissioner shall report the funding formula recommendations to
 95.28 the legislature by January 15, 2011 from existing agency resources to the board for staffing
 95.29 and administrative expenses.

95.30 Sec. 11. Minnesota Statutes 2016, section 116M.14, subdivision 4, is amended to read:

95.31 Subd. 4. **Low-income area.** "Low-income area" means:

95.32 (1) Minneapolis, St. Paul;

96.1 (2) those cities in the metropolitan area as defined in section 473.121, subdivision 2,
 96.2 that have ~~an average income~~ a median income for a family of four that is below 80 percent
 96.3 of the median income for a four-person family as of the latest report by the United States
 96.4 Census Bureau; and

96.5 (3) the area outside the metropolitan area.

96.6 Sec. 12. Minnesota Statutes 2016, section 116M.17, subdivision 4, is amended to read:

96.7 Subd. 4. **Reports.** The ~~board~~ department shall submit an annual report to the legislature
 96.8 of an accounting of loans made under section 116M.18, including information on loans
 96.9 made, the number of jobs created by the program, the impact on low-income areas, and
 96.10 recommendations concerning minority business development and jobs for persons in
 96.11 low-income areas.

96.12 Sec. 13. Minnesota Statutes 2016, section 116M.18, subdivision 1a, is amended to read:

96.13 Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall
 96.14 be made so that an approximately equal dollar amount of loans are made to businesses in
 96.15 the metropolitan area as in the nonmetropolitan area. After ~~September 30~~ March 31 of each
 96.16 ~~calendar~~ fiscal year, the department may allow loans to be made anywhere in the state
 96.17 without regard to geographic area.

96.18 Sec. 14. Minnesota Statutes 2016, section 116M.18, subdivision 4, is amended to read:

96.19 Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made
 96.20 by nonprofit corporations under the program.

96.21 (b) Loans must be made to businesses that are not likely to undertake a project for which
 96.22 loans are sought without assistance from the program.

96.23 (c) A loan must be used to support a business owned by a minority or a low-income
 96.24 person, woman, veteran, or a person with disabilities. Priority must be given for loans to
 96.25 the lowest income areas.

96.26 (d) The minimum state contribution to a loan is \$5,000 and the maximum is \$150,000.

96.27 (e) The state contribution must be matched by at least an equal amount of new private
 96.28 investment.

96.29 (f) A loan may not be used for a retail development project.

97.1 (g) The business must agree to work with job referral networks that focus on minority
97.2 and low-income applicants.

97.3 (h) Up to ten percent of a loan's principal amount may be forgiven if the department
97.4 approves and the borrower has met lender criteria including being current with all payments.

97.5 Sec. 15. Minnesota Statutes 2016, section 116M.18, subdivision 4a, is amended to read:

97.6 Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise
97.7 loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans
97.8 are subject to this section except that:

97.9 (1) they may also be made to qualified retail businesses;

97.10 (2) they may be made for a minimum of \$5,000 and a maximum of \$35,000;

97.11 (3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum
97.12 of \$50,000; and

97.13 (4) they do not require a match.

97.14 (b) Up to ten percent of a loan's principal amount may be forgiven if the department
97.15 approves and the borrower has met lender criteria including being current with all payments.

97.16 Sec. 16. Minnesota Statutes 2016, section 116M.18, subdivision 8, is amended to read:

97.17 Subd. 8. **Reporting requirements.** A nonprofit corporation that receives a program
97.18 grant shall:

97.19 (1) submit an annual report to the ~~board and~~ department by ~~March 30~~ February 15 of
97.20 each year that includes a description of businesses supported by the grant program, an
97.21 account of loans made during the calendar year, the program's impact on minority business
97.22 enterprises and job creation for minority persons and low-income persons, the source and
97.23 amount of money collected and distributed by the program, the program's assets and
97.24 liabilities, and an explanation of administrative expenses; and

97.25 (2) provide for an independent annual audit to be performed in accordance with generally
97.26 accepted accounting practices and auditing standards and submit a copy of each annual
97.27 audit report to the department.

97.28 Sec. 17. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter
97.29 189, article 7, section 8, is amended to read:

97.30 Sec. 14. **ASSIGNED RISK TRANSFER.**

98.1 (a) By June 30, 2015, if the commissioner of commerce determines on the basis of an
98.2 audit that there is an excess surplus in the assigned risk plan created under Minnesota
98.3 Statutes, section 79.252, the commissioner of management and budget shall transfer the
98.4 amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer
98.5 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
98.6 paragraph (a), clause (1). This is a onetime transfer.

98.7 (b) By June 30, 2015, and each year thereafter, if the commissioner of commerce
98.8 determines on the basis of an audit that there is an excess surplus in the assigned risk plan
98.9 created under Minnesota Statutes, section 79.252, the commissioner of management and
98.10 budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year,
98.11 to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423.
98.12 This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251,
98.13 subdivision 1, paragraph (a), clause (1), but after the ~~transfer~~ transfers authorized in ~~paragraph~~
98.14 paragraphs (a) and (f). The total amount authorized for all transfers under this paragraph
98.15 must not exceed \$24,100,000. This paragraph expires the day following the transfer in which
98.16 the total amount transferred under this paragraph to the Minnesota minerals 21st century
98.17 fund equals \$24,100,000.

98.18 (c) By June 30, 2015, if the commissioner of commerce determines on the basis of an
98.19 audit that there is an excess surplus in the assigned risk plan created under Minnesota
98.20 Statutes, section 79.252, the commissioner of management and budget shall transfer the
98.21 amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer
98.22 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
98.23 paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a
98.24 transfer occurs under this paragraph, the amount transferred is appropriated from the general
98.25 fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section
98.26 15. Both the transfer and appropriation under this paragraph are onetime.

98.27 (d) By June 30, 2016, if the commissioner of commerce determines on the basis of an
98.28 audit that there is an excess surplus in the assigned risk plan created under Minnesota
98.29 Statutes, section 79.252, the commissioner of management and budget shall transfer the
98.30 amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer
98.31 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
98.32 paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a
98.33 transfer occurs under this paragraph, the amount transferred is appropriated from the general
98.34 fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section
98.35 15. Both the transfer and appropriation under this paragraph are onetime.

99.1 (e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of
 99.2 management and budget shall transfer to the general fund, any unencumbered or unexpended
 99.3 balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or
 99.4 the date the commissioner of commerce determines that an excess surplus in the assigned
 99.5 risk plan does not exist, whichever occurs earlier.

99.6 (f) By June 30, 2017, and each year thereafter, if the commissioner of commerce
 99.7 determines on the basis of an audit that there is an excess surplus in the assigned risk plan
 99.8 created under Minnesota Statutes, section 79.252, the commissioner of management and
 99.9 budget shall transfer the amount of the excess surplus, not to exceed \$2,000,000 each year,
 99.10 to the rural policy and development center fund under Minnesota Statutes, section 116J.4221.
 99.11 This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes,
 99.12 section 79.251, subdivision 1, paragraph (a), clause (1). The total amount authorized for all
 99.13 transfers under this paragraph must not exceed \$2,000,000. This paragraph expires the day
 99.14 following the transfer in which the total amount transferred under this paragraph to the rural
 99.15 policy and development center fund equals \$2,000,000.

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

99.17 Sec. 18. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 6, is
 99.18 amended to read:

99.19 **Subd. 6. Vocational Rehabilitation**

	Appropriations by Fund	
99.20		
99.21	General	22,611,000 21,611,000
99.22	Workforce	
99.23	Development	7,830,000 7,830,000

99.24 (a) \$10,800,000 each year is from the general
 99.25 fund for the state's vocational rehabilitation
 99.26 program under Minnesota Statutes, chapter
 99.27 268A.

99.28 (b) \$2,261,000 each year is from the general
 99.29 fund for grants to centers for independent
 99.30 living under Minnesota Statutes, section
 99.31 268A.11.

99.32 (c) \$5,745,000 each year from the general fund
 99.33 and \$6,830,000 each year from the workforce
 99.34 development fund are for extended

100.1 employment services for persons with severe
100.2 disabilities under Minnesota Statutes, section
100.3 268A.15.

100.4 (d) \$250,000 in fiscal year 2016 and \$250,000
100.5 in fiscal year 2017 are for rate increases to
100.6 providers of extended employment services
100.7 for persons with severe disabilities under
100.8 Minnesota Statutes, section 268A.15. This
100.9 appropriation is added to the agency's base.

100.10 (e) \$2,555,000 each year is from the general
100.11 fund for grants to programs that provide
100.12 employment support services to persons with
100.13 mental illness under Minnesota Statutes,
100.14 sections 268A.13 and 268A.14.

100.15 (f) \$1,000,000 each year is from the workforce
100.16 development fund for grants under Minnesota
100.17 Statutes, section 268A.16, for employment
100.18 services for persons, including transition-aged
100.19 youth, who are deaf, deafblind, or
100.20 hard-of-hearing. If the amount in the first year
100.21 is insufficient, the amount in the second year
100.22 is available in the first year.

100.23 (g) \$1,000,000 in fiscal year 2016 is for a
100.24 grant to Assistive Technology of Minnesota,
100.25 a statewide nonprofit organization that is
100.26 exclusively dedicated to the issues of access
100.27 to and the acquisition of assistive technology.
100.28 ~~The purpose of the grant is to acquire assistive~~
100.29 ~~technology and to work in tandem with~~
100.30 ~~individuals using this technology to create~~
100.31 ~~career paths~~ Assistive Technology of
100.32 Minnesota must use the funds to provide
100.33 low-interest loans to individuals of all ages
100.34 and types of disabilities to purchase assistive
100.35 technology and employment-related

101.1 equipment. This is a onetime appropriation
 101.2 and is available until June 30, 2019.

101.3 (h) For purposes of this subdivision,
 101.4 Minnesota Diversified Industries, Inc. is an
 101.5 eligible provider of services for persons with
 101.6 severe disabilities under Minnesota Statutes,
 101.7 section 268A.15.

101.8 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2015.

101.9 Sec. 19. Laws 2016, chapter 189, article 7, section 46, subdivision 3, is amended to read:

101.10 Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a
 101.11 business must:

101.12 (1) be located within one of the following municipalities surrounding Lake Mille Lacs:

101.13 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township of
 101.14 Roosevelt;

101.15 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of
 101.16 Malmo, or township of Lakeside; or

101.17 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of
 101.18 East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

101.19 (2) document a reduction of at least ~~ten~~ five percent in gross receipts in any two-year
 101.20 period since 2010; and

101.21 (3) be a business in one of the following industries, as defined within the North American
 101.22 Industry Classification System: accommodation, restaurants, bars, amusement and recreation,
 101.23 food and beverages retail, sporting goods, miscellaneous retail, general retail, museums,
 101.24 historical sites, health and personal care, gas station, general merchandise, business and
 101.25 professional membership, movies, or nonstore retailer, as determined by Mille Lacs County
 101.26 in consultation with the commissioner of employment and economic development.

101.27 Sec. 20. Laws 2016, chapter 189, article 7, section 46, the effective date, is amended to
 101.28 read:

101.29 **EFFECTIVE DATE.** This section, except for subdivision 4, is effective July 1, 2016,
 101.30 and expires June 30, ~~2017~~ 2018. Subdivision 4 is effective July 1, 2016, and expires on the
 101.31 date the last loan is repaid or forgiven as provided under this section.

102.1 Sec. 21. **EMERGING ENTREPRENEUR PROGRAM APPROPRIATIONS**
102.2 **CANCELLATIONS.**

102.3 All unspent funds, estimated to be \$376,000, appropriated in Laws 2016, chapter 189,
102.4 article 7, section 2, subdivision 2, paragraph (h), clause (7), and Laws 2016, chapter 189,
102.5 article 12, section 2, subdivision 2, paragraph (p), are canceled to the general fund.

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

102.7 Sec. 22. **GREATER MINNESOTA COMMUNITY DESIGN PILOT PROJECT.**

102.8 Subdivision 1. **Creation.** The Minnesota Design Center at the University of Minnesota
102.9 shall partner with relevant organizations in selected communities within greater Minnesota
102.10 to establish a pilot project for community design. The pilot project shall identify current
102.11 and future opportunities for rural development, create designs, seek funding from existing
102.12 sources, and assist with the implementation of economically, environmentally, and culturally
102.13 sensitive projects that respond to current community conditions, needs, capabilities, and
102.14 aspirations in support of the selected communities. For the purposes of this section, "greater
102.15 Minnesota" is limited to the following counties: Blue Earth, Brown, Dodge, Faribault,
102.16 Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Olmsted, Rice, Sibley,
102.17 Steele, Wabasha, Waseca, Watonwan, and Winona.

102.18 Subd. 2. **Community selection.** In order to be considered for inclusion in the pilot
102.19 project, communities with fewer than 12,000 residents within the counties listed in
102.20 subdivision 1 must submit a letter of interest to the Minnesota Design Center. The Minnesota
102.21 Design Center may choose up to ten communities for participation in the pilot project.

102.22 Subd. 3. **Pilot project activities.** Among other activities, the Minnesota Design Center,
102.23 in partnership with relevant organizations within the selected communities, shall:

102.24 (1) assess community capacity to engage in design, development, and implementation;

102.25 (2) create community and project designs that respond to a community's culture and
102.26 needs, reinforce its identity as a special place, and support its future aspirations;

102.27 (3) create an implementation strategy; and

102.28 (4) build capacity to implement design work by identifying potential funding strategies
102.29 and sources and assisting in grant writing to secure funding.

103.1 Sec. 23. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT;**
 103.2 **MANDATED REPORT HOLIDAY.**

103.3 (a) Notwithstanding any law to the contrary, any report required by state law from the
 103.4 Department of Employment and Economic Development that is due in fiscal year 2018 or
 103.5 2019 is optional. The commissioner of employment and economic development may produce
 103.6 any reports at the commissioner's discretion or as may be required by federal law.

103.7 (b) This section does not apply to workforce programs outcomes reporting under
 103.8 Minnesota Statutes, section 116L.98, or the agency activity and expenditure report under
 103.9 article 12, section 3.

103.10 Sec. 24. **ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA**
 103.11 **INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

103.12 (a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or
 103.13 statutory city, county, or town that has uncommitted money received from repayment of
 103.14 funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20
 103.15 percent of the balance of that money to the state general fund before June 30, 2018. Any
 103.16 local entity that does so may then use the remaining 80 percent of the uncommitted money
 103.17 as a general purpose aid for any lawful expenditure.

103.18 (b) By February 15, 2019, a home rule charter or statutory city, county, or town that
 103.19 exercises the option under paragraph (a) shall submit to the chairs of the legislative
 103.20 committees with jurisdiction over economic development policy and finance an accounting
 103.21 and explanation of the use and distribution of the funds.

103.22 Sec. 25. **GETTING TO WORK GRANT PROGRAM.**

103.23 Subdivision 1. **Creation.** The commissioner of employment and economic development
 103.24 shall make grants to nonprofit organizations to establish and operate programs under this
 103.25 section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain
 103.26 or maintain employment.

103.27 Subd. 2. **Qualified grantee.** A grantee must:

103.28 (1) qualify under section 501(c)(3) of the Internal Revenue Code; and

103.29 (2) at the time of application offer, or have the demonstrated capacity to offer, a motor
 103.30 vehicle program that provides the services required under subdivision 3.

104.1 Subd. 3. Program requirements. (a) A program must offer one or more of the following
104.2 services:

104.3 (1) provision of new or used motor vehicles by gift, sale, or lease;

104.4 (2) motor vehicle repair and maintenance services; or

104.5 (3) motor vehicle loans.

104.6 (b) In addition to the requirements of paragraph (a), a program must offer one or more
104.7 of the following services:

104.8 (1) financial literacy education;

104.9 (2) education on budgeting for vehicle ownership;

104.10 (3) car maintenance and repair instruction;

104.11 (4) credit counseling; or

104.12 (5) job training related to motor vehicle maintenance and repair.

104.13 Subd. 4. Application. Applications for a grant must be on a form provided by the
104.14 commissioner and on a schedule set by the commissioner. Applications must, in addition
104.15 to any other information required by the commissioner, include the following:

104.16 (1) a detailed description of all services to be offered;

104.17 (2) the area to be served;

104.18 (3) the estimated number of program participants to be served by the grant; and

104.19 (4) a plan for leveraging resources from partners that may include, but are not limited
104.20 to:

104.21 (i) automobile dealers;

104.22 (ii) automobile parts dealers;

104.23 (iii) independent local mechanics and automobile repair facilities;

104.24 (iv) banks and credit unions;

104.25 (v) employers;

104.26 (vi) employment and training agencies;

104.27 (vii) insurance companies and agents;

104.28 (viii) local workforce centers; and

105.1 (ix) educational institutions including vocational institutions and jobs or skills training
105.2 programs.

105.3 Subd. 5. **Participant eligibility.** (a) To be eligible to receive program services, a person
105.4 must:

105.5 (1) have a household income at or below 200 percent of the federal poverty level;

105.6 (2) be at least 22 years of age;

105.7 (3) have a valid driver's license;

105.8 (4) provide the grantee with proof of motor vehicle insurance; and

105.9 (5) demonstrate to the grantee that a motor vehicle is required by the person to obtain
105.10 or maintain employment.

105.11 (b) This subdivision does not preclude a grantee from imposing additional requirements,
105.12 not inconsistent with paragraph (a), for the receipt of program services.

105.13 Subd. 6. **Report to legislature.** By February 15, 2019, the commissioner shall submit
105.14 a report to the chairs of the house of representatives and senate committees with jurisdiction
105.15 over workforce and economic development on program outcomes. At a minimum, the report
105.16 must include:

105.17 (1) the total number of program participants;

105.18 (2) the number of program participants who received each of the following:

105.19 (i) provision of a motor vehicle;

105.20 (ii) motor vehicle repair services; and

105.21 (iii) motor vehicle loans;

105.22 (3) the number of program participants who report that they or their children were able
105.23 to increase their participation in community activities such as after school programs, other
105.24 youth programs, church or civic groups, or library services as a result of participation in the
105.25 program; and

105.26 (4) an analysis of the impact of the getting to work grant program on the employment
105.27 rate and wages of program participants.

105.28 Sec. 26. **ECONOMIC IMPACT STUDY OF BIOMASS FACILITY CLOSURE.**

105.29 The commissioner of employment and economic development shall conduct a study to
105.30 examine the economic impact of the closure of a biomass facility located in the city of

106.1 Benson that uses poultry litter to generate electricity. In conducting the study, the
106.2 commissioner must analyze the impact of the closure of the biomass facility on employment
106.3 and income in the local economy, including impacts on ancillary providers of goods and
106.4 services to the biomass facility. The commissioner must report study findings to the
106.5 legislature by February 15, 2018.

106.6 **Sec. 27. USE OF UNALLOCATED FUNDS.**

106.7 (a) Notwithstanding Minnesota Statutes, sections 116L.05, subdivision 5, and 116L.20,
106.8 subdivision 2, in fiscal years 2018 and 2019 only, the unallocated workforce development
106.9 funds appropriated to the Job Skills Partnership Board under Minnesota Statutes, section
106.10 116L.20, subdivision 2, paragraph (b), may be used for other job creation and economic
106.11 enhancement opportunities in Minnesota at the discretion of the commissioner.

106.12 (b) Notwithstanding Minnesota Statutes, section 116J.8731, in fiscal years 2018 and
106.13 2019 only, funds appropriated to the commissioner for the Minnesota investment fund may
106.14 be used for other job creation and economic enhancement opportunities in Minnesota at the
106.15 discretion of the commissioner. Grants under this paragraph are not subject to the grant
106.16 amount limitation under Minnesota Statutes, section 116J.8731.

106.17 (c) Notwithstanding Minnesota Statutes, section 116J.748, in fiscal years 2018 and 2019
106.18 only, funds appropriated to the commissioner for the job creation fund may be used for
106.19 other job creation and economic enhancement opportunities in Minnesota at the discretion
106.20 of the commissioner.

106.21 **Sec. 28. REPEALER.**

106.22 Minnesota Statutes 2016, section 116J.549, and Minnesota Rules, parts 4355.0100;
106.23 4355.0200; 4355.0300; 4355.0400; and 4355.0500, are repealed.

106.24 **ARTICLE 7**

106.25 **IRON RANGE RESOURCES AND REHABILITATION POLICY**

106.26 Section 1. Minnesota Statutes 2016, section 3.732, subdivision 1, is amended to read:

106.27 Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined
106.28 in this section have the meanings given them.

106.29 (1) "State" includes each of the departments, boards, agencies, commissions, courts, and
106.30 officers in the executive, legislative, and judicial branches of the state of Minnesota and
106.31 includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher

107.1 Education, the Higher Education Facilities Authority, the Health Technology Advisory
107.2 Committee, the Armory Building Commission, the Zoological Board, the Department of
107.3 Iron Range Resources and Rehabilitation ~~Board~~, the Minnesota Historical Society, the State
107.4 Agricultural Society, the University of Minnesota, the Minnesota State Colleges and
107.5 Universities, state hospitals, and state penal institutions. It does not include a city, town,
107.6 county, school district, or other local governmental body corporate and politic.

107.7 (2) "Employee of the state" means all present or former officers, members, directors, or
107.8 employees of the state, members of the Minnesota National Guard, members of a bomb
107.9 disposal unit approved by the commissioner of public safety and employed by a municipality
107.10 defined in section 466.01 when engaged in the disposal or neutralization of bombs or other
107.11 similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the
107.12 municipality but within the state, or persons acting on behalf of the state in an official
107.13 capacity, temporarily or permanently, with or without compensation. It does not include
107.14 either an independent contractor except, for purposes of this section and section 3.736 only,
107.15 a guardian ad litem acting under court appointment, or members of the Minnesota National
107.16 Guard while engaged in training or duty under United States Code, title 10, or title 32,
107.17 section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding
107.18 sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee
107.19 of the state" includes a district public defender or assistant district public defender in the
107.20 Second or Fourth Judicial District, a member of the Health Technology Advisory Committee,
107.21 and any officer, agent, or employee of the state of Wisconsin performing work for the state
107.22 of Minnesota pursuant to a joint state initiative.

107.23 (3) "Scope of office or employment" means that the employee was acting on behalf of
107.24 the state in the performance of duties or tasks lawfully assigned by competent authority.

107.25 (4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

107.26 Sec. 2. Minnesota Statutes 2016, section 3.736, subdivision 3, is amended to read:

107.27 Subd. 3. **Exclusions.** Without intent to preclude the courts from finding additional cases
107.28 where the state and its employees should not, in equity and good conscience, pay
107.29 compensation for personal injuries or property losses, the legislature declares that the state
107.30 and its employees are not liable for the following losses:

107.31 (a) a loss caused by an act or omission of a state employee exercising due care in the
107.32 execution of a valid or invalid statute or rule;

108.1 (b) a loss caused by the performance or failure to perform a discretionary duty, whether
108.2 or not the discretion is abused;

108.3 (c) a loss in connection with the assessment and collection of taxes;

108.4 (d) a loss caused by snow or ice conditions on a highway or public sidewalk that does
108.5 not abut a publicly owned building or a publicly owned parking lot, except when the condition
108.6 is affirmatively caused by the negligent acts of a state employee;

108.7 (e) a loss caused by wild animals in their natural state, except as provided in section
108.8 3.7371;

108.9 (f) a loss other than injury to or loss of property or personal injury or death;

108.10 (g) a loss caused by the condition of unimproved real property owned by the state, which
108.11 means land that the state has not improved, state land that contains idled or abandoned mine
108.12 pits or shafts, and appurtenances, fixtures, and attachments to land that the state has neither
108.13 affixed nor improved;

108.14 (h) a loss involving or arising out of the use or operation of a recreational motor vehicle,
108.15 as defined in section 84.90, subdivision 1, within the right-of-way of a trunk highway, as
108.16 defined in section 160.02, except that the state is liable for conduct that would entitle a
108.17 trespasser to damages against a private person;

108.18 (i) a loss incurred by a user arising from the construction, operation, or maintenance of
108.19 the outdoor recreation system, as defined in section 86A.04, or for a loss arising from the
108.20 construction, operation, maintenance, or administration of grants-in-aid trails as defined in
108.21 section 85.018, or for a loss arising from the construction, operation, or maintenance of a
108.22 water access site created by the Department of Iron Range Resources and Rehabilitation
108.23 ~~Board~~, except that the state is liable for conduct that would entitle a trespasser to damages
108.24 against a private person. For the purposes of this clause, a water access site, as defined in
108.25 section 86A.04 or created by the commissioner of Iron Range resources and rehabilitation
108.26 ~~Board~~, that provides access to an idled, water filled mine pit, also includes the entire water
108.27 filled area of the pit and, further, includes losses caused by the caving or slumping of the
108.28 mine pit walls;

108.29 (j) a loss of benefits or compensation due under a program of public assistance or public
108.30 welfare, except if state compensation for loss is expressly required by federal law in order
108.31 for the state to receive federal grants-in-aid;

108.32 (k) a loss based on the failure of a person to meet the standards needed for a license,
108.33 permit, or other authorization issued by the state or its agents;

109.1 (l) a loss based on the usual care and treatment, or lack of care and treatment, of a person
 109.2 at a state hospital or state corrections facility where reasonable use of available appropriations
 109.3 has been made to provide care;

109.4 (m) loss, damage, or destruction of property of a patient or inmate of a state institution
 109.5 except as provided under section 3.7381;

109.6 (n) a loss for which recovery is prohibited by section 169A.48, subdivision 2;

109.7 (o) a loss caused by an aeration, bubbler, water circulation, or similar system used to
 109.8 increase dissolved oxygen or maintain open water on the ice of public waters, that is operated
 109.9 under a permit issued by the commissioner of natural resources;

109.10 (p) a loss incurred by a visitor to the Minnesota Zoological Garden, except that the state
 109.11 is liable for conduct that would entitle a trespasser to damages against a private person;

109.12 (q) a loss arising out of a person's use of a logging road on public land that is maintained
 109.13 exclusively to provide access to timber on that land by harvesters of the timber, and is not
 109.14 signed or otherwise held out to the public as a public highway; and

109.15 (r) a loss incurred by a user of property owned, leased, or otherwise controlled by the
 109.16 Minnesota National Guard or the Department of Military Affairs, except that the state is
 109.17 liable for conduct that would entitle a trespasser to damages against a private person.

109.18 The state will not pay punitive damages.

109.19 Sec. 3. Minnesota Statutes 2016, section 15.01, is amended to read:

109.20 **15.01 DEPARTMENTS OF THE STATE.**

109.21 The following agencies are designated as the departments of the state government: the
 109.22 Department of Administration; the Department of Agriculture; the Department of Commerce;
 109.23 the Department of Corrections; the Department of Education; the Department of Employment
 109.24 and Economic Development; the Department of Health; the Department of Human Rights;
 109.25 the Department of Iron Range Resources and Rehabilitation; the Department of Labor and
 109.26 Industry; the Department of Management and Budget; the Department of Military Affairs;
 109.27 the Department of Natural Resources; the Department of Public Safety; the Department of
 109.28 Human Services; the Department of Revenue; the Department of Transportation; the
 109.29 Department of Veterans Affairs; and their successor departments.

110.1 Sec. 4. Minnesota Statutes 2016, section 15.38, subdivision 7, is amended to read:

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

110.7 Sec. 5. Minnesota Statutes 2016, section 15A.0815, subdivision 3, is amended to read:

110.8 Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall
 110.9 not exceed 120 percent of the salary of the governor. This limit must be adjusted annually
 110.10 on January 1. The new limit must equal the limit for the prior year increased by the percentage
 110.11 increase, if any, in the Consumer Price Index for all urban consumers from October of the
 110.12 second prior year to October of the immediately prior year. The commissioner of management
 110.13 and budget must publish the limit on the department's Web site. This subdivision applies
 110.14 to the following positions:

110.15 Executive director of Gambling Control Board;

110.16 Commissioner, of Iron Range resources and rehabilitation Board;

110.17 Commissioner, Bureau of Mediation Services;

110.18 Ombudsman for Mental Health and Developmental Disabilities;

110.19 Chair, Metropolitan Council;

110.20 School trust lands director;

110.21 Executive director of pari-mutuel racing; and

110.22 Commissioner, Public Utilities Commission.

110.23 Sec. 6. Minnesota Statutes 2016, section 43A.02, subdivision 22, is amended to read:

110.24 Subd. 22. **Executive branch.** "Executive branch" means heads of all agencies of state
 110.25 government, elective or appointive, established by statute or Constitution and all employees
 110.26 of those agency heads who have within their particular field of responsibility statewide
 110.27 jurisdiction and who are not within the legislative or judicial branches of government. The
 110.28 executive branch also includes employees of the Department of Iron Range Resources and
 110.29 Rehabilitation Board. The executive branch does not include agencies with jurisdiction in
 110.30 specifically defined geographical areas, such as regions, counties, cities, towns,
 110.31 municipalities, or school districts, the University of Minnesota, the Public Employees

111.1 Retirement Association, the Minnesota State Retirement System, the Teachers Retirement
111.2 Association, the Minnesota Historical Society, and all of their employees, and any other
111.3 entity which is incorporated, even though it receives state funds.

111.4 Sec. 7. Minnesota Statutes 2016, section 85.0146, subdivision 1, is amended to read:

111.5 Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area
111.6 Citizens Advisory Council is established. Membership on the advisory council shall include:

111.7 (1) a representative of the Cuyuna Range Mineland Recreation Area Joint Powers Board;

111.8 (2) a representative of the Croft Mine Historical Park Joint Powers Board;

111.9 (3) a designee of the Cuyuna Range Mineland Reclamation Committee who has worked
111.10 as a miner in the local area;

111.11 (4) a representative of the Crow Wing County Board;

111.12 (5) an elected state official;

111.13 (6) a representative of the Grand Rapids regional office of the Department of Natural
111.14 Resources;

111.15 (7) a designee of the commissioner of Iron Range resources and rehabilitation ~~Board~~;

111.16 (8) a designee of the local business community selected by the area chambers of
111.17 commerce;

111.18 (9) a designee of the local environmental community selected by the Crow Wing County
111.19 District 5 commissioner;

111.20 (10) a designee of a local education organization selected by the Crosby-Ironton School
111.21 Board;

111.22 (11) a designee of one of the recreation area user groups selected by the Cuyuna Range
111.23 Chamber of Commerce; and

111.24 (12) a member of the Cuyuna Country Heritage Preservation Society.

111.25 Sec. 8. Minnesota Statutes 2016, section 116D.04, subdivision 1a, is amended to read:

111.26 Subd. 1a. **Definitions.** For the purposes of this chapter, the following terms have the
111.27 meanings given to them in this subdivision.

111.28 (a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

112.1 (b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02,
112.2 subdivision 5.

112.3 (c) "Environmental assessment worksheet" means a brief document which is designed
112.4 to set out the basic facts necessary to determine whether an environmental impact statement
112.5 is required for a proposed action.

112.6 (d) "Governmental action" means activities, including projects wholly or partially
112.7 conducted, permitted, assisted, financed, regulated, or approved by units of government
112.8 including the federal government.

112.9 (e) "Governmental unit" means any state agency and any general or special purpose unit
112.10 of government in the state including, but not limited to, watershed districts organized under
112.11 chapter 103D, counties, towns, cities, port authorities, housing authorities, and economic
112.12 development authorities established under sections 469.090 to 469.108, but not including
112.13 courts, school districts, the Department of Iron Range Resources and Rehabilitation, and
112.14 regional development commissions other than the Metropolitan Council.

112.15 Sec. 9. Minnesota Statutes 2016, section 116J.423, subdivision 2, is amended to read:

112.16 Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans ~~or~~
112.17 including forgivable loans, equity investments, or grants for infrastructure in mineral, steel,
112.18 or any other industry processing, production, manufacturing, or technology project that
112.19 would enhance the economic diversification and that is located within the taconite ~~relief~~
112.20 ~~tax~~ assistance area as defined under section ~~273.134~~ 273.1341. The commissioner must,
112.21 prior to making any loans or equity investments and after consultation with industry and
112.22 public officials, develop a strategy for making loans ~~and~~ equity investments, or grants for
112.23 infrastructure that assists the taconite ~~relief~~ assistance area in retaining and enhancing its
112.24 economic competitiveness. Money in the fund may also be used to pay for the costs of
112.25 carrying out the commissioner's due diligence duties under this section.

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

112.27 Sec. 10. Minnesota Statutes 2016, section 116J.424, is amended to read:

112.28 **116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD**
112.29 **CONTRIBUTION.**

112.30 The commissioner of the Iron Range resources and rehabilitation Board ~~with approval~~
112.31 ~~by the board,~~ after consultation with the Iron Range Resources and Rehabilitation Board,
112.32 may provide an equal match for any loan or equity investment made for a project located

113.1 in the ~~tax relief~~ taconite assistance area defined in section ~~273.134, paragraph (b)~~ 273.1341,
 113.2 by the Minnesota 21st century fund created by section 116J.423. The match may be in the
 113.3 form of a loan or equity investment, notwithstanding whether the fund makes a loan or
 113.4 equity investment. The state shall not acquire an equity interest because of an equity
 113.5 investment or loan by the ~~board and the board at its sole discretion shall~~ commissioner of
 113.6 Iron Range resources and rehabilitation and the commissioner of Iron Range resources and
 113.7 rehabilitation, after consultation with the advisory board, shall have sole discretion to decide
 113.8 what interest ~~it~~ the fund acquires in a project. The commissioner of employment and
 113.9 economic development may require a commitment from the ~~board~~ commissioner of Iron
 113.10 Range resources and rehabilitation to make the match prior to disbursing money from the
 113.11 fund.

113.12 Sec. 11. Minnesota Statutes 2016, section 116J.994, subdivision 3, is amended to read:

113.13 Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with
 113.14 the grantor of the subsidy that includes:

113.15 (1) a description of the subsidy, including the amount and type of subsidy, and type of
 113.16 district if the subsidy is tax increment financing;

113.17 (2) a statement of the public purposes for the subsidy;

113.18 (3) measurable, specific, and tangible goals for the subsidy;

113.19 (4) a description of the financial obligation of the recipient if the goals are not met;

113.20 (5) a statement of why the subsidy is needed;

113.21 (6) a commitment to continue operations in the jurisdiction where the subsidy is used
 113.22 for at least five years after the benefit date;

113.23 (7) the name and address of the parent corporation of the recipient, if any; and

113.24 (8) a list of all financial assistance by all grantors for the project.

113.25 (b) Business subsidies in the form of grants must be structured as forgivable loans. For
 113.26 other types of business subsidies, the agreement must state the fair market value of the
 113.27 subsidy to the recipient, including the value of conveying property at less than a fair market
 113.28 price, or other in-kind benefits to the recipient.

113.29 (c) If a business subsidy benefits more than one recipient, the grantor must assign a
 113.30 proportion of the business subsidy to each recipient that signs a subsidy agreement. The
 113.31 proportion assessed to each recipient must reflect a reasonable estimate of the recipient's
 113.32 share of the total benefits of the project.

114.1 (d) The state or local government agency and the recipient must both sign the subsidy
114.2 agreement and, if the grantor is a local government agency, the agreement must be approved
114.3 by the local elected governing body, except for the St. Paul Port Authority and a seaway
114.4 port authority.

114.5 (e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be
114.6 authorized to move from the jurisdiction where the subsidy is used within the five-year
114.7 period after the benefit date if, after a public hearing, the grantor approves the recipient's
114.8 request to move. For the purpose of this paragraph, if the grantor is a state government
114.9 agency other than the Department of Iron Range Resources and Rehabilitation Board,
114.10 "jurisdiction" means a city or township.

114.11 Sec. 12. Minnesota Statutes 2016, section 116J.994, subdivision 5, is amended to read:

114.12 Subd. 5. **Public notice and hearing.** (a) Before granting a business subsidy that exceeds
114.13 \$500,000 for a state government grantor and \$150,000 for a local government grantor, the
114.14 grantor must provide public notice and a hearing on the subsidy. A public hearing and notice
114.15 under this subdivision is not required if a hearing and notice on the subsidy is otherwise
114.16 required by law.

114.17 (b) Public notice of a proposed business subsidy under this subdivision by a state
114.18 government grantor, other than the commissioner of Iron Range resources and rehabilitation
114.19 Board, must be published in the State Register. Public notice of a proposed business subsidy
114.20 under this subdivision by a local government grantor or the commissioner of Iron Range
114.21 resources and rehabilitation Board must be published in a local newspaper of general
114.22 circulation. The public notice must identify the location at which information about the
114.23 business subsidy, including a summary of the terms of the subsidy, is available. Published
114.24 notice should be sufficiently conspicuous in size and placement to distinguish the notice
114.25 from the surrounding text. The grantor must make the information available in printed paper
114.26 copies and, if possible, on the Internet. The government agency must provide at least a
114.27 ten-day notice for the public hearing.

114.28 (c) The public notice must include the date, time, and place of the hearing.

114.29 (d) The public hearing by a state government grantor other than the commissioner of
114.30 Iron Range resources and rehabilitation Board must be held in St. Paul.

114.31 (e) If more than one nonstate grantor provides a business subsidy to the same recipient,
114.32 the nonstate grantors may designate one nonstate grantor to hold a single public hearing
114.33 regarding the business subsidies provided by all nonstate grantors. For the purposes of this

115.1 paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and
115.2 rehabilitation Board.

115.3 (f) The public notice of any public meeting about a business subsidy agreement, including
115.4 those required by this subdivision and by subdivision 4, must include notice that a person
115.5 with residence in or the owner of taxable property in the granting jurisdiction may file a
115.6 written complaint with the grantor if the grantor fails to comply with sections 116J.993 to
115.7 116J.995, and that no action may be filed against the grantor for the failure to comply unless
115.8 a written complaint is filed.

115.9 Sec. 13. Minnesota Statutes 2016, section 116J.994, subdivision 7, is amended to read:

115.10 Subd. 7. **Reports by recipients to grantors.** (a) A business subsidy grantor must monitor
115.11 the progress by the recipient in achieving agreement goals.

115.12 (b) A recipient must provide information regarding goals and results for two years after
115.13 the benefit date or until the goals are met, whichever is later. If the goals are not met, the
115.14 recipient must continue to provide information on the subsidy until the subsidy is repaid.
115.15 The information must be filed on forms developed by the commissioner in cooperation with
115.16 representatives of local government. Copies of the completed forms must be sent to the
115.17 local government agency that provided the subsidy or to the commissioner if the grantor is
115.18 a state agency. If the commissioner of Iron Range resources and rehabilitation Board is the
115.19 grantor, the copies must be sent to the ~~board~~ commissioner of Iron Range resources and
115.20 rehabilitation. The report must include:

115.21 (1) the type, public purpose, and amount of subsidies and type of district, if the subsidy
115.22 is tax increment financing;

115.23 (2) the hourly wage of each job created with separate bands of wages;

115.24 (3) the sum of the hourly wages and cost of health insurance provided by the employer
115.25 with separate bands of wages;

115.26 (4) the date the job and wage goals will be reached;

115.27 (5) a statement of goals identified in the subsidy agreement and an update on achievement
115.28 of those goals;

115.29 (6) the location of the recipient prior to receiving the business subsidy;

115.30 (7) the number of employees who ceased to be employed by the recipient when the
115.31 recipient relocated to become eligible for the business subsidy;

116.1 (8) why the recipient did not complete the project outlined in the subsidy agreement at
116.2 their previous location, if the recipient was previously located at another site in Minnesota;

116.3 (9) the name and address of the parent corporation of the recipient, if any;

116.4 (10) a list of all financial assistance by all grantors for the project; and

116.5 (11) other information the commissioner may request.

116.6 A report must be filed no later than March 1 of each year for the previous year. The local
116.7 agency and the commissioner of Iron Range resources and rehabilitation Board must forward
116.8 copies of the reports received by recipients to the commissioner by April 1.

116.9 (c) Financial assistance that is excluded from the definition of "business subsidy" by
116.10 section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting
116.11 requirements of this subdivision, except that the report of the recipient must include instead:

116.12 (1) the type, public purpose, and amount of the financial assistance, and type of district
116.13 if the assistance is tax increment financing;

116.14 (2) progress towards meeting goals stated in the assistance agreement and the public
116.15 purpose of the assistance;

116.16 (3) if the agreement includes job creation, the hourly wage of each job created with
116.17 separate bands of wages;

116.18 (4) if the agreement includes job creation, the sum of the hourly wages and cost of health
116.19 insurance provided by the employer with separate bands of wages;

116.20 (5) the location of the recipient prior to receiving the assistance; and

116.21 (6) other information the grantor requests.

116.22 (d) If the recipient does not submit its report, the local government agency must mail
116.23 the recipient a warning within one week of the required filing date. If, after 14 days of the
116.24 postmarked date of the warning, the recipient fails to provide a report, the recipient must
116.25 pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The
116.26 maximum penalty shall not exceed \$1,000.

116.27 Sec. 14. Minnesota Statutes 2016, section 216B.161, subdivision 1, is amended to read:

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

116.30 (b) "Area development rate" means a rate schedule established by a utility that provides
116.31 customers within an area development zone service under a base utility rate schedule, except

117.1 that charges may be reduced from the base rate as agreed upon by the utility and the customer
 117.2 consistent with this section.

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

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

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

117.9 (3) low values and damaged investments.

117.10 (d) "Authority" means a rural development financing authority established under sections
 117.11 469.142 to 469.151; a housing and redevelopment authority established under sections
 117.12 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an
 117.13 economic development authority established under sections 469.090 to 469.108; a
 117.14 redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron
 117.15 Range resources and rehabilitation Board established under section 298.22; a municipality
 117.16 that is administering a development district created under sections 469.124 to 469.133 or
 117.17 any special law; a municipality that undertakes a project under sections 469.152 to 469.165,
 117.18 except a town located outside the metropolitan area as defined in section 473.121, subdivision
 117.19 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers
 117.20 of a port authority under any general or special law.

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

117.26 Sec. 15. Minnesota Statutes 2016, section 216B.1694, subdivision 1, is amended to read:

117.27 Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy
 117.28 project" means a proposed energy-generation facility or group of facilities which may be
 117.29 located on up to three sites:

117.30 (1) that makes use of an innovative generation technology utilizing coal as a primary
 117.31 fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur
 117.32 dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional
 117.33 technologies;

118.1 (2) that the project developer or owner certifies is a project capable of offering a long-term
118.2 supply contract at a hedged, predictable cost; and

118.3 (3) that is designated by the commissioner of ~~the~~ Iron Range resources and rehabilitation
118.4 ~~Board~~ as a project that is located in the taconite tax relief area on a site that has substantial
118.5 real property with adequate infrastructure to support new or expanded development and
118.6 that has received prior financial and other support from the board.

118.7 Sec. 16. Minnesota Statutes 2016, section 276A.01, subdivision 8, is amended to read:

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

118.23 Sec. 17. Minnesota Statutes 2016, section 276A.01, subdivision 17, is amended to read:

118.24 Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to
118.25 25 percent of the areawide levy certified by the commissioner of Iron Range resources and
118.26 rehabilitation ~~Board~~, after consultation with the Iron Range Resources and Rehabilitation
118.27 Board, to be used for the purposes of the Iron Range school consolidation and cooperatively
118.28 operated school account under section 298.28, subdivision 7a.

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

119.1 Sec. 18. Minnesota Statutes 2016, section 276A.06, subdivision 8, is amended to read:

119.2 Subd. 8. **Certification of values; payment.** The administrative auditor shall determine
 119.3 for each county the difference between the total levy on distribution value pursuant to
 119.4 subdivision 3, clause (1), including the school fund allocation within the county and the
 119.5 total tax on contribution value pursuant to subdivision 7, within the county. On or before
 119.6 May 16 of each year, the administrative auditor shall certify the differences so determined
 119.7 and the county's portion of the school fund allocation to each county auditor. In addition,
 119.8 the administrative auditor shall certify to those county auditors for whose county the total
 119.9 tax on contribution value exceeds the total levy on distribution value the settlement the
 119.10 county is to make to the other counties of the excess of the total tax on contribution value
 119.11 over the total levy on distribution value in the county. On or before June 15 and November
 119.12 15 of each year, each county treasurer in a county having a total tax on contribution value
 119.13 in excess of the total levy on distribution value shall pay one-half of the excess to the other
 119.14 counties in accordance with the administrative auditor's certification. On or before June 15
 119.15 and November 15 of each year, each county treasurer shall pay to the administrative auditor
 119.16 that county's share of the school fund allocation. On or before December 1 of each year,
 119.17 the administrative auditor shall pay the school fund allocation to the commissioner of Iron
 119.18 Range resources and rehabilitation Board for deposit in the Iron Range school consolidation
 119.19 and cooperatively operated account.

119.20 Sec. 19. Minnesota Statutes 2016, section 282.38, subdivision 1, is amended to read:

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

119.28 Sec. 20. Minnesota Statutes 2016, section 282.38, subdivision 3, is amended to read:

119.29 Subd. 3. **Not to affect commissioner of Iron Range resources and rehabilitation.**
 119.30 Nothing herein shall be construed to limit or abrogate the authority of the commissioner of
 119.31 Iron Range resources and rehabilitation to give temporary assistance to any county in the
 119.32 development of its land use program.

120.1 Sec. 21. Minnesota Statutes 2016, section 298.001, subdivision 8, is amended to read:

120.2 Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the
120.3 state of Minnesota, except that when used in sections 298.22 to 298.227 and 298.291 to
120.4 298.297, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

120.5 Sec. 22. Minnesota Statutes 2016, section 298.001, is amended by adding a subdivision
120.6 to read:

120.7 Subd. 12. **Advisory board.** "Advisory board" means the Iron Range Resources and
120.8 Rehabilitation Board, as established under section 298.22. The acronym "IRRRB" means
120.9 the advisory board.

120.10 Sec. 23. Minnesota Statutes 2016, section 298.018, subdivision 1, is amended to read:

120.11 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
120.12 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
120.13 taconite assistance area defined in section 273.1341, shall be allocated as follows:

120.14 (1) five percent to the city or town within which the minerals or energy resources are
120.15 mined or extracted, or within which the concentrate was produced. If the mining and
120.16 concentration, or different steps in either process, are carried on in more than one taxing
120.17 district, the commissioner shall apportion equitably the proceeds among the cities and towns
120.18 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,
120.19 and the remainder to the concentrating plant and to the processes of concentration, and with
120.20 respect to each thereof giving due consideration to the relative extent of the respective
120.21 operations performed in each taxing district;

120.22 (2) ten percent to the taconite municipal aid account to be distributed as provided in
120.23 section 298.282;

120.24 (3) ten percent to the school district within which the minerals or energy resources are
120.25 mined or extracted, or within which the concentrate was produced. If the mining and
120.26 concentration, or different steps in either process, are carried on in more than one school
120.27 district, distribution among the school districts must be based on the apportionment formula
120.28 prescribed in clause (1);

120.29 (4) 20 percent to a group of school districts comprised of those school districts wherein
120.30 the mineral or energy resource was mined or extracted or in which there is a qualifying
120.31 municipality as defined by section 273.134, paragraph (b), in direct proportion to school
120.32 district indexes as follows: for each school district, its pupil units determined under section

121.1 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted
 121.2 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated
 121.3 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution
 121.4 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that
 121.5 portion of the distribution which its index bears to the sum of the indices for all school
 121.6 districts that receive the distributions;

121.7 (5) 20 percent to the county within which the minerals or energy resources are mined
 121.8 or extracted, or within which the concentrate was produced. If the mining and concentration,
 121.9 or different steps in either process, are carried on in more than one county, distribution
 121.10 among the counties must be based on the apportionment formula prescribed in clause (1),
 121.11 provided that any county receiving distributions under this clause shall pay one percent of
 121.12 its proceeds to the Range Association of Municipalities and Schools;

121.13 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed
 121.14 as provided in sections 273.134 to 273.136;

121.15 (7) five percent to the commissioner of Iron Range resources and rehabilitation Board
 121.16 for the purposes of section 298.22;

121.17 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

121.18 (9) seven percent to the taconite environmental protection fund.

121.19 The proceeds of the tax shall be distributed on July 15 each year.

121.20 Sec. 24. Minnesota Statutes 2016, section 298.17, is amended to read:

121.21 **298.17 OCCUPATION TAXES TO BE APPORTIONED.**

121.22 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock
 121.23 companies, corporations, and associations, however or for whatever purpose organized,
 121.24 engaged in the business of mining or producing iron ore or other ores, when collected shall
 121.25 be apportioned and distributed in accordance with the Constitution of the state of Minnesota,
 121.26 article X, section 3, in the manner following: 90 percent shall be deposited in the state
 121.27 treasury and credited to the general fund of which four-ninths shall be used for the support
 121.28 of elementary and secondary schools; and ten percent of the proceeds of the tax imposed
 121.29 by this section shall be deposited in the state treasury and credited to the general fund for
 121.30 the general support of the university.

121.31 (b) Of the money apportioned to the general fund by this section: (1) there is annually
 121.32 appropriated and credited to the mining environmental and regulatory account in the special

122.1 revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax
 122.2 imposed by section 298.24 on each taxable ton produced in the preceding calendar year.
 122.3 Money in the mining environmental and regulatory account is appropriated annually to the
 122.4 commissioner of natural resources to fund agency staff to work on environmental issues
 122.5 and provide regulatory services for ferrous and nonferrous mining operations in this state.
 122.6 Payment to the mining environmental and regulatory account shall be made by July 1
 122.7 annually. The commissioner of natural resources shall execute an interagency agreement
 122.8 with the Pollution Control Agency to assist with the provision of environmental regulatory
 122.9 services such as monitoring and permitting required for ferrous and nonferrous mining
 122.10 operations; (2) there is annually appropriated and credited to the Iron Range resources and
 122.11 rehabilitation ~~Board~~ account in the special revenue fund an amount equal to that which
 122.12 would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable
 122.13 ton produced in the preceding calendar year, to be expended for the purposes of section
 122.14 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and
 122.15 rehabilitation ~~Board~~ account in the special revenue fund for transfer to the Iron Range school
 122.16 consolidation and cooperatively operated school account under section 298.28, subdivision
 122.17 7a, an amount equal to that which would have been generated by a six cent tax imposed by
 122.18 section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the
 122.19 Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

122.20 (c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to
 122.21 provide environmental development grants to local governments located within any county
 122.22 in region 3 as defined in governor's executive order number 60, issued on June 12, 1970,
 122.23 which does not contain a municipality qualifying pursuant to section 273.134, paragraph
 122.24 (b), or (ii) to provide economic development loans or grants to businesses located within
 122.25 any such county, provided that the county board or an advisory group appointed by the
 122.26 county board to provide recommendations on economic development shall make
 122.27 recommendations to the commissioner of Iron Range resources and rehabilitation ~~Board~~
 122.28 regarding the loans. Payment to the Iron Range resources and rehabilitation ~~Board~~ account
 122.29 shall be made by May 15 annually.

122.30 (d) Of the money allocated to Koochiching County, one-third must be paid to the
 122.31 Koochiching County Economic Development Commission.

122.32 Sec. 25. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

122.33 Subdivision 1. ~~The Office of Commissioner~~ **Department of Iron Range Resources**
 122.34 **and Rehabilitation.** (a) The ~~Office of the Commissioner~~ Department of Iron Range

123.1 Resources and Rehabilitation is created as an agency in the executive branch of state
 123.2 government. The governor shall appoint the commissioner of Iron Range resources and
 123.3 rehabilitation under section 15.06. The commissioner may expend amounts appropriated
 123.4 to the commissioner for projects after consultation with the advisory board created under
 123.5 subdivision 1a.

123.6 (b) The commissioner may hold other positions or appointments that are not incompatible
 123.7 with duties as commissioner of Iron Range resources and rehabilitation. The commissioner
 123.8 may appoint a deputy commissioner. All expenses of the commissioner, including the
 123.9 payment of staff and other assistance as may be necessary, must be paid out of the amounts
 123.10 appropriated by section 298.28 or otherwise made available by law to the commissioner.
 123.11 Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting
 123.12 options available under section 471.345 when the commissioner determines it is in the best
 123.13 interest of the agency. The agency is not subject to sections 16E.016 and 16C.05. The
 123.14 commissioner has the authority to reimburse any nongovernmental manager operating
 123.15 state-owned facilities within the Giants Ridge Recreation Area for purchasing materials,
 123.16 supplies, equipment, or other items used in the operations at such facilities.

123.17 (c) When the commissioner determines that distress and unemployment exists or may
 123.18 exist in the future in any county by reason of the removal of natural resources or a possibly
 123.19 limited use of natural resources in the future and any resulting decrease in employment, the
 123.20 commissioner may use whatever amounts of the appropriation made to the commissioner
 123.21 of revenue in section 298.28 that are determined to be necessary and proper in the
 123.22 development of the remaining resources of the county and in the vocational training and
 123.23 rehabilitation of its residents, ~~except that the amount needed to cover cost overruns awarded~~
 123.24 ~~to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in~~
 123.25 ~~effect after July 1, 1985, is appropriated from the general fund.~~ For the purposes of this
 123.26 section, "development of remaining resources" includes, but is not limited to, the promotion
 123.27 of tourism.

123.28 Sec. 26. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

123.29 Subd. 1a. **Iron Range Resources and Rehabilitation Board.** (a) The Iron Range
 123.30 Resources and Rehabilitation Board consists of the state senators and representatives elected
 123.31 from state senatorial or legislative districts in which one-third or more of the residents reside
 123.32 in a taconite assistance area as defined in section 273.1341. One additional state senator
 123.33 shall also be appointed by the senate Subcommittee on Committees of the Committee on
 123.34 Rules and Administration. All expenditures and projects made by the commissioner shall

124.1 first be submitted to the advisory board for approval. The advisory board shall recommend
 124.2 approval or disapproval or modification of the expenditures and projects. The expenses of
 124.3 the advisory board shall be paid by the state from the funds raised pursuant to this section.
 124.4 Members of the advisory board may be reimbursed for expenses in the manner provided in
 124.5 sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the
 124.6 interims between legislative sessions in the manner provided in section 3.099, subdivision
 124.7 1.

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

124.11 (b) The advisory board must develop procedures to elect a chair who shall preside over
 124.12 and convene meetings as often as necessary to conduct duties prescribed by this chapter.
 124.13 The advisory board must meet at least two times per year to review the actions of the
 124.14 commissioner.

124.15 Sec. 27. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
 124.16 read:

124.17 Subd. 1b. **Evaluation of programs.** (a) In evaluating programs proposed by the
 124.18 commissioner, the advisory board must consider factors, including but not limited to the
 124.19 extent to which the program:

124.20 (1) contributes to increasing the effectiveness of promoting or managing Iron Range
 124.21 economic and workforce development, community development, minerals and natural
 124.22 resources development, and any other issue as determined by the advisory board; and

124.23 (2) advances the strategic plan adopted under subdivision 1c.

124.24 (b) In evaluating programs proposed by the commissioner, the advisory board must
 124.25 consider factors, including but not limited to:

124.26 (1) job creation or retention goals for the program, including but not limited to wages
 124.27 and benefits; whether the jobs created are full time, part time, temporary, or permanent; and
 124.28 whether the stated job creation or retention goals in the program proposal can be adequately
 124.29 measured using methods established by the commissioner;

124.30 (2) how and to what extent the program is expected to impact the economic climate of
 124.31 the Iron Range resources and rehabilitation services area;

124.32 (3) how the program would meet match requirements, if any; and

125.1 (4) whether the program meets the written objectives, priorities, and policies established
 125.2 by the commissioner.

125.3 Sec. 28. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
 125.4 read:

125.5 Subd. 1c. **Strategic plan required.** The commissioner, in consultation with the advisory
 125.6 board, shall adopt a four-year strategic plan for making expenditures, including identifying
 125.7 the priority areas for funding for the term of the commissioner's appointment. The strategic
 125.8 plan must be reviewed annually. The strategic plan must have clearly stated short- and
 125.9 long-term goals and strategies for expenditures, provide measurable outcomes for
 125.10 expenditures, and determine areas of emphasis for funding.

125.11 Sec. 29. Minnesota Statutes 2016, section 298.22, subdivision 5a, is amended to read:

125.12 Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation
 125.13 with the advisory board, may purchase forest lands in the taconite assistance area defined
 125.14 ~~in~~ under section 273.1341 with funds specifically authorized for the purchase. The acquired
 125.15 forest lands must be held in trust for the benefit of the citizens of the taconite assistance
 125.16 area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed
 125.17 and developed for recreation and economic development purposes. The commissioner, ~~upon~~
 125.18 ~~approval by the~~ after consultation with the advisory board, may sell forest lands purchased
 125.19 under this subdivision if the ~~board finds~~ commissioner determines that the sale advances
 125.20 the purposes of the trust. Proceeds derived from the management or sale of the lands and
 125.21 from the sale of timber or removal of gravel or other minerals from these forest lands shall
 125.22 be deposited into an Iron Range Miners' Memorial Forest account that is established within
 125.23 the state financial accounts. Funds may be expended from the account ~~upon approval~~ by
 125.24 the commissioner, after consultation with the advisory board, to purchase, manage,
 125.25 administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~
 125.26 After consultation with the advisory board, the commissioner may transfer money in the
 125.27 Iron Range Miners' Memorial Forest account ~~may be transferred~~ into the corpus of the
 125.28 Douglas J. Johnson economic protection trust fund established under sections 298.291 to
 125.29 298.294. The property acquired under the authority granted by this subdivision and income
 125.30 derived from the property or the operation or management of the property are exempt from
 125.31 taxation by the state or its political subdivisions while held by the forest trust.

126.1 Sec. 30. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

126.2 Subd. 6. **Private entity participation.** The commissioner, after consultation with the
126.3 advisory board, may acquire an equity interest in any project for which ~~the commissioner~~
126.4 provides funding. The commissioner may, after consultation with the advisory board,
126.5 establish, participate in the management of, and dispose of the assets of charitable
126.6 foundations, nonprofit limited liability companies, and nonprofit corporations associated
126.7 with any project for which ~~the commissioner~~ provides funding, including specifically,
126.8 but without limitation, a corporation within the meaning of section 317A.011, subdivision
126.9 6.

126.10 Sec. 31. Minnesota Statutes 2016, section 298.22, subdivision 10, is amended to read:

126.11 Subd. 10. **Sale or privatization of functions.** The commissioner of Iron Range resources
126.12 and rehabilitation may not sell or privatize the ~~Ironworld~~ Minnesota Discovery Center or
126.13 Giants Ridge Golf and Ski Resort without prior approval by the advisory board.

126.14 Sec. 32. Minnesota Statutes 2016, section 298.22, subdivision 11, is amended to read:

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

126.20 Sec. 33. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
126.21 read:

126.22 Subd. 13. **Grants and loans for economic development projects; requirements.** (a)
126.23 Prior to awarding any grants or approving loans from any fund or account from which the
126.24 commissioner has the authority under law to expend money, the commissioner must evaluate
126.25 applications based on criteria including, but not limited to:

126.26 (1) job creation or retention goals for the project, including but not limited to wages and
126.27 benefits, and whether the jobs created are full time, part time, temporary, or permanent;

126.28 (2) whether the applicant's stated job creation or retention goals can be adequately
126.29 measured using methods established by the commissioner;

126.30 (3) how and to what extent the project proposed by the applicant is expected to impact
126.31 the economic climate of the Iron Range resources and rehabilitation services area;

127.1 (4) how the applicant would meet match requirements, if any; and

127.2 (5) whether the project for which a grant or loan application has been submitted meets
 127.3 the written objectives, priorities, and policies established by the commissioner.

127.4 (b) The commissioner, if appropriate, may include incentives in loan and grant award
 127.5 agreements to promote and assist grant recipients in achieving the stated job creation and
 127.6 retention objectives established by the commissioner.

127.7 (c) For all loans and grants awarded from funds under the commissioner's authority
 127.8 pursuant to this chapter, the commissioner must:

127.9 (1) maintain a database for tracking loan and grant awards;

127.10 (2) maintain an objective mechanism for measuring job creation and retention;

127.11 (3) verify achievement of job creation and retention goals by grant and loan recipients;

127.12 (4) monitor grant and loan awards to ensure that projects comply with applicable Iron
 127.13 Range resources and rehabilitation policies; and

127.14 (5) verify that grant or loan recipients have met applicable matching fund requirements.

127.15 Sec. 34. Minnesota Statutes 2016, section 298.221, is amended to read:

127.16 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

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

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

127.30 (c) All fees charged by the commissioner in connection with public use of the state-owned
 127.31 ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived

128.1 by the commissioner from the operation or lease of those facilities and from the lease, sale,
128.2 or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be
128.3 deposited into an Iron Range resources and rehabilitation ~~Board~~ account that is created
128.4 within the state enterprise fund. All funds deposited in the enterprise fund account are
128.5 appropriated to the commissioner ~~to be expended, subject to approval by the board, and~~
128.6 may only be used, after consultation with the advisory board, as follows:

128.7 (1) to pay costs associated with the construction, equipping, operation, repair, or
128.8 improvement of the Giants Ridge Recreation Area facilities or lands;

128.9 (2) to pay principal, interest and associated bond issuance, reserve, and servicing costs
128.10 associated with the financing of the facilities; and

128.11 (3) to pay the costs of any other project authorized under section 298.22.

128.12 Sec. 35. Minnesota Statutes 2016, section 298.2211, subdivision 3, is amended to read:

128.13 Subd. 3. **Project approval.** ~~All projects authorized by this section shall be submitted~~
128.14 ~~by the commissioner to the Iron Range Resources and Rehabilitation Board for approval~~

128.15 ~~by the board~~ The commissioner may authorize a project under this section only after
128.16 consulting the advisory board. Prior to the commencement of a project involving the exercise
128.17 by the commissioner of any authority of sections 469.174 to 469.179, the governing body
128.18 of each municipality in which any part of the project is located and the county board of any
128.19 county containing portions of the project not located in an incorporated area shall by majority
128.20 vote approve or disapprove the project. Any project approved by the ~~board~~ commissioner
128.21 and the applicable governing bodies, if any, together with detailed information concerning
128.22 the project, its costs, the sources of its funding, and the amount of any bonded indebtedness
128.23 to be incurred in connection with the project, shall be transmitted to the governor, who shall
128.24 approve, disapprove, or return the proposal for additional consideration within 30 days of
128.25 receipt. No project authorized under this section shall be undertaken, and no obligations
128.26 shall be issued and no tax increments shall be expended for a project authorized under this
128.27 section until the project has been approved by the governor.

128.28 Sec. 36. Minnesota Statutes 2016, section 298.2211, subdivision 6, is amended to read:

128.29 Subd. 6. **Fee setting.** Fees for admission to or use of facilities operated by the
128.30 commissioner of Iron Range resources and rehabilitation ~~Board~~ that have been established
128.31 according to prevailing market conditions and to recover operating costs need not be set by
128.32 rule.

129.1 Sec. 37. Minnesota Statutes 2016, section 298.2212, is amended to read:

129.2 **298.2212 INVESTMENT OF FUNDS.**

129.3 All funds credited to the Iron Range resources and rehabilitation ~~Board~~ account in the
 129.4 special revenue fund for the purposes of section 298.22 must be invested pursuant to law.
 129.5 The net interest and dividends from the investments are included and become part of the
 129.6 funds available for purposes of section 298.22.

129.7 Sec. 38. Minnesota Statutes 2016, section 298.223, subdivision 1, is amended to read:

129.8 Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection
 129.9 fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast
 129.10 Minnesota located within the taconite assistance area defined in section 273.1341, that are
 129.11 adversely affected by the environmentally damaging operations involved in mining taconite
 129.12 and iron ore and producing iron ore concentrate and for the purpose of promoting the
 129.13 economic development of northeast Minnesota. The taconite environmental protection fund
 129.14 shall be used for the following purposes:

129.15 (1) to initiate investigations into matters the commissioner of Iron Range resources and
 129.16 rehabilitation ~~Board~~ determines are in need of study and which will determine the
 129.17 environmental problems requiring remedial action;

129.18 (2) reclamation, restoration, or reforestation of mine lands not otherwise provided for
 129.19 by state law;

129.20 (3) local economic development projects ~~but only if those projects are approved by the~~
 129.21 ~~board~~, and public works, including construction of sewer and water systems located within
 129.22 the taconite assistance area defined in section 273.1341;

129.23 (4) monitoring of mineral industry related health problems among mining employees;
 129.24 and

129.25 (5) local public works projects under section 298.227, paragraph (c).

129.26 Sec. 39. Minnesota Statutes 2016, section 298.223, subdivision 2, is amended to read:

129.27 Subd. 2. **Administration.** ~~(a)~~ The taconite area environmental protection fund shall be
 129.28 administered by the commissioner ~~of the Iron Range Resources and Rehabilitation Board,~~
 129.29 who must consult with the advisory board before expending any funds. ~~The commissioner~~
 129.30 ~~shall by September 1 of each year submit to the board a list of projects to be funded from~~

130.1 ~~the taconite area environmental protection fund, with such supporting information including~~
 130.2 ~~description of the projects, plans, and cost estimates as may be necessary.~~

130.3 ~~(b) Each year no less than one-half of the amounts deposited into the taconite~~
 130.4 ~~environmental protection fund must be used for public works projects, including construction~~
 130.5 ~~of sewer and water systems, as specified under subdivision 1, clause (3). the Iron Range~~
 130.6 ~~Resources and Rehabilitation Board may waive the requirements of this paragraph.~~

130.7 ~~(c) Upon approval by the board, the list of projects approved under this subdivision shall~~
 130.8 ~~be submitted to the governor by November 1 of each year. By December 1 of each year,~~
 130.9 ~~the governor shall approve or disapprove, or return for further consideration, each project.~~
 130.10 ~~Funds for a project may be expended only upon approval of the project by the board and~~
 130.11 ~~the governor. The commissioner may submit supplemental projects to the board and governor~~
 130.12 ~~for approval at any time.~~

130.13 Sec. 40. Minnesota Statutes 2016, section 298.227, is amended to read:

130.14 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

130.15 ~~(a)~~ An amount equal to that distributed pursuant to each taconite producer's taxable
 130.16 production and qualifying sales under section 298.28, subdivision 9a, shall be held by the
 130.17 commissioner of Iron Range resources and rehabilitation Board in a separate taconite
 130.18 economic development fund for each taconite and direct reduced ore producer. Money from
 130.19 the fund for each producer shall be released by the commissioner after review by a joint
 130.20 committee consisting of an equal number of representatives of the salaried employees and
 130.21 the nonsalaried production and maintenance employees of that producer. The District 11
 130.22 director of the United States Steelworkers of America, on advice of each local employee
 130.23 president, shall select the employee members. In nonorganized operations, the employee
 130.24 committee shall be elected by the nonsalaried production and maintenance employees. The
 130.25 review must be completed no later than six months after the producer presents a proposal
 130.26 for expenditure of the funds to the committee. The funds held pursuant to this section may
 130.27 be released only for workforce development and associated public facility improvement,
 130.28 or for acquisition of plant and stationary mining equipment and facilities for the producer
 130.29 or for research and development in Minnesota on new mining, or taconite, iron, or steel
 130.30 production technology, but only if the producer provides a matching expenditure equal to
 130.31 the amount of the distribution to be used for the same purpose beginning with distributions
 130.32 in 2014. Effective for proposals for expenditures of money from the fund beginning May
 130.33 26, 2007, the commissioner may not release the funds before the next scheduled meeting
 130.34 of the board. If a proposed expenditure is not approved by the commissioner, after

131.1 consultation with the advisory board, the funds must be deposited in the Taconite
131.2 Environmental Protection Fund under sections 298.222 to 298.225. ~~If a producer uses money~~
131.3 ~~which has been released from the fund prior to May 26, 2007 to procure haulage trucks,~~
131.4 ~~mobile equipment, or mining shovels, and the producer removes the piece of equipment~~
131.5 ~~from the taconite tax relief area defined in section 273.134 within ten years from the date~~
131.6 ~~of receipt of the money from the fund, a portion of the money granted from the fund must~~
131.7 ~~be repaid to the taconite economic development fund. The portion of the money to be repaid~~
131.8 ~~is 100 percent of the grant if the equipment is removed from the taconite tax relief area~~
131.9 ~~within 12 months after receipt of the money from the fund, declining by ten percent for~~
131.10 ~~each of the subsequent nine years during which the equipment remains within the taconite~~
131.11 ~~tax relief area. If a taconite production facility is sold after operations at the facility had~~
131.12 ~~ceased, any money remaining in the fund for the former producer may be released to the~~
131.13 ~~purchaser of the facility on the terms otherwise applicable to the former producer under this~~
131.14 ~~section. If a producer fails to provide matching funds for a proposed expenditure within six~~
131.15 ~~months after the commissioner approves release of the funds, the funds are available for~~
131.16 ~~release to another producer in proportion to the distribution provided and under the conditions~~
131.17 ~~of this section. Any portion of the fund which is not released by the commissioner within~~
131.18 ~~one year of its deposit in the fund shall be divided between the taconite environmental~~
131.19 ~~protection fund created in section 298.223 and the Douglas J. Johnson economic protection~~
131.20 ~~trust fund created in section 298.292 for placement in their respective special accounts.~~
131.21 ~~Two-thirds of the unreleased funds shall be distributed to the taconite environmental~~
131.22 ~~protection fund and one-third to the Douglas J. Johnson economic protection trust fund.~~

131.23 ~~(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of~~
131.24 ~~distributions and the review process, an amount equal to ten cents per taxable ton of~~
131.25 ~~production in 2007, for distribution in 2008 only, that would otherwise be distributed under~~
131.26 ~~paragraph (a), may be used for a loan or grant for the cost of providing for a value-added~~
131.27 ~~wood product facility located in the taconite tax relief area and in a county that contains a~~
131.28 ~~city of the first class. This amount must be deducted from the distribution under paragraph~~
131.29 ~~(a) for which a matching expenditure by the producer is not required. The granting of the~~
131.30 ~~loan or grant is subject to approval by the board. If the money is provided as a loan, interest~~
131.31 ~~must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii)~~
131.32 ~~Repayments of the loan and interest, if any, must be deposited in the taconite environment~~
131.33 ~~protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this~~
131.34 ~~paragraph by July 1, 2012, the amount that had been made available for the loan under this~~
131.35 ~~paragraph must be transferred to the taconite environment protection fund under sections~~
131.36 ~~298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section~~

132.1 ~~that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a~~
 132.2 ~~pro-rata basis.~~

132.3 ~~(c) Repayment or transfer of money to the taconite environmental protection fund under~~
 132.4 ~~paragraph (b), item (ii), must be allocated by the Iron Range resources and rehabilitation~~
 132.5 ~~Board for public works projects in house legislative districts in the same proportion as~~
 132.6 ~~taxable tonnage of production in 2007 in each house legislative district, for distribution in~~
 132.7 ~~2008, bears to total taxable tonnage of production in 2007, for distribution in 2008.~~
 132.8 ~~Notwithstanding any other law to the contrary, expenditures under this paragraph do not~~
 132.9 ~~require approval by the governor. For purposes of this paragraph, "house legislative districts"~~
 132.10 ~~means the legislative districts in existence on May 15, 2009.~~

132.11 Sec. 41. Minnesota Statutes 2016, section 298.27, is amended to read:

132.12 **298.27 COLLECTION AND PAYMENT OF TAX.**

132.13 The taxes provided by section 298.24 shall be paid directly to each eligible county and
 132.14 the commissioner of Iron Range resources and rehabilitation Board. The commissioner of
 132.15 revenue shall notify each producer of the amount to be paid each recipient prior to February
 132.16 15. Every person subject to taxes imposed by section 298.24 shall file a correct report
 132.17 covering the preceding year. The report must contain the information required by the
 132.18 commissioner of revenue. The report shall be filed by each producer on or before February
 132.19 1. A remittance equal to 50 percent of the total tax required to be paid hereunder shall be
 132.20 paid on or before February 24. A remittance equal to the remaining total tax required to be
 132.21 paid hereunder shall be paid on or before August 24. On or before February 25 and August
 132.22 25, the county auditor shall make distribution of the payments previously received by the
 132.23 county in the manner provided by section 298.28. Reports shall be made and hearings held
 132.24 upon the determination of the tax in accordance with procedures established by the
 132.25 commissioner of revenue. The commissioner of revenue shall have authority to make
 132.26 reasonable rules as to the form and manner of filing reports necessary for the determination
 132.27 of the tax hereunder, and by such rules may require the production of such information as
 132.28 may be reasonably necessary or convenient for the determination and apportionment of the
 132.29 tax. All the provisions of the occupation tax law with reference to the assessment and
 132.30 determination of the occupation tax, including all provisions for appeals from or review of
 132.31 the orders of the commissioner of revenue relative thereto, but not including provisions for
 132.32 refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent
 132.33 herewith. If any person subject to section 298.24 shall fail to make the report provided for
 132.34 in this section at the time and in the manner herein provided, the commissioner of revenue

133.1 shall in such case, upon information possessed or obtained, ascertain the kind and amount
133.2 of ore mined or produced and thereon find and determine the amount of the tax due from
133.3 such person. There shall be added to the amount of tax due a penalty for failure to report
133.4 on or before February 1, which penalty shall equal ten percent of the tax imposed and be
133.5 treated as a part thereof.

133.6 If any person responsible for making a tax payment at the time and in the manner herein
133.7 provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount
133.8 so due, which penalty shall be treated as part of the tax due.

133.9 In the case of any underpayment of the tax payment required herein, there may be added
133.10 and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

133.11 A person having a liability of \$120,000 or more during a calendar year must remit all
133.12 liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The
133.13 funds transfer payment date, as defined in section 336.4A-401, must be on or before the
133.14 date the tax is due. If the date the tax is due is not a funds transfer business day, as defined
133.15 in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the
133.16 funds transfer business day next following the date the tax is due.

133.17 Sec. 42. Minnesota Statutes 2016, section 298.28, subdivision 7, is amended to read:

133.18 Subd. 7. **Iron Range resources and rehabilitation ~~Board~~ account.** For the 1998
133.19 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range resources and
133.20 rehabilitation ~~Board~~ account for the purposes of section 298.22. That amount shall be
133.21 increased for distribution years 1999 through 2014 and for distribution in 2018 and
133.22 subsequent years in the same proportion as the increase in the implicit price deflator as
133.23 provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision
133.24 shall be expended within or for the benefit of the taconite assistance area defined in section
133.25 273.1341. ~~No part of the fund provided in this subdivision may be used to provide loans~~
133.26 ~~for the operation of private business unless the loan is approved by the governor.~~

133.27 Sec. 43. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

133.28 Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.**
133.29 (a) The following amounts must be allocated to the commissioner of Iron Range resources
133.30 and rehabilitation ~~Board~~ to be deposited in the Iron Range school consolidation and
133.31 cooperatively operated school account that is hereby created:

134.1 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed
134.2 under section 298.24; and

134.3 (ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed
134.4 under section 298.24;

134.5 (2) the amount as determined under section 298.17, paragraph (b), clause (3);

134.6 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
134.7 proceeds attributable to the increase in the implicit price deflator as provided in section
134.8 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
134.9 Johnson economic protection trust fund;

134.10 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased
134.11 tax proceeds attributable to the increase in the implicit price deflator as provided in section
134.12 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third
134.13 to be distributed to the Douglas J. Johnson economic protection trust fund; and

134.14 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased
134.15 tax proceeds attributable to the increase in the implicit price deflator as provided in section
134.16 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining
134.17 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

134.18 (4) any other amount as provided by law.

134.19 (b) Expenditures from this account may be approved as ongoing annual expenditures
134.20 and shall be made only to provide disbursements to assist school districts with the payment
134.21 of bonds that were issued for qualified school projects, or for any other school disbursement
134.22 as approved by the commissioner of Iron Range resources and rehabilitation after consultation
134.23 with the Iron Range Resources and Rehabilitation Board. For purposes of this section,
134.24 "qualified school projects" means school projects within the taconite assistance area as
134.25 defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006;
134.26 and (2) approved by the commissioner of education pursuant to section 123B.71.

134.27 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for
134.28 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset
134.29 any reduction in debt service equalization aid that the school district qualifies for in that
134.30 year, under section 123B.53, subdivision 6, compared with the amount the school district
134.31 qualified for in fiscal year 2018.

135.1 (d) No expenditure under this section shall be made unless approved by ~~seven members~~
135.2 ~~of the commissioner of Iron Range resources and rehabilitation after consultation with the~~
135.3 Iron Range Resources and Rehabilitation Board.

135.4 Sec. 44. Minnesota Statutes 2016, section 298.28, subdivision 9c, is amended to read:

135.5 Subd. 9c. **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the
135.6 city of Eveleth for distribution in 2013 and thereafter, to be used for the support of the
135.7 Hockey Hall of Fame, provided that it continues to operate in that city, and provided that
135.8 the city of Eveleth certifies to the St. Louis County auditor that it has received donations
135.9 for the support of the Hockey Hall of Fame from other donors. If the Hockey Hall of Fame
135.10 ceases to operate in the city of Eveleth prior to receipt of the distribution in any year, and
135.11 the governing body of the city determines that it is unlikely to resume operation there within
135.12 a six-month period, the distribution under this subdivision shall be made to the commissioner
135.13 of Iron Range resources and rehabilitation Board.

135.14 Sec. 45. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

135.15 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be
135.16 ~~allocated to the Iron Range Resources and Rehabilitation Board to be~~ deposited in an Iron
135.17 Range higher education account that is hereby created, to be used for higher education
135.18 programs conducted at educational institutions in the taconite assistance area defined in
135.19 section 273.1341. The Iron Range Higher Education committee under section 298.2214,
135.20 and the commissioner of Iron Range resources and rehabilitation Board, after consultation
135.21 with the advisory board, must approve all expenditures from the account.

135.22 Sec. 46. Minnesota Statutes 2016, section 298.28, subdivision 11, is amended to read:

135.23 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which
135.24 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the
135.25 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with
135.26 interest earned on all money distributed under this section prior to distribution, shall be
135.27 divided between the taconite environmental protection fund created in section 298.223 and
135.28 the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows:
135.29 Two-thirds to the taconite environmental protection fund and one-third to the Douglas J.
135.30 Johnson economic protection trust fund. The proceeds shall be placed in the respective
135.31 special accounts.

136.1 (b) There shall be distributed to each city, town, and county the amount that it received
136.2 under Minnesota Statutes 1978, section 294.26₂ in calendar year 1977; provided, however,
136.3 that the amount distributed in 1981 to the unorganized territory number 2 of Lake County
136.4 and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company
136.5 will be distributed in 1982 and subsequent years to the unorganized territory number 2 of
136.6 Lake County and the towns of Beaver Bay and Stony River based on the miles of track of
136.7 Erie Mining Company in each taxing district.

136.8 (c) There shall be distributed to the Iron Range resources and rehabilitation ~~Board~~ account
136.9 the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount
136.10 distributed under this paragraph shall be expended within or for the benefit of the taconite
136.11 assistance area defined in section 273.1341.

136.12 (d) There shall be distributed to each school district 62 percent of the amount that it
136.13 received under Minnesota Statutes 1978, section 294.26₂ in calendar year 1977.

136.14 Sec. 47. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

136.15 Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust
136.16 fund may be used for the following purposes:

136.17 (1) to provide loans, loan guarantees, interest buy-downs and other forms of participation
136.18 with private sources of financing, but a loan to a private enterprise shall be for a principal
136.19 amount not to exceed one-half of the cost of the project for which financing is sought, and
136.20 the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight
136.21 percent or an interest rate three percentage points less than a full faith and credit obligation
136.22 of the United States government of comparable maturity, at the time that the loan is approved;

136.23 (2) to fund reserve accounts established to secure the payment when due of the principal
136.24 of and interest on bonds issued pursuant to section 298.2211;

136.25 (3) to pay in periodic payments or in a lump-sum payment any or all of the interest on
136.26 bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or
136.27 retrofitting heating facilities in connection with district heating systems or systems utilizing
136.28 alternative energy sources;

136.29 (4) to invest in a venture capital fund or enterprise that will provide capital to other
136.30 entities that are engaging in, or that will engage in, projects or programs that have the
136.31 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
136.32 or enterprise unless at least two other unrelated investors make investments of at least
136.33 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J.

137.1 Johnson economic protection trust fund may not exceed the amount of the largest investment
 137.2 by an unrelated investor in the venture capital fund or enterprise. For purposes of this
 137.3 subdivision, an "unrelated investor" is a person or entity that is not related to the entity in
 137.4 which the investment is made or to any individual who owns more than 40 percent of the
 137.5 value of the entity, in any of the following relationships: spouse, parent, child, sibling,
 137.6 employee, or owner of an interest in the entity that exceeds ten percent of the value of all
 137.7 interests in it. For purposes of determining the limitations under this clause, the amount of
 137.8 investments made by an investor other than the Douglas J. Johnson economic protection
 137.9 trust fund is the sum of all investments made in the venture capital fund or enterprise during
 137.10 the period beginning one year before the date of the investment by the Douglas J. Johnson
 137.11 economic protection trust fund; and

137.12 (5) to purchase forest land in the taconite assistance area defined in section 273.1341 to
 137.13 be held and managed as a public trust for the benefit of the area for the purposes authorized
 137.14 in section 298.22, subdivision 5a. Property purchased under this section may be sold by the
 137.15 commissioner ~~upon approval by the~~, after consultation with the advisory board. The net
 137.16 proceeds must be deposited in the trust fund for the purposes and uses of this section.

137.17 Money from the trust fund shall be expended only in or for the benefit of the taconite
 137.18 assistance area defined in section 273.1341.

137.19 Sec. 48. Minnesota Statutes 2016, section 298.296, is amended to read:

137.20 **298.296 OPERATION OF FUND.**

137.21 Subdivision 1. **Project approval.** ~~The board and commissioner shall by August 1 of~~
 137.22 ~~each year prepare a list of projects to be funded from the Douglas J. Johnson economic~~
 137.23 ~~protection trust with necessary supporting information including description of the projects,~~
 137.24 ~~plans, and cost estimates. These Projects shall be consistent with the priorities established~~
 137.25 ~~in section 298.292 and shall not be approved by the board unless it~~ commissioner unless
 137.26 the commissioner, after consultation with the advisory board, finds that:

137.27 (a) the project will materially assist, directly or indirectly, the creation of additional
 137.28 long-term employment opportunities;

137.29 (b) the prospective benefits of the expenditure exceed the anticipated costs; and

137.30 (c) in the case of assistance to private enterprise, the project will serve a sound business
 137.31 purpose.

137.32 ~~Each project must be approved by over one-half of all of the members of the board and~~
 137.33 ~~the commissioner of Iron Range resources and rehabilitation. The list of projects shall be~~

138.1 ~~submitted to the governor, who shall, by November 15 of each year, approve or disapprove,~~
 138.2 ~~or return for further consideration, each project. The money for a project may be expended~~
 138.3 ~~only upon approval of the project by the governor. The board may submit supplemental~~
 138.4 ~~projects for approval at any time.~~

138.5 Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on
 138.6 projects and for administration of the trust fund only from the net interest, earnings, and
 138.7 dividends arising from the investment of the trust at any time, including net interest, earnings,
 138.8 and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for
 138.9 use in fiscal year 1983, except that any amount required to be paid out of the trust fund to
 138.10 provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and
 138.11 to make school bond payments and payments to recipients of taconite production tax proceeds
 138.12 pursuant to section 298.225, may be taken from the corpus of the trust.

138.13 ~~(b) Additionally, upon recommendation by the board, up to \$13,000,000 from the corpus~~
 138.14 ~~of the trust may be made available for use as provided in subdivision 4, and up to \$10,000,000~~
 138.15 ~~from the corpus of the trust may be made available for use as provided in section 298.2961.~~

138.16 ~~(e)~~ (b) Additionally, an amount equal to 20 percent of the value of the corpus of the trust
 138.17 on May 18, 2002, ~~not including the funds authorized in paragraph (b),~~ plus the amounts
 138.18 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8,
 138.19 section 17, may be expended on projects. ~~Funds~~ The commissioner may be expended expend
 138.20 funds for projects under this paragraph only if ~~the project:~~

138.21 (1) the project is for the purposes established under section 298.292, subdivision 1,
 138.22 clause (1) or (2); and

138.23 (2) ~~is approved by two-thirds of all of the members of the board~~ the commissioner has
 138.24 consulted with the advisory board.

138.25 No money made available under this paragraph or paragraph ~~(d)~~ (c) can be used for
 138.26 administrative or operating expenses of the Department of Iron Range Resources and
 138.27 Rehabilitation Board or expenses relating to any facilities owned or operated by the ~~board~~
 138.28 commissioner on May 18, 2002.

138.29 ~~(d) Upon recommendation by a unanimous vote of all members of the board,~~ (c) The
 138.30 commissioner may spend amounts in addition to those authorized under paragraphs (a), and
 138.31 (b), and (e) may be expended on projects described in section 298.292, subdivision 1, only
 138.32 after consultation with the advisory board.

139.1 ~~(e)~~ (d) Annual administrative costs, not including detailed engineering expenses for the
 139.2 projects, shall not exceed five percent of the net interest, dividends, and earnings arising
 139.3 from the trust in the preceding fiscal year.

139.4 ~~(f)~~ (e) Principal and interest received in repayment of loans made pursuant to this section,
 139.5 and earnings on other investments made under section 298.292, subdivision 2, clause (4),
 139.6 shall be deposited in the state treasury and credited to the trust. These receipts are
 139.7 appropriated to the board for the purposes of sections 298.291 to ~~298.298~~ 298.297.

139.8 ~~(g)~~ (f) Additionally, notwithstanding section 298.293, ~~upon the approval of the board,~~
 139.9 the commissioner, after consultation with the advisory board, may expend money from the
 139.10 corpus of the trust ~~may be expended~~ to purchase forest lands within the taconite assistance
 139.11 area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

139.12 Subd. 3. **Administration.** The commissioner ~~and staff of the~~ Iron Range resources and
 139.13 rehabilitation ~~Board~~ shall administer the program under which funds are expended pursuant
 139.14 to sections 298.292 to ~~298.298~~ 298.297.

139.15 Subd. 4. **Temporary loan authority.** ~~(a) The board may recommend that~~ After
 139.16 consultation with the advisory board, the commissioner may use up to \$7,500,000 from the
 139.17 corpus of the trust ~~may be used~~ for loans, loan guarantees, grants, or equity investments as
 139.18 provided in this subdivision. The money would be available for loans for construction and
 139.19 equipping of facilities constituting (1) a value added iron products plant, which may be
 139.20 either a new plant or a facility incorporated into an existing plant that produces iron upgraded
 139.21 to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic
 139.22 content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject
 139.23 to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this
 139.24 paragraph may not exceed \$5,000,000 for any facility.

139.25 ~~(b) Additionally, the board must reserve the first \$2,000,000 of the net interest, dividends,~~
 139.26 ~~and earnings arising from the investment of the trust after June 30, 1996, to be used for~~
 139.27 ~~grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph~~
 139.28 ~~(a). This amount must be reserved until it is used as described in this subdivision.~~

139.29 ~~(e)~~ (b) Additionally, ~~the board may recommend that~~ the commissioner, after consultation
 139.30 with the advisory board, may use up to \$5,500,000 from the corpus of the trust ~~may be used~~
 139.31 for additional grants, loans, loan guarantees, or equity investments for the purposes set forth
 139.32 in paragraph (a).

140.1 ~~(d)~~ (c) ~~The board~~ commissioner, after consultation with the advisory board, may require
 140.2 that ~~it~~ the fund receive an equity percentage in any project to which it contributes under this
 140.3 section.

140.4 Sec. 49. Minnesota Statutes 2016, section 298.2961, is amended to read:

140.5 **298.2961 PRODUCER GRANTS.**

140.6 Subdivision 1. **Appropriation.** (a) \$10,000,000 is appropriated from the Douglas J.
 140.7 Johnson economic protection trust fund to a special account in the taconite area environmental
 140.8 protection fund for grants to producers on a project-by-project basis as provided in this
 140.9 section.

140.10 (b) The proceeds of the tax designated under section 298.28, subdivision 9b, are
 140.11 appropriated for grants to producers on a project-by-project basis as provided in this section.

140.12 Subd. 2. **Projects; approval.** (a) Projects funded must be for:

140.13 (1) environmentally unique reclamation projects; or

140.14 (2) pit or plant repairs, expansions, or modernizations other than for a value added iron
 140.15 products plant.

140.16 ~~(b) To be proposed by the board, a project must be approved by the board. The money~~
 140.17 ~~for a project may be spent only upon approval of the project by the governor. The board~~
 140.18 ~~may submit supplemental projects for approval at any time~~ The commissioner may approve
 140.19 a project only after consultation with the advisory board.

140.20 (c) The commissioner, after consultation with the advisory board, may require that ~~it~~
 140.21 the fund receive an equity percentage in any project to which it contributes under this section.

140.22 Subd. 3. **Redistribution.** (a) If a taconite production facility is sold after operations at
 140.23 the facility had ceased, any money remaining in the taconite environmental fund for the
 140.24 former producer may be released to the purchaser of the facility on the terms otherwise
 140.25 applicable to the former producer under this section.

140.26 (b) Any portion of the taconite environmental fund that is not released by the
 140.27 commissioner within three years of its deposit in the taconite environmental fund shall be
 140.28 divided between the taconite environmental protection fund created in section 298.223 and
 140.29 the Douglas J. Johnson economic protection trust fund created in section 298.292 for
 140.30 placement in their respective special accounts. Two-thirds of the unreleased funds must be
 140.31 distributed to the taconite environmental protection fund and one-third to the Douglas J.
 140.32 Johnson economic protection trust fund.

141.1 Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under
 141.2 section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision.
 141.3 Any grant or loan made under this subdivision must be approved by the commissioner, after
 141.4 consultation with the advisory board, established under section 298.22.

141.5 (b) All distributions received in 2009 and subsequent years are allocated for projects
 141.6 under section 298.223, subdivision 1.

141.7 Sec. 50. Minnesota Statutes 2016, section 298.297, is amended to read:

141.8 **298.297 ADVISORY COMMITTEES.**

141.9 Before submission of a project to the advisory board, the commissioner of Iron Range
 141.10 resources and rehabilitation shall appoint a technical advisory committee consisting of one
 141.11 or more persons who are knowledgeable in areas related to the objectives of the proposal.
 141.12 Members of the committees shall be compensated as provided in section 15.059, subdivision
 141.13 3. The advisory board shall not ~~æ~~ make recommendations on a proposal until it has received
 141.14 the evaluation and recommendations of the technical advisory committee or until 15 days
 141.15 have elapsed since the proposal was transmitted to the advisory committee, whichever
 141.16 occurs first.

141.17 Sec. 51. Minnesota Statutes 2016, section 298.46, subdivision 2, is amended to read:

141.18 Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly
 141.19 constituted authorities of a taxing district there are in existence reserves of unmined iron
 141.20 ore located in such district, these authorities may petition the commissioner of Iron Range
 141.21 resources and rehabilitation Board for authority to petition the county assessor to verify the
 141.22 existence of such reserves and to ascertain the value thereof by drilling in a manner consistent
 141.23 with established engineering and geological exploration methods, in order that such taxing
 141.24 district may be able to forecast in a proper manner its future economic and fiscal potentials.
 141.25 The commissioner of Iron Range resources and rehabilitation may grant the authority to
 141.26 petition only after consultation with the advisory board.

141.27 Sec. 52. Minnesota Statutes 2016, section 298.46, subdivision 5, is amended to read:

141.28 Subd. 5. **Payment of costs; reimbursement.** The cost of such exploration or drilling
 141.29 plus any damages to the property which may be assessed by the district court shall be paid
 141.30 by the commissioner of Iron Range resources and rehabilitation Board from amounts
 141.31 appropriated to ~~that board~~ the commissioner of Iron Range resources and rehabilitation
 141.32 under section 298.22. The commissioner of Iron Range resources and rehabilitation Board

142.1 shall be reimbursed for one-half of the amounts thus expended. Such reimbursement shall
 142.2 be made by the taxing districts in the proportion that each such taxing district's levy on the
 142.3 property involved bears to the total levy on such property. Such reimbursement shall be
 142.4 made to the commissioner of Iron Range resources and rehabilitation Board in the manner
 142.5 provided by section 298.221.

142.6 Sec. 53. Minnesota Statutes 2016, section 298.46, subdivision 6, is amended to read:

142.7 Subd. 6. **Refusal to reimburse; reduction of other payments.** If any taxing district
 142.8 refuses to pay its share of the reimbursement as provided in subdivision 5, the county auditor
 142.9 is hereby authorized to reduce payments required to be made by the county to such taxing
 142.10 district under other provisions of law. Thereafter the auditor shall draw a warrant, which
 142.11 shall be deposited with the state treasury in accordance with section 298.221, to the credit
 142.12 of the commissioner of Iron Range resources and rehabilitation Board.

142.13 Sec. 54. Minnesota Statutes 2016, section 466.03, subdivision 6c, is amended to read:

142.14 Subd. 6c. **Water access sites.** Any claim based upon the construction, operation, or
 142.15 maintenance by a municipality of a water access site created by the commissioner of Iron
 142.16 Range resources and rehabilitation Board. A water access site under this subdivision that
 142.17 provides access to an idled, water filled mine pit also includes the entire water filled area
 142.18 of the pit, and, further, claims related to a mine pit water access site under this subdivision
 142.19 include those based upon the caving or slumping of mine pit walls.

142.20 Sec. 55. Minnesota Statutes 2016, section 469.310, subdivision 9, is amended to read:

142.21 Subd. 9. **Local government unit.** "Local government unit" means a statutory or home
 142.22 rule charter city, county, town, the Department of Iron Range Resources and Rehabilitation
 142.23 agency, regional development commission, or a federally designated economic development
 142.24 district.

142.25 Sec. 56. Minnesota Statutes 2016, section 474A.02, subdivision 21, is amended to read:

142.26 Subd. 21. **Preliminary resolution.** "Preliminary resolution" means a resolution adopted
 142.27 by the governing body or board of the issuer, or ~~in the case of the~~ by the commissioner of
 142.28 Iron Range resources and rehabilitation Board by the commissioner. The resolution must
 142.29 express a preliminary intention of the issuer to issue obligations for a specific project,
 142.30 identify the proposed project, and disclose the proposed amount of qualified bonds to be

143.1 issued. Preliminary resolutions for mortgage bonds and student loan bonds need not identify
143.2 a specific project.

143.3 Sec. 57. Laws 2010, chapter 389, article 5, section 7, is amended to read:

143.4 **Sec. 7. GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

143.5 Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes,
143.6 section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city
143.7 of Biwabik, upon approval both by its governing body and by the vote of at least seven
143.8 members of the Iron Range Resources and Rehabilitation Board, may impose any or all of
143.9 the taxes described in this section.

143.10 Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less
143.11 refunds and costs of collection, must be deposited into the Iron Range Resources and
143.12 Rehabilitation Board account enterprise fund created under the provisions of Minnesota
143.13 Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the
143.14 commissioner of the Iron Range resources and rehabilitation Board, ~~upon approval by the~~
143.15 ~~vote of at least seven members of~~ after consultation with the Iron Range Resources and
143.16 Rehabilitation Board, to pay costs for the construction, renovation, improvement, expansion,
143.17 and maintenance of public recreational facilities located in those portions of the city within
143.18 the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22,
143.19 subdivision 7, or to pay any principal, interest, or premium on any bond issued to finance
143.20 the construction, renovation, improvement, or expansion of such public recreational facilities.

143.21 Subd. 3. **Lodging tax.** (a) The city of Biwabik, upon approval both by its governing
143.22 body and by the vote of at least seven members of the Iron Range Resources and
143.23 Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the
143.24 gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This
143.25 tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may
143.26 be imposed only on gross lodging receipts generated within the Giants Ridge Recreation
143.27 Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

143.28 (b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax
143.29 imposed under paragraph (a), the change must be approved by both the governing body of
143.30 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after
143.31 the commissioner of Iron Range resources and rehabilitation consults with the Iron Range
143.32 Resources and Rehabilitation Board.

144.1 Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both
144.2 by its governing body and by the vote of at least seven members of the Iron Range Resources
144.3 and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent
144.4 on admission receipts to entertainment and recreational facilities and on receipts from the
144.5 rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined
144.6 in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes,
144.7 section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration,
144.8 collection, and enforcement of the tax authorized in this subdivision.

144.9 (b) If the city imposes the tax under paragraph (a), it must include in the ordinance an
144.10 exemption for purchases of season tickets or passes.

144.11 (c) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax
144.12 imposed under paragraph (a), the change must be approved by both the governing body of
144.13 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after
144.14 the commissioner of Iron Range resources and rehabilitation consults with the Iron Range
144.15 Resources and Rehabilitation Board.

144.16 Subd. 5. **Food and beverage tax.** (a) The city of Biwabik, upon approval both by its
144.17 governing body and by the vote of at least seven members of the Iron Range Resources and
144.18 Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than
144.19 one percent on gross receipts of food and beverages sold whether it is consumed on or off
144.20 the premises by restaurants and places of refreshment as defined by resolution of the city
144.21 within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22,
144.22 subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions
144.23 2 and 3, govern the imposition, administration, collection, and enforcement of the tax
144.24 authorized in this subdivision.

144.25 (b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax
144.26 imposed under paragraph (a), the change must be approved by both the governing body of
144.27 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after
144.28 the commissioner of Iron Range resources and rehabilitation consults with the Iron Range
144.29 Resources and Rehabilitation Board.

144.30 **EFFECTIVE DATE.** This section is effective August 1, 2017, without local approval
144.31 pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

145.1 Sec. 58. DEPARTMENT OF IRON RANGE RESOURCES AND
145.2 REHABILITATION; EARLY SEPARATION INCENTIVE PROGRAM
145.3 AUTHORIZATION.

145.4 (a) "Commissioner" as used in this section means the commissioner of Iron Range
145.5 resources and rehabilitation unless otherwise specified.

145.6 (b) Notwithstanding any law to the contrary, the commissioner, in consultation with the
145.7 commissioner of management and budget, shall offer a targeted early separation incentive
145.8 program for employees of the commissioner who have attained the age of 60 years or who
145.9 have received credit for at least 30 years of allowable service under the provisions of
145.10 Minnesota Statutes, chapter 352. The commissioner shall also offer a targeted separation
145.11 incentive program for employees of the commissioner whose positions are in support of
145.12 operations at Giants Ridge and will be eliminated if the department no longer directly
145.13 manages Giants Ridge operations.

145.14 (c) The early separation incentive program may include one or more of the following:

145.15 (1) employer-paid postseparation health, medical, and dental insurance until age 65; and

145.16 (2) cash incentives that may, but are not required to be, used to purchase additional years
145.17 of service credit through the Minnesota State Retirement System, to the extent that the
145.18 purchases are otherwise authorized by law.

145.19 (d) The commissioner shall establish eligibility requirements for employees to receive
145.20 an incentive. The commissioner must exclude from eligibility for the incentive program
145.21 employees having less than 20 years of allowable service who would otherwise qualify for
145.22 the incentive program.

145.23 (e) The commissioner, consistent with the established program provisions under paragraph
145.24 (b), and with the eligibility requirements under paragraph (f), may designate specific
145.25 programs or employees as eligible to be offered the incentive program.

145.26 (f) Acceptance of the offered incentive must be voluntary on the part of the employee
145.27 and must be in writing. The incentive may only be offered at the sole discretion of the
145.28 commissioner.

145.29 (g) The cost of the incentive is payable solely by funds made available to the
145.30 commissioner by law, but only on prior approval of the expenditures by the commissioner,
145.31 after consultation with the Iron Range Resources and Rehabilitation Board.

145.32 (h) Unilateral implementation of this section by the commissioner is not an unfair labor
145.33 practice under Minnesota Statutes, chapter 179A.

146.1 **EFFECTIVE DATE.** This section is effective the day following final enactment. This
146.2 section expires July 30, 2018.

146.3 Sec. 59. **REVISOR'S INSTRUCTION.**

146.4 The revisor of statutes, with cooperation from the House Research Department and the
146.5 Senate Counsel, Research and Fiscal Analysis Office, shall prepare legislation that makes
146.6 conforming changes in accordance with the provisions of this article. The revisor shall
146.7 submit the proposal, in a form ready for introduction, during the 2018 regular legislative
146.8 session to the chairs and ranking minority members of the senate and house of representatives
146.9 committees with jurisdiction over jobs and economic development.

146.10 Sec. 60. **REPEALER.**

146.11 Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213; and 298.298, are
146.12 repealed.

146.13

ARTICLE 8

146.14

COMMERCE POLICY

146.15 Section 1. Minnesota Statutes 2016, section 45.0135, subdivision 6, is amended to read:

146.16 Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account
146.17 is created in the state treasury. Money received from assessments under subdivision 7 and
146.18 transferred from the automobile theft prevention account in ~~section~~ sections 65B.84,
146.19 subdivision 1, and 297I.11, subdivision 2, is deposited in the account. Money in this fund
146.20 is appropriated to the commissioner of commerce for the purposes specified in this section
146.21 and sections 60A.951 to 60A.956.

146.22 Sec. 2. Minnesota Statutes 2016, section 46.131, subdivision 7, is amended to read:

146.23 Subd. 7. **Fiscal year assessments.** Such assessments shall be levied on July 1, 1965,
146.24 and ~~at~~ prior to the beginning of each fiscal period beginning July 1 and ending June 30
146.25 thereafter, and shall be based on the total estimated expense as herein referred to during
146.26 such period. Assessment revenue will be remitted to the commissioner for deposit in the
146.27 financial institutions account on or before July 1 of each year.

147.1 Sec. 3. Minnesota Statutes 2016, section 46.131, is amended by adding a subdivision to
147.2 read:

147.3 Subd. 11. **Financial institutions account; appropriation.** (a) The financial institutions
147.4 account is created as a separate account in the special revenue fund. The account consists
147.5 of funds received from assessments under subdivision 7 and examination fees under
147.6 subdivision 8. Earnings, including interest, dividends, and any other earnings arising from
147.7 account assets, must be credited to the account.

147.8 (b) Funds in the account are annually appropriated to the commissioner of commerce
147.9 for activities under this section.

147.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

147.11 Sec. 4. Minnesota Statutes 2016, section 65B.84, subdivision 1, is amended to read:

147.12 Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The
147.13 commissioner of commerce shall:

147.14 (1) develop and sponsor the implementation of statewide plans, programs, and strategies
147.15 to combat automobile theft, improve the administration of the automobile theft laws, and
147.16 provide a forum for identification of critical problems for those persons dealing with
147.17 automobile theft;

147.18 (2) coordinate the development, adoption, and implementation of plans, programs, and
147.19 strategies relating to interagency and intergovernmental cooperation with respect to
147.20 automobile theft enforcement;

147.21 (3) annually audit the plans and programs that have been funded in whole or in part to
147.22 evaluate the effectiveness of the plans and programs and withdraw funding should the
147.23 commissioner determine that a plan or program is ineffective or is no longer in need of
147.24 further financial support from the fund;

147.25 (4) develop a plan of operation including:

147.26 (i) an assessment of the scope of the problem of automobile theft, including areas of the
147.27 state where the problem is greatest;

147.28 (ii) an analysis of various methods of combating the problem of automobile theft;

147.29 (iii) a plan for providing financial support to combat automobile theft;

147.30 (iv) a plan for eliminating car hijacking; and

147.31 (v) an estimate of the funds required to implement the plan; and

148.1 (5) distribute money, in consultation with the commissioner of public safety, pursuant
148.2 to subdivision 3 from the automobile theft prevention special revenue account for automobile
148.3 theft prevention activities, including:

148.4 (i) paying the administrative costs of the program;

148.5 (ii) providing financial support to the State Patrol and local law enforcement agencies
148.6 for automobile theft enforcement teams;

148.7 (iii) providing financial support to state or local law enforcement agencies for programs
148.8 designed to reduce the incidence of automobile theft and for improved equipment and
148.9 techniques for responding to automobile thefts;

148.10 (iv) providing financial support to local prosecutors for programs designed to reduce
148.11 the incidence of automobile theft;

148.12 (v) providing financial support to judicial agencies for programs designed to reduce the
148.13 incidence of automobile theft;

148.14 (vi) providing financial support for neighborhood or community organizations or business
148.15 organizations for programs designed to reduce the incidence of automobile theft and to
148.16 educate people about the common methods of automobile theft, the models of automobiles
148.17 most likely to be stolen, and the times and places automobile theft is most likely to occur;
148.18 and

148.19 (vii) providing financial support for automobile theft educational and training programs
148.20 for state and local law enforcement officials, driver and vehicle services exam and inspections
148.21 staff, and members of the judiciary.

148.22 (b) The commissioner may not spend in any fiscal year more than ten percent of the
148.23 money in the fund for the program's administrative and operating costs. The commissioner
148.24 is annually appropriated and must distribute the amount of the proceeds credited to the
148.25 automobile theft prevention special revenue account each year, less the transfer of \$1,300,000
148.26 each year to the ~~general fund~~ insurance fraud prevention account described in section 297I.11,
148.27 subdivision 2.

148.28 (c) At the end of each fiscal year, the commissioner may transfer any unobligated balances
148.29 in the auto theft prevention account to the insurance fraud prevention account under section
148.30 45.0135, subdivision 6.

149.1 Sec. 5. [72A.328] AFFINITY GROUP.

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

149.4 (b) "Affinity program" means a group of individuals who are members of an entity that
149.5 offers individuals benefits based on their membership in that entity. Affinity program does
149.6 not include an entity that obtains group insurance, as defined in section 60A.02, subdivision
149.7 28, or risk retention groups as defined in section 60E.02, subdivision 12.

149.8 (c) "Policy" means an individually underwritten policy of private passenger vehicle
149.9 insurance, as defined in section 65B.001, subdivision 2, or an individually underwritten
149.10 policy of homeowner's insurance, as defined in section 65A.27, subdivision 4.

149.11 Subd. 2. Discount. An insurance company may offer an individual a discount or other
149.12 benefit relating to a policy based on the individual's membership in an affinity program if:

149.13 (1) the benefit or discount is based on an actuarial justification; and

149.14 (2) the insurance company offers the benefit or discount to all members of the affinity
149.15 program eligible for the discount or benefit.

149.16 Sec. 6. Minnesota Statutes 2016, section 80A.61, is amended to read:

149.17 **80A.61 SECTION 406; REGISTRATION BY BROKER-DEALER, AGENT,**
149.18 **FUNDING PORTAL, INVESTMENT ADVISER, AND INVESTMENT ADVISER**
149.19 **REPRESENTATIVE.**

149.20 **(a) Application for initial registration by broker-dealer, agent, ~~or~~ investment adviser,**
149.21 **or investment adviser representative.** A person shall register as a broker-dealer, agent,
149.22 ~~or investment adviser,~~ or investment adviser representative by filing an application and a
149.23 consent to service of process complying with section 80A.88, and paying the fee specified
149.24 in section 80A.65 and any reasonable fees charged by the designee of the administrator for
149.25 processing the filing. The application must contain:

149.26 (1) the information or record required for the filing of a uniform application; and

149.27 (2) upon request by the administrator, any other financial or other information or record
149.28 that the administrator determines is appropriate.

149.29 **(b) Amendment.** If the information or record contained in an application filed under
149.30 subsection (a) is or becomes inaccurate or incomplete in a material respect, the registrant
149.31 shall promptly file a correcting amendment.

150.1 (c) **Effectiveness of registration.** If an order is not in effect and a proceeding is not
150.2 pending under section 80A.67, registration becomes effective at noon on the 45th day after
150.3 a completed application is filed, unless the registration is denied. A rule adopted or order
150.4 issued under this chapter may set an earlier effective date or may defer the effective date
150.5 until noon on the 45th day after the filing of any amendment completing the application.

150.6 (d) **Registration renewal.** A registration is effective until midnight on December 31 of
150.7 the year for which the application for registration is filed. Unless an order is in effect under
150.8 section 80A.67, a registration may be automatically renewed each year by filing such records
150.9 as are required by rule adopted or order issued under this chapter, by paying the fee specified
150.10 in section 80A.65, and by paying costs charged by the designee of the administrator for
150.11 processing the filings.

150.12 (e) **Additional conditions or waivers.** A rule adopted or order issued under this chapter
150.13 may impose such other conditions, not inconsistent with the National Securities Markets
150.14 Improvement Act of 1996. An order issued under this chapter may waive, in whole or in
150.15 part, specific requirements in connection with registration as are in the public interest and
150.16 for the protection of investors.

150.17 (f) **Funding portal registration.** A funding portal that has its principal place of business
150.18 in the state of Minnesota shall register with the state of Minnesota by filing with the
150.19 administrator a copy of the information or record required for the filing of an application
150.20 for registration as a funding portal in the manner established by the Securities and Exchange
150.21 Commission and/or the Financial Institutions Regulatory Authority (FINRA), along with
150.22 any rule adopted or order issued, and any amendments thereto.

150.23 (g) **Application for investment adviser representative registration.**

150.24 (1) The application for initial registration as an investment adviser representative pursuant
150.25 to section 80A.58 is made by completing Form U-4 (Uniform Application for Securities
150.26 Industry Registration or Transfer) in accordance with the form instructions and by filing
150.27 the form U-4 with the IARD. The application for initial registration must also include the
150.28 following:

150.29 (i) proof of compliance by the investment adviser representative with the examination
150.30 requirements of:

150.31 (A) the Uniform Investment Adviser Law Examination (Series 65); or

150.32 (B) the General Securities Representative Examination (Series 7) and the Uniform
150.33 Combined State Law Examination (Series 66);

151.1 (ii) any other information the administrator may reasonably require.

151.2 (2) The application for the annual renewal registration as an investment adviser
151.3 representative shall be filed with the IARD.

151.4 (3)(i) The investment adviser representative is under a continuing obligation to update
151.5 information required by Form U-4 as changes occur;

151.6 (ii) An investment adviser representative and the investment adviser must file promptly
151.7 with the IARD any amendments to the representative's Form U-4; and

151.8 (iii) An amendment will be considered to be filed promptly if the amendment is filed
151.9 within 30 days of the event that requires the filing of the amendment.

151.10 (4) An application for initial or renewal of registration is not considered filed for purposes
151.11 of section 80A.58 until the required fee and all required submissions have been received
151.12 by the administrator.

151.13 (5) The application for withdrawal of registration as an investment adviser representative
151.14 pursuant to section 80A.58 shall be completed by following the instructions on Form U-5
151.15 (Uniform Termination Notice for Securities Industry Registration) and filed upon Form U-5
151.16 with the IARD.

151.17 Sec. 7. Minnesota Statutes 2016, section 80A.65, subdivision 2, is amended to read:

151.18 Subd. 2. **Registration application and renewal filing fee.** Every applicant for an initial
151.19 or renewal registration shall pay a filing fee of \$200 in the case of a broker-dealer, ~~\$50~~ \$65
151.20 in the case of an agent, ~~and~~ \$100 in the case of an investment adviser, and \$50 in the case
151.21 of an investment adviser representative. When an application is denied or withdrawn, the
151.22 filing fee shall be retained. A registered agent who has terminated employment with one
151.23 broker-dealer shall, before beginning employment with another broker-dealer, pay a transfer
151.24 fee of \$25.

151.25 Sec. 8. Minnesota Statutes 2016, section 216B.62, subdivision 3b, is amended to read:

151.26 Subd. 3b. **Assessment for department regional and national duties.** In addition to
151.27 other assessments in subdivision 3, the department may assess up to ~~\$1,000,000~~ \$500,000
151.28 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount
151.29 in this subdivision shall be assessed to energy utilities in proportion to their respective gross
151.30 operating revenues from retail sales of gas or electric service within the state during the last
151.31 calendar year and shall be deposited into an account in the special revenue fund and is
151.32 appropriated to the commissioner of commerce for the purposes of section 216A.07,

152.1 subdivision 3a. An assessment made under this subdivision is not subject to the cap on
 152.2 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,
 152.3 an "energy utility" means public utilities, generation and transmission cooperative electric
 152.4 associations, and municipal power agencies providing natural gas or electric service in the
 152.5 state. This subdivision expires June 30, ~~2017~~ 2018.

152.6 Sec. 9. [239.7511] GAS TAX SIGN ON PETROLEUM DISPENSER.

152.7 (a) The director must ensure that signs having 12-point font or greater are affixed on
 152.8 retail petroleum dispensers as follows:

152.9 (1) for regular or premium gasoline, a sign that reads: "The price for each gallon of
 152.10 gasoline includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline
 152.11 tax of 18.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and
 152.12 bridges, according to the Minnesota Constitution."; and

152.13 (2) for diesel fuel, a sign that reads: "The price for each gallon of diesel fuel includes
 152.14 the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 24.4 cents
 152.15 per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according
 152.16 to the Minnesota Constitution."

152.17 (b) The director must distribute the signs under this section to the owner or operator of
 152.18 retail petroleum dispensers. To the extent possible, the director must coordinate the
 152.19 distribution of signs with other duties the director may have involving retail petroleum
 152.20 dispensers.

152.21 (c) If the amount of the gasoline tax described in paragraph (a), clauses (1) and (2),
 152.22 changes, the director must distribute revised signs to reflect the updated gasoline tax amounts
 152.23 within 12 calendar months of the change.

152.24 (d) The director is prohibited from assessing any penalty, fine, or fee on the owner or
 152.25 operator of a retail petroleum dispenser that has a missing, destroyed, defaced, or otherwise
 152.26 damaged gas tax sign.

152.27 Sec. 10. Minnesota Statutes 2016, section 297I.11, subdivision 2, is amended to read:

152.28 Subd. 2. **Automobile theft prevention account.** A special revenue account in the state
 152.29 treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1.
 152.30 Of the revenue in the account, \$1,300,000 each year must be transferred to the ~~general fund~~
 152.31 insurance fraud prevention account under section 45.0135, subdivision 6. Revenues in excess

153.1 of \$1,300,000 each year may be used only for the automobile theft prevention program
153.2 described in section 65B.84.

153.3 Sec. 11. Minnesota Statutes 2016, section 325J.06, is amended to read:

153.4 **325J.06 EFFECT OF NONREDEMPTION.**

153.5 (a) A pledgor shall have no obligation to redeem pledged goods or make any payment
153.6 on a pawn transaction. Pledged goods not redeemed within at least 60 days of the date of
153.7 the pawn transaction, ~~renewal, or extension~~ shall automatically be forfeited to the
153.8 pawnbroker, and qualified right, title, and interest in and to the goods shall automatically
153.9 vest in the pawnbroker.

153.10 (b) The pawnbroker's right, title, and interest in the pledged goods under paragraph (a)
153.11 is qualified only by the pledgor's right, while the pledged goods remain in possession of the
153.12 pawnbroker and not sold to a third party, to redeem the goods by paying the loan plus fees
153.13 and/or interest accrued up to the date of redemption.

153.14 (c) A pawn transaction that involves holding only the title to property is subject to chapter
153.15 168A or 336.

153.16 Sec. 12. Minnesota Statutes 2016, section 345.42, is amended by adding a subdivision to
153.17 read:

153.18 Subd. 1a. **Required lists.** (a) Beginning January 1, 2018, and annually thereafter, and
153.19 provided that a member has requested it, the commissioner shall provide to each member
153.20 of the legislature a list in electronic form of all persons appearing to be owners of abandoned
153.21 property whose last known address is located in the legislator's respective legislative district.

153.22 (b) Beginning July 1, 2017, and every six months thereafter, and provided that a county
153.23 has requested it, the commissioner shall provide to the county a list in electronic form of
153.24 all persons appearing to be owners of abandoned property whose last known address is
153.25 located in the county. A request under this paragraph must be made in writing by a person
153.26 authorized by the county to make the request and is good until canceled.

153.27 **EFFECTIVE DATE.** This section is effective January 1, 2018.

153.28 Sec. 13. Minnesota Statutes 2016, section 345.49, is amended to read:

153.29 **345.49 CLAIM FOR ABANDONED PROPERTY PAID OR DELIVERED.**

154.1 Subdivision 1. **Filing.** (a) Any person claiming an interest in any property delivered to
154.2 the state under sections 345.31 to 345.60 may file a claim thereto or to the proceeds from
154.3 the sale thereof on the form prescribed by the commissioner.

154.4 (b) Any person claiming an interest in property evidenced by a will or trust document,
154.5 or court order, may submit to the commissioner only such portions of the document or order
154.6 necessary to establish a claim.

154.7 Subd. 2. **Appropriation.** There is hereby appropriated to the persons entitled to a refund,
154.8 from the fund in the state treasury to which the money was credited, an amount sufficient
154.9 to make the refund and payment.

154.10 Subd. 3. **Data.** Government data received by the commissioner pursuant to this section
154.11 is nonpublic data or private data on individuals, as defined in section 13.02, subdivisions 9
154.12 and 12.

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

154.14 Sec. 14. **[471.9998] MERCHANT BAGS.**

154.15 Subdivision 1. **Merchant option.** All merchants, itinerant vendors, and peddlers doing
154.16 business in this state shall have the option to provide customers a paper, plastic, or reusable
154.17 bag for the packaging of any item or good purchased, provided such purchase is of a size
154.18 and manner commensurate with the use of paper, plastic, or reusable bags.

154.19 Subd. 2. **Prohibition; bag ban.** Notwithstanding any other provision of law, no political
154.20 subdivision shall impose any ban upon the use of paper, plastic, or reusable bags for
154.21 packaging of any item or good purchased from a merchant, itinerant vendor, or peddler.

154.22 **EFFECTIVE DATE.** This section is effective May 31, 2017. Ordinances existing on
154.23 the effective date of this section that would be prohibited under this section are invalid as
154.24 of the effective date of this section.

154.25 Sec. 15. **REPORT ON UNCLAIMED PROPERTY DIVISION.**

154.26 The commissioner shall report by February 15, 2018, to the chairs and ranking minority
154.27 members of the standing committees of the house of representatives and senate having
154.28 jurisdiction over commerce regarding the process owners of abandoned property must
154.29 comply with in order to file an allowed claim under Minnesota Statutes, chapter 345. The
154.30 report shall include information regarding the documentation and identification necessary
154.31 for owners of each type of abandoned property under Minnesota Statutes, chapter 345, to
154.32 file an allowed claim.

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

155.2 Sec. 16. **REPEALER.**

155.3 Minnesota Statutes 2016, section 46.131, subdivision 5, is repealed.

155.4 **ARTICLE 9**

155.5 **TELECOMMUNICATIONS**

155.6 Section 1. Minnesota Statutes 2016, section 237.162, subdivision 2, is amended to read:

155.7 Subd. 2. **Local government unit.** "Local government unit" means a county, home rule
155.8 charter or statutory city, ~~or town,~~ or the Metropolitan Council.

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

155.10 Sec. 2. Minnesota Statutes 2016, section 237.162, subdivision 4, is amended to read:

155.11 Subd. 4. **Telecommunications right-of-way user.** (a) "Telecommunications right-of-way
155.12 user" means a person owning or controlling a facility in the public right-of-way, or seeking
155.13 to own or control a facility in the public right-of-way, that is used or is intended to be used
155.14 for providing wireless service, or transporting telecommunications or other voice or data
155.15 information.

155.16 (b) A cable communication system defined and regulated under chapter 238, and
155.17 telecommunications activities related to providing natural gas or electric energy services
155.18 ~~whether provided by,~~ a public utility as defined in section 216B.02, a municipality, a
155.19 municipal gas or power agency organized under chapter 453 or 453A, or a cooperative
155.20 electric association organized under chapter 308A, are not telecommunications right-of-way
155.21 users for the purposes of this section and section 237.163, except to the extent these entities
155.22 are offering wireless services.

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

155.24 Sec. 3. Minnesota Statutes 2016, section 237.162, subdivision 9, is amended to read:

155.25 Subd. 9. **Management costs or rights-of-way management costs.** (a) "Management
155.26 costs" or "rights-of-way management costs" means the actual costs a local government unit
155.27 incurs in managing its public rights-of-way, and includes such costs, if incurred, as those
155.28 associated with registering applicants; issuing, processing, and verifying right-of-way or
155.29 small wireless facility permit applications; inspecting job sites and restoration projects;
155.30 maintaining, supporting, protecting, or moving user equipment during public right-of-way

156.1 work; determining the adequacy of right-of-way restoration; restoring work inadequately
 156.2 performed after providing notice and the opportunity to correct the work; and revoking
 156.3 right-of-way or small wireless facility permits.

156.4 (b) Management costs do not include:

156.5 (1) payment by a telecommunications right-of-way user for the use of the public
 156.6 right-of-way;

156.7 (2) unreasonable fees of a third-party contractor used by a local government unit as part
 156.8 of managing its public rights-of-way, including but not limited to any third-party contractor
 156.9 fee tied to or based upon customer counts, access lines, revenue generated by the
 156.10 telecommunications right-of-way user, or revenue generated for a local government unit;
 156.11 or

156.12 (3) the fees and cost of litigation relating to the interpretation of this section or section
 156.13 237.163 or any ordinance enacted under those sections, or the local unit of government's
 156.14 fees and costs related to appeals taken pursuant to section 237.163, subdivision 5.

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

156.16 Sec. 4. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to
 156.17 read:

156.18 Subd. 10. **Collocate.** "Collocate" or "collocation" means to install, mount, maintain,
 156.19 modify, operate, or replace a small wireless facility on, under, within, or adjacent to an
 156.20 existing wireless support structure that is owned privately or by a local government unit.

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

156.22 Sec. 5. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to
 156.23 read:

156.24 Subd. 11. **Small wireless facility.** "Small wireless facility" means:

156.25 (1) a wireless facility that meets both of the following qualifications:

156.26 (i) each antenna is located inside an enclosure of no more than six cubic feet in volume
 156.27 or, in the case of an antenna that has exposed elements, the antenna and all its exposed
 156.28 elements could fit within an enclosure of no more than six cubic feet; and

156.29 (ii) all other wireless equipment associated with the small wireless facility, excluding
 156.30 electric meters, concealment elements, telecommunications demarcation boxes, battery
 156.31 backup power systems, grounding equipment, power transfer switches, cutoff switches,

157.1 cable, conduit, vertical cable runs for the connection of power and other services, and any
157.2 equipment concealed from public view within or behind an existing structure or concealment,
157.3 is in aggregate no more than 28 cubic feet in volume; or

157.4 (2) a micro wireless facility.

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

157.6 Sec. 6. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to
157.7 read:

157.8 Subd. 12. **Utility pole.** "Utility pole" means a pole that is used in whole or in part to
157.9 facilitate telecommunications or electric service.

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

157.11 Sec. 7. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to
157.12 read:

157.13 Subd. 13. **Wireless facility.** (a) "Wireless facility" means equipment at a fixed location
157.14 that enables the provision of wireless services between user equipment and a wireless service
157.15 network, including:

157.16 (1) equipment associated with wireless service;

157.17 (2) a radio transceiver, antenna, coaxial or fiber-optic cable, regular and backup power
157.18 supplies, and comparable equipment, regardless of technological configuration; and

157.19 (3) a small wireless facility.

157.20 (b) "Wireless facility" does not include:

157.21 (1) wireless support structures;

157.22 (2) wireline backhaul facilities; or

157.23 (3) coaxial or fiber-optic cables (i) between utility poles or wireless support structures,
157.24 or (ii) that are not otherwise immediately adjacent to or directly associated with a specific
157.25 antenna.

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

158.1 Sec. 8. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to
158.2 read:

158.3 Subd. 14. **Micro wireless facility.** "Micro wireless facility" means a small wireless
158.4 facility that is no larger than 24 inches long, 15 inches wide, and 12 inches high, and whose
158.5 exterior antenna, if any, is no longer than 11 inches.

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

158.7 Sec. 9. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to
158.8 read:

158.9 Subd. 15. **Wireless service.** "Wireless service" means any service using licensed or
158.10 unlicensed wireless spectrum, including the use of Wi-Fi, whether at a fixed location or by
158.11 means of a mobile device, that is provided using wireless facilities. Wireless service does
158.12 not include services regulated under Title VI of the Communications Act of 1934, as
158.13 amended, including a cable service under United States Code, title 47, section 522, clause
158.14 (6).

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

158.16 Sec. 10. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision
158.17 to read:

158.18 Subd. 16. **Wireless support structure.** "Wireless support structure" means a new or
158.19 existing structure in a public right-of-way designed to support or capable of supporting
158.20 small wireless facilities, as reasonably determined by a local government unit.

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

158.22 Sec. 11. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision
158.23 to read:

158.24 Subd. 17. **Wireline backhaul facility.** "Wireline backhaul facility" means a facility
158.25 used to transport communications data by wire from a wireless facility to a communications
158.26 network.

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

158.28 Sec. 12. Minnesota Statutes 2016, section 237.163, subdivision 2, is amended to read:

158.29 Subd. 2. **Generally.** (a) Subject to this section, a telecommunications right-of-way user
158.30 authorized to do business under the laws of this state or by license of the Federal

159.1 Communications Commission may construct, maintain, and operate small wireless facilities,
159.2 conduit, cable, switches, and related appurtenances and facilities along, across, upon, above,
159.3 and under any public right-of-way.

159.4 (b) Subject to this section, a local government unit has the authority to manage its public
159.5 rights-of-way and to recover its rights-of-way management costs. Except as provided in
159.6 subdivisions 3a, 3b, and 3c, the authority defined in this section may be exercised at the
159.7 option of the local government unit. ~~The exercise of this authority~~ and is not mandated under
159.8 this section. A local government unit may, by ordinance:

159.9 (1) require a telecommunications right-of-way user seeking to excavate or obstruct a
159.10 public right-of-way for the purpose of providing telecommunications services to obtain a
159.11 right-of-way permit to do so and to impose permit conditions consistent with the local
159.12 government unit's management of the right-of-way;

159.13 (2) require a telecommunications right-of-way user using, occupying, or seeking to use
159.14 or occupy a public right-of-way for the purpose of providing telecommunications services
159.15 to register with the local government unit by providing the local government unit with the
159.16 following information:

159.17 (i) the applicant's name, gopher state one-call registration number under section 216D.03,
159.18 address, and telephone and facsimile numbers;

159.19 (ii) the name, address, and telephone and facsimile numbers of the applicant's local
159.20 representative;

159.21 (iii) proof of adequate insurance; and

159.22 (iv) other information deemed reasonably necessary by the local government unit for
159.23 the efficient administration of the public right-of-way; and

159.24 (3) require telecommunications right-of-way users to submit to the local government
159.25 unit plans for construction and major maintenance that provide reasonable notice to the
159.26 local government unit of projects that the telecommunications right-of-way user expects to
159.27 undertake that may require excavation and obstruction of public rights-of-way.

159.28 (c) A local government unit may also require a telecommunications right-of-way user
159.29 that is registered with the local government unit pursuant to paragraph (b), clause (2), to
159.30 periodically update the information in its registration application.

159.31 (d) Notwithstanding sections 394.34 and 462.355, or any other law, a local government
159.32 unit must not establish a moratorium with respect to:

160.1 (1) filing, receiving, or processing applications for right-of-way or small wireless facility
 160.2 permits; or

160.3 (2) issuing or approving right-of-way or small wireless facility permits.

160.4 (e) A telecommunications right-of-way user may place a new wireless support structure
 160.5 or collocate small wireless facilities on wireless support structures located within a public
 160.6 right-of-way, subject to the approval procedures under this section and, for collocation on
 160.7 wireless support structures owned by a local government unit, the reasonable terms,
 160.8 conditions, and rates set forth under this section. A local government unit may prohibit,
 160.9 regulate, or charge a fee to install wireless support structures or to collocate small wireless
 160.10 facilities only as provided in this section.

160.11 (f) The placement of small wireless facilities and wireless support structures to
 160.12 accommodate small wireless facilities are a permitted use in a public right-of-way, except
 160.13 that a local government unit may require a person to obtain a special or conditional land
 160.14 use permit to install a new wireless support structure for the siting of a small wireless facility
 160.15 in a right-of-way in a district or area zoned for single-family residential use or within a
 160.16 historic district established by federal or state law or city ordinance as of the date of
 160.17 application for a small wireless facility permit. This paragraph does not apply to areas
 160.18 outside a public right-of-way that are zoned and used exclusively for single-family residential
 160.19 use.

160.20 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
 160.21 that paragraph (d) is effective January 1, 2018, for a local government unit that has not
 160.22 enacted an ordinance regulating public rights-of-way as of May 18, 2017.

160.23 Sec. 13. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision
 160.24 to read:

160.25 **Subd. 3a. Small wireless facility permits; general.** (a) A local government unit:

160.26 (1) may require a telecommunications right-of-way user to obtain a permit or permits
 160.27 under this section to place a new wireless support structure or collocate a small wireless
 160.28 facility in a public right-of-way managed by the local government unit;

160.29 (2) must not require an applicant for a small wireless facility permit to provide any
 160.30 information that:

160.31 (i) has previously been provided to the local government unit by the applicant in an
 160.32 application for a small wireless permit, which specific reference shall be provided to the
 160.33 local government unit by the applicant; and

161.1 (ii) is not reasonably necessary to review a permit application for compliance with
161.2 generally applicable and reasonable health, safety, and welfare regulations, and to
161.3 demonstrate compliance with applicable Federal Communications Commission regulations
161.4 governing radio frequency exposure, or other information required by this section;

161.5 (3) must ensure that any application for a small wireless facility permit is processed on
161.6 a nondiscriminatory basis; and

161.7 (4) must specify that the term of a small wireless facility permit is equal to the length
161.8 of time that the small wireless facility is in use, unless the permit is revoked under this
161.9 section.

161.10 (b) An applicant may file a consolidated permit application to collocate up to 15 small
161.11 wireless facilities, or a greater number if agreed to by a local government unit, provided
161.12 that all the small wireless facilities in the application:

161.13 (1) are located within a two-mile radius;

161.14 (2) consist of substantially similar equipment; and

161.15 (3) are to be placed on similar types of wireless support structures.

161.16 In rendering a decision on a consolidated permit application, a local government unit may
161.17 approve a permit for some small wireless facilities and deny a permit for others, but may
161.18 not use denial of one or more permits as a basis to deny all the small wireless facilities in
161.19 the application.

161.20 (c) If a local government unit receives applications within a single seven-day period
161.21 from one or more applicants seeking approval of permits for more than 30 small wireless
161.22 facilities, the local government unit may extend the 90-day deadline imposed in subdivision
161.23 3c by an additional 30 days. If a local government unit elects to invoke this extension, it
161.24 must inform in writing any applicant to whom the extension will be applied.

161.25 (d) A local government unit is prohibited from requiring a person to pay a small wireless
161.26 facility permit fee, obtain a small wireless facility permit, or enter into a small wireless
161.27 facility collocation agreement solely in order to conduct any of the following activities:

161.28 (1) routine maintenance of a small wireless facility;

161.29 (2) replacement of a small wireless facility with a new facility that is substantially similar
161.30 or smaller in size, weight, height, and wind or structural loading than the small wireless
161.31 facility being replaced; or

162.1 (3) installation, placement, maintenance, operation, or replacement of micro wireless
162.2 facilities that are suspended on cables strung between existing utility poles in compliance
162.3 with national safety codes.

162.4 A local government unit may require advance notification of these activities if the work
162.5 will obstruct a public right-of-way.

162.6 (e) Nothing in this subdivision affects the need for an entity seeking to place a small
162.7 wireless facility on a wireless support structure that is not owned by a local government
162.8 unit to obtain from the owner of the wireless support structure any necessary authority to
162.9 place the small wireless facility, nor shall any provision of this chapter be deemed to affect
162.10 the rates, terms, and conditions for access to or placement of a small wireless facility or a
162.11 wireless support structure not owned by a local government unit. This subdivision does not
162.12 affect any existing agreement between a local government unit and an entity concerning
162.13 the placement of small wireless facilities on local government unit-owned wireless support
162.14 structures.

162.15 (f) No later than six months after the effective date of this act or three months after
162.16 receiving a small wireless facility permit application from a wireless service provider, a
162.17 local government unit that has elected to set forth terms and conditions of collocation in a
162.18 standard small wireless facility collocation agreement shall develop and make available an
162.19 agreement that complies with the requirements of this section and section 237.162. A
162.20 standard small wireless facility collocation agreement shall be substantially complete.
162.21 Notwithstanding any law to the contrary, the parties to a small wireless facility collocation
162.22 agreement may incorporate additional terms and conditions mutually agreed upon into a
162.23 small wireless facility collocation agreement. A small wireless facility collocation agreement
162.24 between a local government unit and a wireless service provider is considered public data
162.25 not on individuals and is accessible to the public under section 13.03.

162.26 (g) An approval of a small wireless facility permit under this section authorizes the
162.27 installation, placement, maintenance, or operation of a small wireless facility to provide
162.28 wireless service and shall not be construed to confer authorization to (1) provide any service
162.29 other than a wireless service, or (2) install, place, maintain, or operate a wireline backhaul
162.30 facility in the right-of-way.

162.31 (h) The terms and conditions of collocation under this subdivision:

162.32 (1) may be set forth in a small wireless facility collocation agreement, if a local
162.33 government unit elects to utilize such an agreement;

162.34 (2) must be nondiscriminatory, competitively neutral, and commercially reasonable; and

163.1 (3) must comply with this section and section 237.162.

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

163.3 Sec. 14. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision
163.4 to read:

163.5 Subd. 3b. **Small wireless facility permits; placement.** (a) A local government unit may
163.6 not require the placement of small wireless facilities on any specific wireless support structure
163.7 other than the wireless support structure proposed in the permit application.

163.8 (b) A local government unit must not limit the placement of small wireless facilities,
163.9 either by minimum separation distances between small wireless facilities or maximum
163.10 height limitations, except that each wireless support structure installed in the right-of-way
163.11 after the effective date of this act shall not exceed 50 feet above ground level, unless the
163.12 local government unit agrees to a greater height, subject to local zoning regulations, and
163.13 may be subject to separation requirements in relation to other wireless support structures.

163.14 (c) Notwithstanding paragraph (b), a wireless support structure that replaces an existing
163.15 wireless support structure that is higher than 50 feet above ground level may be placed at
163.16 the height of the existing wireless support structure, unless the local government unit agrees
163.17 to a greater height, subject to local zoning regulations.

163.18 (d) Wireless facilities constructed in the right-of-way after the effective date of this act
163.19 may not extend more than ten feet above an existing wireless support structure in place as
163.20 of the effective date of this act.

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

163.22 Sec. 15. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision
163.23 to read:

163.24 Subd. 3c. **Small wireless facility permits; approval.** (a) Except as provided in
163.25 subdivision 4, a local government unit shall issue a small wireless facility permit to a
163.26 telecommunications right-of-way user seeking to install a new or replacement wireless
163.27 support structure for a small wireless facility, or to collocate a small wireless facility on a
163.28 wireless support structure in a public right-of-way. In processing and approving a small
163.29 wireless facility permit, a local government unit may condition its approval on compliance
163.30 with:

163.31 (1) generally applicable and reasonable health, safety, and welfare regulations consistent
163.32 with the local government unit's public right-of-way management;

164.1 (2) reasonable accommodations for decorative wireless support structures or signs; and

164.2 (3) any reasonable restocking, replacement, or relocation requirements when a new
164.3 wireless support structure is placed in a public right-of-way.

164.4 (b) A local government unit has 90 days after the date a small wireless facility permit
164.5 application is filed to issue or deny the permit, or the permit is automatically issued. To toll
164.6 the 90-day clock, the local government unit must provide a written notice of incompleteness
164.7 to the applicant within 30 days of receipt of the application, clearly and specifically
164.8 delineating all missing documents or information. Information delineated in the notice is
164.9 limited to documents or information publicly required as of the date of application and
164.10 reasonably related to a local government unit's determination whether the proposed equipment
164.11 falls within the definition of a small wireless facility and whether the proposed deployment
164.12 satisfies all health, safety, and welfare regulations applicable to the small wireless facility
164.13 permit request. Upon an applicant's submittal of additional documents or information in
164.14 response to a notice of incompleteness, the local government unit has ten days to notify the
164.15 applicant in writing of any information requested in the initial notice of incompleteness that
164.16 is still missing. Second or subsequent notices of incompleteness may not specify documents
164.17 or information that were not delineated in the original notice of incompleteness. Requests
164.18 for information not requested in the initial notice of incompleteness do not toll the 90-day
164.19 clock. Parties can mutually agree in writing to toll the 90-day clock at any time. Section
164.20 15.99 does not apply to this paragraph or paragraph (c).

164.21 For the purposes of this subdivision, "toll the 90-day clock" means to halt the progression
164.22 of days that count towards the 90-day deadline.

164.23 (c) Except as provided in subdivision 3a, paragraph (c), a small wireless facility permit
164.24 and any associated encroachment or building permit required by a local government unit,
164.25 are deemed approved if the local government unit fails to approve or deny the application
164.26 within 90 days after the permit application has been filed, unless the applicant and the local
164.27 government unit have mutually agreed in writing to extend the 90-day deadline.

164.28 (d) Nothing in this subdivision precludes a local government unit from applying generally
164.29 applicable and reasonable health, safety, and welfare regulations when evaluating and
164.30 deciding to approve or deny a small wireless facility permit.

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

165.1 Sec. 16. Minnesota Statutes 2016, section 237.163, subdivision 4, is amended to read:

165.2 Subd. 4. **Permit denial or revocation.** (a) A local government unit may deny any
165.3 application for a right-of-way or small wireless facility permit if the telecommunications
165.4 right-of-way user does not comply with a provision of this section.

165.5 (b) A local government unit may deny an application for a right-of-way permit if the
165.6 local government unit determines that the denial is necessary to protect the health, safety,
165.7 and welfare or when necessary to protect the public right-of-way and its current use.

165.8 (c) A local government unit may revoke a right-of-way or small wireless facility permit
165.9 granted to a telecommunications right-of-way user, with or without fee refund, in the event
165.10 of a substantial breach of the terms and conditions of statute, ordinance, rule, or regulation
165.11 or any material condition of the permit. A substantial breach by a permittee includes, but
165.12 is not limited to, the following:

165.13 (1) a material violation of a provision of the right-of-way or small wireless facility
165.14 permit;

165.15 (2) an evasion or attempt to evade any material provision of the right-of-way or small
165.16 wireless facility permit, or the perpetration or attempt to perpetrate any fraud or deceit upon
165.17 the local government unit or its citizens;

165.18 (3) a material misrepresentation of fact in the right-of-way or small wireless facility
165.19 permit application;

165.20 (4) a failure to complete work in a timely manner, unless a permit extension is obtained
165.21 or unless the failure to complete work is due to reasons beyond the permittee's control; and

165.22 (5) a failure to correct, in a timely manner, work that does not conform to applicable
165.23 standards, conditions, or codes, upon inspection and notification by the local government
165.24 unit of the faulty condition.

165.25 (d) Subject to this subdivision, a local government unit may not deny an application for
165.26 a right-of-way or small wireless facility permit for failure to include a project in a plan
165.27 submitted to the local government unit under subdivision 2, paragraph (b), clause (3), when
165.28 the telecommunications right-of-way user has used commercially reasonable efforts to
165.29 anticipate and plan for the project.

165.30 (e) In no event may a local government unit unreasonably withhold approval of an
165.31 application for a right-of-way or small wireless facility permit, or unreasonably revoke a
165.32 permit.

166.1 (f) Any denial or revocation of a right-of-way or small wireless facility permit must be
 166.2 made in writing and must document the basis for the denial. The local government unit must
 166.3 notify the telecommunications right-of-way user in writing within three business days of
 166.4 the decision to deny or revoke a permit. If a permit application is denied, the
 166.5 telecommunications right-of-way user may cure the deficiencies identified by the local
 166.6 government unit and resubmit its application. If the telecommunications right-of-way user
 166.7 resubmits the application within 30 days of receiving written notice of the denial, it may
 166.8 not be charged an additional filing or processing fee. The local government unit must approve
 166.9 or deny the revised application within 30 days after the revised application is submitted.

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

166.11 Sec. 17. Minnesota Statutes 2016, section 237.163, subdivision 6, is amended to read:

166.12 Subd. 6. **Fees.** (a) A local government unit may recover its right-of-way management
 166.13 costs by imposing a fee for registration, a fee for each right-of-way or small wireless facility
 166.14 permit, or, when appropriate, a fee applicable to a particular telecommunications right-of-way
 166.15 user when that user causes the local government unit to incur costs as a result of actions or
 166.16 inactions of that user. A local government unit may not recover costs from a
 166.17 telecommunications right-of-way user ~~costs~~ or an owner of a cable communications system
 166.18 awarded a franchise under chapter 238 caused by another entity's activity in the right-of-way.

166.19 (b) Fees, or other right-of-way obligations, imposed by a local government unit on
 166.20 telecommunications right-of-way users under this section must be:

166.21 (1) based on the actual costs incurred by the local government unit in managing the
 166.22 public right-of-way;

166.23 (2) based on an allocation among all users of the public right-of-way, including the local
 166.24 government unit itself, which shall reflect the proportionate costs imposed on the local
 166.25 government unit by each of the various types of uses of the public rights-of-way;

166.26 (3) imposed on a competitively neutral basis; and

166.27 (4) imposed in a manner so that aboveground uses of public rights-of-way do not bear
 166.28 costs incurred by the local government unit to regulate underground uses of public
 166.29 rights-of-way.

166.30 (c) The rights, duties, and obligations regarding the use of the public right-of-way
 166.31 imposed under this section must be applied to all users of the public right-of-way, including
 166.32 the local government unit while recognizing regulation must reflect the distinct engineering,
 166.33 construction, operation, maintenance and public and worker safety requirements, and

167.1 standards applicable to various users of the public rights-of-way. For users subject to the
167.2 franchising authority of a local government unit, to the extent those rights, duties, and
167.3 obligations are addressed in the terms of an applicable franchise agreement, the terms of
167.4 the franchise shall prevail over any conflicting provision in an ordinance.

167.5 (d) A wireless service provider may collocate small wireless facilities on wireless support
167.6 structures owned or controlled by a local government unit and located within the public
167.7 roads or rights-of-way without being required to apply for or enter into any individual
167.8 license, franchise, or other agreement with the local government unit or any other entity,
167.9 other than a standard small wireless facility collocation agreement under subdivision 3a,
167.10 paragraph (f), if the local unit of government elects to utilize such an agreement.

167.11 (e) Any initial engineering survey and preparatory construction work associated with
167.12 collocation must be paid by the cost causer in the form of a onetime, nonrecurring,
167.13 commercially reasonable, nondiscriminatory, and competitively neutral charge to recover
167.14 the costs associated with a proposed attachment.

167.15 (f) Total application fees for a small wireless facility permit must comply with this
167.16 subdivision with respect to costs related to the permit.

167.17 (g) A local government unit may elect to charge each small wireless facility attached to
167.18 a wireless support structure owned by the local government unit a fee, in addition to other
167.19 fees or charges allowed under this subdivision, consisting of:

167.20 (1) up to \$150 per year for rent to occupy space on a wireless support structure;

167.21 (2) up to \$25 per year for maintenance associated with the space occupied on a wireless
167.22 support structure; and

167.23 (3) a monthly fee for electricity used to operate a small wireless facility, if not purchased
167.24 directly from a utility, at the rate of:

167.25 (i) \$73 per radio node less than or equal to 100 max watts;

167.26 (ii) \$182 per radio node over 100 max watts; or

167.27 (iii) the actual costs of electricity, if the actual costs exceed the amount in item (i) or

167.28 (ii).

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

168.1 Sec. 18. Minnesota Statutes 2016, section 237.163, subdivision 7, is amended to read:

168.2 Subd. 7. **Additional right-of-way provisions.** (a) In managing the public rights-of-way
168.3 and in imposing fees under this section, no local government unit may:

168.4 (1) unlawfully discriminate among telecommunications right-of-way users;

168.5 (2) grant a preference to any telecommunications right-of-way user;

168.6 (3) create or erect any unreasonable requirement for entry to the public rights-of-way
168.7 by telecommunications right-of-way users; or

168.8 (4) require a telecommunications right-of-way user to obtain a franchise or pay for the
168.9 use of the right-of-way.

168.10 (b) A telecommunications right-of-way user need not apply for or obtain right-of-way
168.11 permits for facilities that are located in public rights-of-way on May 10, 1997, for which
168.12 the user has obtained the required consent of the local government unit, or that are otherwise
168.13 lawfully occupying the public right-of-way. However, the telecommunications right-of-way
168.14 user may be required to register and to obtain a right-of-way permit for an excavation or
168.15 obstruction of existing facilities within the public right-of-way after May 10, 1997.

168.16 (c) Data and documents exchanged between a local government unit and a
168.17 telecommunications right-of-way user are subject to the terms of chapter 13. A local
168.18 government unit not complying with this paragraph is subject to the penalties set forth in
168.19 section 13.08.

168.20 (d) A local government unit may not collect a fee imposed under this section through
168.21 the provision of in-kind services by a telecommunications right-of-way user, nor may a
168.22 local government unit require the provision of in-kind services as a condition of consent to
168.23 use the local government unit's public right-of-way or to obtain a small wireless facility
168.24 permit.

168.25 (e) Except as provided in this chapter or required by federal law, a local government
168.26 unit shall not adopt or enforce any regulation on the placement or operation of
168.27 communications facilities in the right-of-way where the entity is already authorized to
168.28 operate in the right-of-way, and shall not regulate or impose or collect fees on
168.29 communications services except to the extent specifically provided for in the existing
168.30 authorization, and unless expressly required by state or federal statute.

169.1 Sec. 19. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision
169.2 to read:

169.3 Subd. 9. **Authorized contractors.** (a) Nothing in this section precludes a
169.4 telecommunications right-of-way user from authorizing another entity or individual to act
169.5 on its behalf to install, construct, maintain, or repair a facility or facilities owned or controlled
169.6 by the telecommunications right-of-way user.

169.7 (b) A local government unit is prohibited from imposing fees or requirements on an
169.8 authorized entity or individual for actions on behalf of a telecommunications right-of-way
169.9 user that are in addition to or different from the fees and requirements it is authorized to
169.10 impose on the telecommunications right-of-way user under this section.

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

169.12 Sec. 20. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision
169.13 to read:

169.14 Subd. 10. **Exemptions.** (a) Notwithstanding any other provision in this chapter, this
169.15 section does not apply to a wireless support structure owned, operated, maintained, or served
169.16 by a municipal electric utility.

169.17 (b) Subdivisions 3a, 3b, 3c, and subdivision 6, paragraphs (d) through (g), and subdivision
169.18 7, paragraph (e), do not apply to the collocation or regulation of small wireless facilities
169.19 issued a permit by a local government unit before the effective date of this act under an
169.20 ordinance enacted before May 18, 2017, that regulates the collocation of small wireless
169.21 facilities.

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

169.23 **ARTICLE 10**

169.24 **ENERGY POLICY**

169.25 Section 1. Minnesota Statutes 2016, section 3.8851, subdivision 1, is amended to read:

169.26 Subdivision 1. **Establishment.** (a) There is established a Legislative Energy Commission
169.27 to study and to make recommendations for legislation concerning issues related to its duties
169.28 under subdivision 3.

169.29 (b) The commission consists of:

169.30 (1) ~~ten~~ nine members of the house of representatives, five of whom are appointed by
169.31 the speaker of the house; and four of whom ~~must be from~~ are appointed by the leader of the

170.1 minority caucus, ~~and including the chair of the committee with primary jurisdiction over~~
 170.2 ~~energy policy; the chair or another member of each of the committees with primary~~
 170.3 ~~jurisdiction over environmental policy, agricultural policy, and transportation policy; and~~

170.4 (2) ~~ten~~ nine members of the senate ~~to be~~, five of whom are appointed by the Subcommittee
 170.5 ~~on Committees~~, leader of the majority caucus and four of whom must be from are appointed
 170.6 by the leader of the minority caucus, ~~and including the chair of the committee with primary~~
 170.7 ~~jurisdiction over energy policy; and the chair or another member of each of the committees~~
 170.8 ~~with primary jurisdiction over environmental policy, agricultural policy, and transportation~~
 170.9 ~~policy.~~

170.10 (c) The commission may employ full-time and part-time staff, contract for consulting
 170.11 services, and may reimburse the expenses of persons requested to assist it in its duties. The
 170.12 director of the Legislative Coordinating Commission shall assist the commission in
 170.13 administrative matters. The commission shall elect cochairs, one member of the house of
 170.14 representatives and one member of the senate from among the committee and subcommittee
 170.15 chairs named to the commission. The commission members from the house of representatives
 170.16 shall elect the house of representatives cochair, and the commission members from the
 170.17 senate shall elect the senate cochair.

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

170.19 Sec. 2. Minnesota Statutes 2016, section 16B.323, is amended to read:

170.20 **16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

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

170.23 (b) ~~"Made in Minnesota" means the manufacture in this state of:~~

170.24 (1) ~~components of a solar thermal system certified by the Solar Rating and Certification~~
 170.25 ~~Corporation; or~~

170.26 (2) ~~solar photovoltaic modules that:~~

170.27 (i) ~~are manufactured at a manufacturing facility in Minnesota that is registered and~~
 170.28 ~~authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory,~~
 170.29 ~~CSA International, Intertek, or an equivalent independent testing agency;~~

170.30 (ii) ~~bear certification marks from Underwriters Laboratory, CSA International, Intertek,~~
 170.31 ~~or an equivalent independent testing agency; and~~

171.1 ~~(iii) meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses~~
 171.2 ~~(1), (5), and (6).~~

171.3 ~~For the purposes of clause (2), "manufactured" has the meaning given in section~~
 171.4 ~~116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

171.5 ~~(e)~~ (b) "Major renovation" means a substantial addition to an existing building, or a
 171.6 substantial change to the interior configuration or the energy system of an existing building.

171.7 ~~(d)~~ (c) "Solar energy system" means solar photovoltaic ~~modules~~ devices alone or installed
 171.8 in conjunction with a solar thermal system.

171.9 ~~(e) "Solar Photovoltaic module~~ (d) "Photovoltaic device" has the meaning given in
 171.10 section ~~116C.7791, subdivision 1, paragraph (e)~~ 216C.06, subdivision 16.

171.11 ~~(f)~~ (e) "Solar thermal system" has the meaning given "qualifying solar thermal project"
 171.12 in section 216B.2411, subdivision 2, paragraph (e).

171.13 ~~(g)~~ (f) "State building" means a building whose construction or renovation is paid wholly
 171.14 or in part by the state from the bond proceeds fund.

171.15 Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for
 171.16 the construction or major renovation of a state building, after the completion of a cost-benefit
 171.17 analysis, may include installation of "~~Made in Minnesota~~" solar energy systems of ~~40~~ up
 171.18 to 300 kilowatts capacity on, adjacent, or in proximity to the state building.

171.19 (b) The capacity of a solar energy system must be less than ~~40~~ 300 kilowatts to the extent
 171.20 necessary to match the electrical load of the building, ~~or to the extent the capacity must be~~
 171.21 no more than necessary to keep the costs for the installation below the five percent maximum
 171.22 set by paragraph (c).

171.23 (c) The cost of the solar energy system must not exceed five percent of the appropriations
 171.24 from the bond proceeds fund for the construction or renovation of the state building. Purchase
 171.25 and installation of a solar thermal system may account for no more than 25 percent of the
 171.26 cost of a solar energy system installation.

171.27 (d) A project subject to this section is ineligible to receive a rebate for the installation
 171.28 of a solar energy system under section 116C.7791 or from any utility.

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

172.1 Sec. 3. Minnesota Statutes 2016, section 116C.779, subdivision 1, is amended to read:

172.2 Subdivision 1. **Renewable development account.** (a) The renewable development
172.3 account is established as a separate account in the special revenue fund in the state treasury.
172.4 Appropriations and transfers to the account shall be credited to the account. Earnings, such
172.5 as interest, dividends, and any other earnings arising from assets of the account, shall be
172.6 credited to the account. Funds remaining in the account at the end of a fiscal year are not
172.7 canceled to the general fund but remain in the account until expended. The account shall
172.8 be administered by the commissioner of management and budget as provided under this
172.9 section.

172.10 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
172.11 plant must transfer all funds in the renewable development account previously established
172.12 under this subdivision and managed by the public utility to the renewable development
172.13 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
172.14 that have not yet been expended and unencumbered funds required to be paid in calendar
172.15 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
172.16 to transfer under this paragraph.

172.17 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
172.18 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
172.19 plant must transfer to a ~~renewable development~~ renewable development account \$500,000
172.20 each year for each dry cask containing spent fuel that is located at the Prairie Island power
172.21 plant for each year the plant is in operation, and \$7,500,000 each year the plant is not in
172.22 operation if ordered by the commission pursuant to paragraph ~~(e)~~ (i). The fund transfer must
172.23 be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility
172.24 at Prairie Island for any part of a year.

172.25 ~~(b)~~ (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
172.26 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
172.27 plant must transfer to the renewable development account \$350,000 each year for each dry
172.28 cask containing spent fuel that is located at the Monticello nuclear power plant for each
172.29 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
172.30 by the commission pursuant to paragraph ~~(e)~~ (i). The fund transfer must be made if nuclear
172.31 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
172.32 any part of a year.

173.1 (e) Each year, the public utility shall withhold from the funds transferred to the renewable
173.2 development account under paragraphs (c) and (d) the amount necessary to pay its obligations
173.3 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

173.4 (f) If the commission approves a new or amended power purchase agreement, the
173.5 termination of a power purchase agreement, or the purchase and closure of a facility under
173.6 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
173.7 the public utility subject to this section shall enter into a contract with the city in which the
173.8 poultry litter plant is located to provide grants to the city for the purposes of economic
173.9 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
173.10 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
173.11 by the public utility from funds withheld from the transfer to the renewable development
173.12 account, as provided in paragraphs (b) and (e).

173.13 (g) If the commission approves a new or amended power purchase agreement, or the
173.14 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
173.15 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
173.16 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
173.17 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
173.18 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
173.19 30 days after the commission approves the new or amended power purchase agreement, or
173.20 the termination of the power purchase agreement, and on each June 1 thereafter through
173.21 2021, to assist the transition required by the new, amended, or terminated power purchase
173.22 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
173.23 to the renewable development account as provided in paragraphs (b) and (e).

173.24 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
173.25 and (g) is limited to the amount deposited into the renewable development account, and its
173.26 predecessor, the renewable development account, established under this section, that was
173.27 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
173.28 10.

173.29 ~~(e)~~ (i) After discontinuation of operation of the Prairie Island nuclear plant or the
173.30 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
173.31 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for
173.32 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello
173.33 facility for any year in which the commission finds, by the preponderance of the evidence,
173.34 that the public utility did not make a good faith effort to remove the spent nuclear fuel stored

174.1 at the facility to a permanent or interim storage site out of the state. This determination shall
 174.2 be made at least every two years.

174.3 ~~(d)~~ (j) Funds in the account may be expended only for any of the following purposes:

174.4 ~~(1) to increase the market penetration within the state of renewable electric energy~~
 174.5 ~~resources at reasonable costs;~~

174.6 ~~(2) to promote the start-up, expansion, and attraction of renewable electric energy projects~~
 174.7 ~~and companies within the state;~~

174.8 ~~(3) to stimulate research and development within the state into~~ of renewable electric
 174.9 energy technologies; ~~and~~

174.10 ~~(4) to develop near-commercial and demonstration scale renewable electric projects or~~
 174.11 ~~near-commercial and demonstration scale electric infrastructure delivery projects if those~~
 174.12 ~~delivery projects enhance the delivery of renewable electric energy~~

174.13 (2) to encourage grid modernization, including, but not limited to, projects that implement
 174.14 electricity storage, load control, and smart meter technology; and

174.15 (3) to stimulate other innovative energy projects that reduce demand and increase system
 174.16 efficiency and flexibility.

174.17 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
 174.18 from the utility that owns a nuclear-powered electric generating plant in this state or the
 174.19 Prairie Island Indian community or its members.

174.20 The utility that owns a nuclear generating plant is eligible to apply for ~~renewable development~~
 174.21 ~~account~~ grants under this subdivision.

174.22 (k) For the purposes of paragraph (j), the following terms have the meanings given:

174.23 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
 174.24 (c), clauses (1), (2), (4), and (5); and

174.25 (2) "grid modernization" means:

174.26 (i) enhancing the reliability of the electrical grid;

174.27 (ii) improving the security of the electrical grid against cyberthreats and physical threats;

174.28 and

174.29 (iii) increasing energy conservation opportunities by facilitating communication between
 174.30 the utility and its customers through the use of two-way meters, control technologies, energy

175.1 storage and microgrids, technologies to enable demand response, and other innovative
 175.2 technologies.

175.3 ~~(e) Expenditures authorized by this subdivision from the account may be made only~~
 175.4 ~~after approval by order of the Public Utilities Commission upon a petition by the public~~
 175.5 ~~utility. The commission may approve proposed expenditures, may disapprove proposed~~
 175.6 ~~expenditures that it finds to be not in compliance with this subdivision or otherwise not in~~
 175.7 ~~the public interest, and may, if agreed to by the public utility, modify proposed expenditures.~~
 175.8 ~~The commission may approve reasonable and necessary expenditures for administering the~~
 175.9 ~~account in an amount not to exceed five percent of expenditures. Commission approval is~~
 175.10 ~~not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or~~
 175.11 ~~other law.~~

175.12 ~~(f) The account shall be managed by the public utility but the public utility must consult~~
 175.13 ~~about account expenditures with an~~ (l) A renewable development account advisory group
 175.14 that includes, among others, representatives of the public utility and its ratepayers, and
 175.15 includes at least one representative of the Prairie Island Indian community appointed by
 175.16 that community's tribal council, shall develop recommendations on account expenditures.
 175.17 ~~The commission may require that other interests be represented on the advisory group. The~~
 175.18 ~~advisory group must be consulted with respect to the general scope of expenditures in~~
 175.19 ~~designing design a request for proposal and in evaluating evaluate projects submitted in~~
 175.20 ~~response to a request for proposals. In addition to consulting with~~ The advisory group, ~~the~~
 175.21 ~~public utility~~ must utilize an independent third-party expert to evaluate proposals submitted
 175.22 in response to a request for proposal, including all proposals made by the public utility. A
 175.23 request for proposal for research and development under paragraph ~~(d)~~ (j), clause ~~(3)~~ (1),
 175.24 may be limited to or include a request to higher education institutions located in Minnesota
 175.25 for multiple projects authorized under paragraph ~~(d)~~ (j), clause ~~(3)~~ (1). The request for
 175.26 multiple projects may include a provision that exempts the projects from the third-party
 175.27 expert review and instead provides for project evaluation and selection by a merit peer
 175.28 review grant system. ~~The utility should attempt to reach agreement with the advisory group~~
 175.29 ~~after consulting with it but the utility has full and sole authority to determine which~~
 175.30 ~~expenditures shall be submitted to the commission for commission approval.~~ In the process
 175.31 of determining request for proposal scope and subject and in evaluating responses to request
 175.32 for proposals, the ~~public utility~~ advisory group must strongly consider, where reasonable,
 175.33 potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

175.34 (m) The advisory group shall submit funding recommendations to the public utility,
 175.35 which has full and sole authority to determine which expenditures shall be submitted by

176.1 the advisory group to the legislature. The commission may approve proposed expenditures,
 176.2 may disapprove proposed expenditures that it finds not to be in compliance with this
 176.3 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
 176.4 modify proposed expenditures. The commission shall, by order, submit its funding
 176.5 recommendations to the legislature as provided under paragraph (n).

176.6 ~~(g) Funds in~~ (n) The commission shall present its recommended appropriations from
 176.7 the account to the senate and house of representatives committees with jurisdiction over
 176.8 energy policy and finance annually by February 15. Expenditures from the account may
 176.9 ~~not must be directly appropriated by the legislature by a law enacted after January 1, 2012,~~
 176.10 ~~and unless appropriated by a law enacted prior to that date may be expended only pursuant~~
 176.11 ~~to an order of the commission according to this subdivision. In enacting appropriations from~~
 176.12 the account, the legislature:

176.13 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
 176.14 a project recommended by the commission; and

176.15 (2) may not appropriate money for a project the commission has not recommended
 176.16 funding.

176.17 ~~(h) (n)~~ (n) A request for proposal for renewable energy generation projects must, when
 176.18 feasible and reasonable, give preference to projects that are most cost-effective for a particular
 176.19 energy source.

176.20 ~~(i) (o)~~ (o) ~~The public utility advisory group~~ must annually, by February 15, report to the
 176.21 chairs and ranking minority members of the legislative committees with jurisdiction over
 176.22 energy policy on projects funded by the account for the prior year and all previous years.
 176.23 The report must, to the extent possible and reasonable, itemize the actual and projected
 176.24 financial benefit to the public utility's ratepayers of each project.

176.25 (p) By February 1, 2018, and each February 1 thereafter, the commissioner of
 176.26 management and budget shall submit a written report regarding the availability of funds in
 176.27 and obligations of the account to the chairs and ranking minority members of the senate
 176.28 and house committees with jurisdiction over energy policy and finance, the public utility,
 176.29 and the advisory group.

176.30 ~~(j) (q)~~ (q) A project receiving funds from the account must produce a written final report
 176.31 that includes sufficient detail for technical readers and a clearly written summary for
 176.32 nontechnical readers. The report must include an evaluation of the project's financial,
 176.33 environmental, and other benefits to the state and the public utility's ratepayers.

177.1 ~~(k)~~ (r) Final reports, any mid-project status reports, and renewable development account
 177.2 financial reports must be posted online on a public Web site designated by the ~~commission~~
 177.3 commissioner of commerce.

177.4 ~~(h)~~ (s) All final reports must acknowledge that the project was made possible in whole
 177.5 or part by the Minnesota renewable development ~~fund~~ account, noting that the ~~fund~~ account
 177.6 is financed by the public utility's ratepayers.

177.7 (t) Of the amount in the renewable development account, priority must be given to
 177.8 making the payments required under section 216C.417.

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

177.10 Sec. 4. Minnesota Statutes 2016, section 116C.7792, is amended to read:

177.11 **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

177.12 The utility subject to section 116C.779 shall operate a program to provide solar energy
 177.13 production incentives for solar energy systems of no more than a total nameplate capacity
 177.14 of 20 kilowatts direct current. The program shall be operated for ~~five~~ eight consecutive
 177.15 calendar years commencing in 2014. \$5,000,000 shall be allocated ~~for~~ in each of the ~~five~~
 177.16 first four years, \$15,000,000 in the fifth year, \$10,000,000 in each of the sixth and seventh
 177.17 years, and \$5,000,000 in the eighth year from funds withheld from transfer to the renewable
 177.18 development account established in section 116C.779 to a separate under section 116C.779,
 177.19 subdivision 1, paragraphs (b) and (e), and placed in a separate account for the purpose of
 177.20 the solar production incentive program. The solar system must be sized to less than 120
 177.21 percent of the customer's on-site annual energy consumption. The production incentive
 177.22 must be paid for ten years commencing with the commissioning of the system. The utility
 177.23 must file a plan to operate the program with the commissioner of commerce. The utility
 177.24 may not operate the program until it is approved by the commissioner.

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

177.26 Sec. 5. Minnesota Statutes 2016, section 216B.164, subdivision 2, is amended to read:

177.27 Subd. 2. **Applicability; rights maintained.** (a) This section as well as any rules
 177.28 promulgated by the commission to implement this section or the Public Utility Regulatory
 177.29 Policies Act of 1978, Public Law 95-617, Statutes at Large, volume 92, page 3117, as
 177.30 amended, and the Federal Energy Regulatory Commission regulations thereunder, Code of
 177.31 Federal Regulations, title 18, part 292, as amended, shall, unless otherwise provided in this

178.1 section, apply to all Minnesota electric utilities, including cooperative electric associations
178.2 and municipal electric utilities.

178.3 (b) Nothing in this section shall be construed to alter the rights and duties of any person
178.4 pursuant to the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, Statutes
178.5 at Large, volume 92, page 3117, as amended, and the Federal Energy Regulatory Commission
178.6 regulations thereunder, Code of Federal Regulations, title 18, part 292, as amended.

178.7 Sec. 6. Minnesota Statutes 2016, section 216B.164, subdivision 5, is amended to read:

178.8 Subd. 5. **Dispute; resolution.** (a) In the event of disputes between ~~an electric~~ a public
178.9 utility and a qualifying facility, either party may request a determination of the issue by the
178.10 commission. In any such determination, the burden of proof shall be on the public utility.
178.11 The commission in its order resolving each such dispute shall require payments to the
178.12 prevailing party of the prevailing party's costs, disbursements, and reasonable attorneys'
178.13 fees, except that the qualifying facility will be required to pay the costs, disbursements, and
178.14 attorneys' fees of the public utility only if the commission finds that the claims of the
178.15 qualifying facility in the dispute have been made in bad faith, or are a sham, or are frivolous.

178.16 (b) Notwithstanding subdivisions 9 and 11, a qualifying facility over 20 megawatts may,
178.17 until December 31, 2022, request that the commission resolve a dispute with any utility,
178.18 including a cooperative electric association or municipal utility, under paragraph (a).

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

178.20 Sec. 7. Minnesota Statutes 2016, section 216B.164, subdivision 9, is amended to read:

178.21 Subd. 9. **Municipal electric utility.** For purposes of this section only, ~~except subdivision~~
178.22 ~~5,~~ and with respect to municipal electric utilities only, the term "commission" means the
178.23 governing body of each municipal electric utility that adopts and has in effect rules
178.24 implementing this section which are consistent with the rules adopted by the Minnesota
178.25 Public Utilities Commission under subdivision 6. As used in this subdivision, the governing
178.26 body of a municipal electric utility means the city council of that municipality; except that,
178.27 if another board, commission, or body is empowered by law or resolution of the city council
178.28 or by its charter to establish and regulate rates and days for the distribution of electric energy
178.29 within the service area of the city, that board, commission, or body shall be considered the
178.30 governing body of the municipal electric utility.

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

179.1 Sec. 8. Minnesota Statutes 2016, section 216B.164, is amended by adding a subdivision
179.2 to read:

179.3 Subd. 11. **Cooperative electric association.** (a) For purposes of this section only, the
179.4 term "commission" means the board of directors of a cooperative association that (1) elects,
179.5 by resolution, to assume the authority delegated to the Public Utilities Commission over
179.6 cooperative electric associations under this section, and (2) adopts and has in effect rules
179.7 implementing this section. The rules must provide for a process to resolve disputes that
179.8 arise under this section, and must include a provision that a request by either party for
179.9 mediation of the dispute by an independent third party must be implemented in accordance
179.10 with paragraph (b). A cooperative electric association that has adopted a resolution and
179.11 rules under this subdivision is exempt from regulation by the Public Utilities Commission
179.12 under this section.

179.13 (b) In the event of a dispute between a cooperative electric association and one or more
179.14 of its members, either party may request mediation of the dispute only after all attempts to
179.15 settle the dispute under the cooperative electric association's dispute resolution process have
179.16 been exhausted. The parties must mutually agree upon the selection of a mediator, who
179.17 must be listed on the roster of neutrals for civil matters established by the state court
179.18 administrator under Rule 114.12 of Minnesota's General Rules of Practice for the District
179.19 Courts. The cooperative electric association shall pay 90 percent of the cost of mediation,
179.20 and the member or members who initiated the dispute shall pay ten percent of the cost of
179.21 mediation.

179.22 (c) Except as provided in paragraph (d), any proceedings concerning the activities of a
179.23 cooperative electric association under this section that are pending at the Public Utilities
179.24 Commission on the effective date of this section are terminated on that date.

179.25 (d) The Public Utilities Commission may complete its investigation in Docket No. 16-512
179.26 to assess whether the methodology used by cooperative associations to establish a fee under
179.27 section 216B.164, subdivision 3, paragraph (a), complies with state law if the commission
179.28 determines that completing the investigation is necessary to protect the public interest, in
179.29 which case it shall complete the investigation no later than December 31, 2017. A
179.30 methodology that the commission determines complies with state law may not be challenged
179.31 in a dispute under this section. If the commission determines that a methodology does not
179.32 comply with state law, it shall clearly state the changes necessary to bring the methodology
179.33 into compliance, and a cooperative electric association shall modify its methodology in
179.34 accordance with the commission's directives.

180.1 (e) For a cooperative electric association that elects to operate under the provisions of
180.2 paragraph (a), disputes arising under this section subsequent to a cooperative electric
180.3 association's modification of its methodology under paragraph (d) shall be addressed under
180.4 the cooperative association's rules and paragraph (b), as applicable.

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

180.6 Sec. 9. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

180.7 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
180.8 and 2b, each public utility shall generate or procure sufficient electricity generated by solar
180.9 energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at
180.10 least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is
180.11 generated by solar energy.

180.12 (b) For a public utility with more than 200,000 retail electric customers, at least ten
180.13 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
180.14 solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

180.15 (c) A public utility with between 50,000 and 200,000 retail electric customers:

180.16 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
180.17 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
180.18 less; and

180.19 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
180.20 of 40 kilowatts or less to a community solar garden program operated by the public utility
180.21 that has been approved by the commission.

180.22 ~~(b)~~ (d) The solar energy standard established in this subdivision is subject to all the
180.23 provisions of this section governing a utility's standard obligation under subdivision 2a.

180.24 ~~(e)~~ (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the
180.25 retail electric sales in Minnesota be generated by solar energy.

180.26 ~~(d)~~ (f) For the purposes of calculating the total retail electric sales of a public utility
180.27 under this subdivision, there shall be excluded retail electric sales to customers that are:

180.28 (1) an iron mining extraction and processing facility, including a scam mining facility
180.29 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

180.30 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
180.31 manufacturer.

181.1 Those customers may not have included in the rates charged to them by the public utility
 181.2 any costs of satisfying the solar standard specified by this subdivision.

181.3 ~~(e)~~(g) A public utility may not use energy used to satisfy the solar energy standard under
 181.4 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
 181.5 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
 181.6 solar standard under this subdivision.

181.7 ~~(f)~~(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
 181.8 with a solar photovoltaic device installed and generating electricity in Minnesota after
 181.9 August 1, 2013, but before 2020 may be used to meet the solar energy standard established
 181.10 under this subdivision.

181.11 ~~(g)~~(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall
 181.12 file a report with the commission reporting its progress in achieving the solar energy standard
 181.13 established under this subdivision.

181.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

181.15 Sec. 10. Minnesota Statutes 2016, section 216B.1694, subdivision 3, is amended to read:

181.16 Subd. 3. **Staging and permitting.** (a) A natural gas-fired plant that is located on one
 181.17 site designated as an innovative energy project site under subdivision 1, clause (3), is
 181.18 accorded the regulatory incentives granted to an innovative energy project under subdivision
 181.19 2, clauses (1) to (3), and may exercise the authorities therein.

181.20 (b) Following issuance of a final state or federal environmental impact statement for an
 181.21 innovative energy project that was a subject of contested case proceedings before an
 181.22 administrative law judge:

181.23 (1) site and route permits and water appropriation approvals for an innovative energy
 181.24 project must also be deemed valid for a plant meeting the requirements of paragraph (a)
 181.25 and shall remain valid until the ~~earlier~~ later of (i) four years from the date the final required
 181.26 state or federal preconstruction permit is issued or (ii) June 30, ~~2019~~ 2025; and

181.27 (2) no air, water, or other permit issued by a state agency that is necessary for constructing
 181.28 an innovative energy project may be the subject of contested case hearings, notwithstanding
 181.29 Minnesota Rules, parts 7000.1750 to 7000.2200.

182.1 Sec. 11. Minnesota Statutes 2016, section 216B.241, subdivision 1b, is amended to read:

182.2 Subd. 1b. **Conservation improvement by cooperative association or municipality.**

182.3 (a) This subdivision applies to:

182.4 (1) a cooperative electric association that provides retail service to ~~its~~ more than 5,000
182.5 members;

182.6 (2) a municipality that provides electric service to more than 1,000 retail customers; and

182.7 (3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales
182.8 to natural gas ~~to~~ retail customers.

182.9 (b) Each cooperative electric association and municipality subject to this subdivision
182.10 shall spend and invest for energy conservation improvements under this subdivision the
182.11 following amounts:

182.12 (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas
182.13 and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross
182.14 operating revenues from electric and gas service provided in the state to large electric
182.15 customer facilities; and

182.16 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues
182.17 from service provided in the state, excluding gross operating revenues from service provided
182.18 in the state to large electric customer facilities indirectly through a distribution cooperative
182.19 electric association.

182.20 (c) Each municipality and cooperative electric association subject to this subdivision
182.21 shall identify and implement energy conservation improvement spending and investments
182.22 that are appropriate for the municipality or association, except that a municipality or
182.23 association may not spend or invest for energy conservation improvements that directly
182.24 benefit a large energy facility or a large electric customer facility for which the commissioner
182.25 has issued an exemption under subdivision 1a, paragraph (b).

182.26 (d) Each municipality and cooperative electric association subject to this subdivision
182.27 may spend and invest annually up to ten percent of the total amount required to be spent
182.28 and invested on energy conservation improvements under this subdivision on research and
182.29 development projects that meet the definition of energy conservation improvement in
182.30 subdivision 1 and that are funded directly by the municipality or cooperative electric
182.31 association.

182.32 (e) Load-management activities may be used to meet 50 percent of the conservation
182.33 investment and spending requirements of this subdivision.

183.1 (f) A generation and transmission cooperative electric association that provides energy
 183.2 services to cooperative electric associations that provide electric service at retail to consumers
 183.3 may invest in energy conservation improvements on behalf of the associations it serves and
 183.4 may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate
 183.5 basis. A municipal power agency or other not-for-profit entity that provides energy service
 183.6 to municipal utilities that provide electric service at retail may invest in energy conservation
 183.7 improvements on behalf of the municipal utilities it serves and may fulfill the conservation,
 183.8 spending, reporting, and energy-savings goals on an aggregate basis, under an agreement
 183.9 between the municipal power agency or not-for-profit entity and each municipal utility for
 183.10 funding the investments.

183.11 (g) Each municipality or cooperative shall file energy conservation improvement plans
 183.12 by June 1 on a schedule determined by order of the commissioner, but at least every three
 183.13 years. Plans received by June 1 must be approved or approved as modified by the
 183.14 commissioner by December 1 of the same year. The municipality or cooperative shall
 183.15 provide an evaluation to the commissioner detailing its energy conservation improvement
 183.16 spending and investments for the previous period. The evaluation must briefly describe
 183.17 each conservation program and must specify the energy savings or increased efficiency in
 183.18 the use of energy within the service territory of the utility or association that is the result of
 183.19 the spending and investments. The evaluation must analyze the cost-effectiveness of the
 183.20 utility's or association's conservation programs, using a list of baseline energy and capacity
 183.21 savings assumptions developed in consultation with the department. The commissioner
 183.22 shall review each evaluation and make recommendations, where appropriate, to the
 183.23 municipality or association to increase the effectiveness of conservation improvement
 183.24 activities.

183.25 ~~(h) MS 2010 [Expired, 1Sp2003 c 11 art 3 s 4; 2007 c 136 art 2 s 5]~~

183.26 ~~(h)~~ (h) The commissioner shall consider and may require a utility, association, or other
 183.27 entity providing energy efficiency and conservation services under this section to undertake
 183.28 a program suggested by an outside source, including a political subdivision, nonprofit
 183.29 corporation, or community organization.

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

183.31 Sec. 12. Minnesota Statutes 2016, section 216B.241, subdivision 1c, is amended to read:

183.32 Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving
 183.33 goals for energy conservation improvement expenditures and shall evaluate an energy
 183.34 conservation improvement program on how well it meets the goals set.

184.1 (b) Each individual utility and association shall have an annual energy-savings goal
184.2 equivalent to 1.5 percent of gross annual retail energy sales unless modified by the
184.3 commissioner under paragraph (d). The savings goals must be calculated based on the most
184.4 recent three-year weather-normalized average. A utility or association may elect to carry
184.5 forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar
184.6 years, except that savings from electric utility infrastructure projects allowed under paragraph
184.7 (d) may be carried forward for five years. A particular energy savings can be used only for
184.8 one year's goal.

184.9 (c) The commissioner must adopt a filing schedule that is designed to have all utilities
184.10 and associations operating under an energy-savings plan by calendar year 2010.

184.11 (d) In its energy conservation improvement plan filing, a utility or association may
184.12 request the commissioner to adjust its annual energy-savings percentage goal based on its
184.13 historical conservation investment experience, customer class makeup, load growth, a
184.14 conservation potential study, or other factors the commissioner determines warrants an
184.15 adjustment. The commissioner may not approve a plan of a public utility that provides for
184.16 an annual energy-savings goal of less than one percent of gross annual retail energy sales
184.17 from energy conservation improvements.

184.18 A utility or association may include in its energy conservation plan energy savings from
184.19 electric utility infrastructure projects approved by the commission under section 216B.1636
184.20 or waste heat recovery converted into electricity projects that may count as energy savings
184.21 in addition to a minimum energy-savings goal of at least one percent for energy conservation
184.22 improvements. Energy savings from electric utility infrastructure projects, as defined in
184.23 section 216B.1636, may be included in the energy conservation plan of a municipal utility
184.24 or cooperative electric association. Electric utility infrastructure projects must result in
184.25 increased energy efficiency greater than that which would have occurred through normal
184.26 maintenance activity.

184.27 (e) An energy-savings goal is not satisfied by attaining the revenue expenditure
184.28 requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the
184.29 energy-savings goal established in this subdivision.

184.30 (f) An association or utility is not required to make energy conservation investments to
184.31 attain the energy-savings goals of this subdivision that are not cost-effective even if the
184.32 investment is necessary to attain the energy-savings goals. For the purpose of this paragraph,
184.33 in determining cost-effectiveness, the commissioner shall consider the costs and benefits
184.34 to ratepayers, the utility, participants, and society. In addition, the commissioner shall

185.1 consider the rate at which an association or municipal utility is increasing its energy savings
185.2 and its expenditures on energy conservation.

185.3 (g) On an annual basis, the commissioner shall produce and make publicly available a
185.4 report on the annual energy savings and estimated carbon dioxide reductions achieved by
185.5 the energy conservation improvement programs for the two most recent years for which
185.6 data is available. The commissioner shall report on program performance both in the
185.7 aggregate and for each entity filing an energy conservation improvement plan for approval
185.8 or review by the commissioner.

185.9 (h) By January 15, 2010, the commissioner shall report to the legislature whether the
185.10 spending requirements under subdivisions 1a and 1b are necessary to achieve the
185.11 energy-savings goals established in this subdivision.

185.12 (i) This subdivision does not apply to:

185.13 (1) a cooperative electric association with fewer than 5,000 members;

185.14 (2) a municipal utility with fewer than 1,000 retail electric customers; or

185.15 (3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales
185.16 to retail natural gas customers.

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

185.18 Sec. 13. Minnesota Statutes 2016, section 216B.241, subdivision 1d, is amended to read:

185.19 Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation
185.20 improvement programs on the basis of cost-effectiveness and the reliability of the
185.21 technologies employed. The commissioner shall, by order, establish, maintain, and update
185.22 energy-savings assumptions that must be used when filing energy conservation improvement
185.23 programs. The commissioner shall establish an inventory of the most effective energy
185.24 conservation programs, techniques, and technologies, and encourage all Minnesota utilities
185.25 to implement them, where appropriate, in their service territories. The commissioner shall
185.26 describe these programs in sufficient detail to provide a utility reasonable guidance
185.27 concerning implementation. The commissioner shall prioritize the opportunities in order of
185.28 potential energy savings and in order of cost-effectiveness. The commissioner may contract
185.29 with a third party to carry out any of the commissioner's duties under this subdivision, and
185.30 to obtain technical assistance to evaluate the effectiveness of any conservation improvement
185.31 program. The commissioner may assess up to \$850,000 annually for the purposes of this
185.32 subdivision. The assessments must be deposited in the state treasury and credited to the
185.33 energy and conservation account created under subdivision 2a. An assessment made under

186.1 this subdivision is not subject to the cap on assessments provided by section 216B.62, or
186.2 any other law.

186.3 (b) Of the assessment authorized under paragraph (a), the commissioner may expend
186.4 up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing
186.5 technical support for a uniform electronic data reporting and tracking system available to
186.6 all utilities subject to this section, in order to enable accurate measurement of the cost and
186.7 energy savings of the energy conservation improvements required by this section. This
186.8 paragraph expires June 30, 2017, and may be used for no more than three annual assessments
186.9 occurring prior to that date 2018.

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

186.11 Sec. 14. Minnesota Statutes 2016, section 216B.241, subdivision 2, is amended to read:

186.12 Subd. 2. **Programs.** (a) The commissioner may require public utilities to make
186.13 investments and expenditures in energy conservation improvements, explicitly setting forth
186.14 the interest rates, prices, and terms under which the improvements must be offered to the
186.15 customers. The required programs must cover no more than a three-year period. Public
186.16 utilities shall file conservation improvement plans by June 1, on a schedule determined by
186.17 order of the commissioner, but at least every three years. Plans received by a public utility
186.18 by June 1 must be approved or approved as modified by the commissioner by December 1
186.19 of that same year. The commissioner shall evaluate the program on the basis of
186.20 cost-effectiveness and the reliability of technologies employed. The commissioner's order
186.21 must provide to the extent practicable for a free choice, by consumers participating in the
186.22 program, of the device, method, material, or project constituting the energy conservation
186.23 improvement and for a free choice of the seller, installer, or contractor of the energy
186.24 conservation improvement, provided that the device, method, material, or project seller,
186.25 installer, or contractor is duly licensed, certified, approved, or qualified, including under
186.26 the residential conservation services program, where applicable.

186.27 (b) The commissioner may require a utility subject to subdivision 1c to make an energy
186.28 conservation improvement investment or expenditure whenever the commissioner finds
186.29 that the improvement will result in energy savings at a total cost to the utility less than the
186.30 cost to the utility to produce or purchase an equivalent amount of new supply of energy.
186.31 The commissioner shall nevertheless ensure that every public utility operate one or more
186.32 programs under periodic review by the department.

186.33 (c) Each public utility subject to subdivision 1a may spend and invest annually up to ten
186.34 percent of the total amount required to be spent and invested on energy conservation

187.1 improvements under this section by the utility on research and development projects that
187.2 meet the definition of energy conservation improvement in subdivision 1 and that are funded
187.3 directly by the public utility.

187.4 (d) A public utility may not spend for or invest in energy conservation improvements
187.5 that directly benefit a large energy facility or a large electric customer facility for which the
187.6 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The
187.7 commissioner shall consider and may require a utility to undertake a program suggested by
187.8 an outside source, including a political subdivision, a nonprofit corporation, or community
187.9 organization.

187.10 (e) A utility, a political subdivision, or a nonprofit or community organization that has
187.11 suggested a program, the attorney general acting on behalf of consumers and small business
187.12 interests, or a utility customer that has suggested a program and is not represented by the
187.13 attorney general under section 8.33 may petition the commission to modify or revoke a
187.14 department decision under this section, and the commission may do so if it determines that
187.15 the program is not cost-effective, does not adequately address the residential conservation
187.16 improvement needs of low-income persons, has a long-range negative effect on one or more
187.17 classes of customers, or is otherwise not in the public interest. The commission shall reject
187.18 a petition that, on its face, fails to make a reasonable argument that a program is not in the
187.19 public interest.

187.20 (f) The commissioner may order a public utility to include, with the filing of the utility's
187.21 annual status report, the results of an independent audit of the utility's conservation
187.22 improvement programs and expenditures performed by the department or an auditor with
187.23 experience in the provision of energy conservation and energy efficiency services approved
187.24 by the commissioner and chosen by the utility. The audit must specify the energy savings
187.25 or increased efficiency in the use of energy within the service territory of the utility that is
187.26 the result of the spending and investments. The audit must evaluate the cost-effectiveness
187.27 of the utility's conservation programs.

187.28 (g) A gas utility may not spend for or invest in energy conservation improvements that
187.29 directly benefit a large customer facility or commercial gas customer facility for which the
187.30 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or
187.31 (e). The commissioner shall consider and may require a utility to undertake a program
187.32 suggested by an outside source, including a political subdivision, a nonprofit corporation,
187.33 or a community organization.

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

188.1 Sec. 15. Minnesota Statutes 2016, section 216B.241, subdivision 5, is amended to read:

188.2 Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric
188.3 association, and municipal utility that provides electric service to retail customers and is
188.4 subject to subdivision 1c shall include as part of its conservation improvement activities a
188.5 program to strongly encourage the use of fluorescent and high-intensity discharge lamps.
188.6 The program must include at least a public information campaign to encourage use of the
188.7 lamps and proper management of spent lamps by all customer classifications.

188.8 (b) A public utility that provides electric service at retail to 200,000 or more customers
188.9 shall establish, either directly or through contracts with other persons, including lamp
188.10 manufacturers, distributors, wholesalers, and retailers and local government units, a system
188.11 to collect for delivery to a reclamation or recycling facility spent fluorescent and
188.12 high-intensity discharge lamps from households and from small businesses as defined in
188.13 section 645.445 that generate an average of fewer than ten spent lamps per year.

188.14 (c) A collection system must include establishing reasonably convenient locations for
188.15 collecting spent lamps from households and financial incentives sufficient to encourage
188.16 spent lamp generators to take the lamps to the collection locations. Financial incentives may
188.17 include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash
188.18 back system, or any other financial incentive or group of incentives designed to collect the
188.19 maximum number of spent lamps from households and small businesses that is reasonably
188.20 feasible.

188.21 (d) A public utility that provides electric service at retail to fewer than 200,000 customers,
188.22 a cooperative electric association, or a municipal utility that provides electric service at
188.23 retail to customers may establish a collection system under paragraphs (b) and (c) as part
188.24 of conservation improvement activities required under this section.

188.25 (e) The commissioner of the Pollution Control Agency may not, unless clearly required
188.26 by federal law, require a public utility, cooperative electric association, or municipality that
188.27 establishes a household fluorescent and high-intensity discharge lamp collection system
188.28 under this section to manage the lamps as hazardous waste as long as the lamps are managed
188.29 to avoid breakage and are delivered to a recycling or reclamation facility that removes
188.30 mercury and other toxic materials contained in the lamps prior to placement of the lamps
188.31 in solid waste.

188.32 (f) If a public utility, cooperative electric association, or municipal utility contracts with
188.33 a local government unit to provide a collection system under this subdivision, the contract

189.1 must provide for payment to the local government unit of all the unit's incremental costs of
189.2 collecting and managing spent lamps.

189.3 (g) All the costs incurred by a public utility, cooperative electric association, or municipal
189.4 utility for promotion and collection of fluorescent and high-intensity discharge lamps under
189.5 this subdivision are conservation improvement spending under this section.

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

189.7 Sec. 16. Minnesota Statutes 2016, section 216B.241, subdivision 5d, is amended to read:

189.8 Subd. 5d. **On-bill repayment programs.** (a) For the purposes of this subdivision:

189.9 (1) "utility" means a public utility, municipal utility, or cooperative electric association
189.10 subject to subdivision 1c that provides electric or natural gas service to retail customers;
189.11 and

189.12 (2) "on-bill repayment program" means a program in which a utility collects on a
189.13 customer's bill repayment of a loan to the customer by an eligible lender to finance the
189.14 customer's investment in eligible energy conservation or renewable energy projects, and
189.15 remits loan repayments to the lender.

189.16 (b) A utility may include as part of its conservation improvement plan an on-bill
189.17 repayment program to enable a customer to finance eligible projects with installment loans
189.18 originated by an eligible lender. An eligible project is one that is either an energy conservation
189.19 improvement, or a project installed on the customer's site that uses an eligible renewable
189.20 energy source as that term is defined in section 216B.2411, subdivision 2, paragraph (b),
189.21 but does not include mixed municipal solid waste or refuse-derived fuel from mixed
189.22 municipal solid waste. An eligible renewable energy source also includes solar thermal
189.23 technology that collects the sun's radiant energy and uses that energy to heat or cool air or
189.24 water, and meets the requirements of section 216C.25. To be an eligible lender, a lender
189.25 must:

189.26 (1) have a federal or state charter and be eligible for federal deposit insurance;

189.27 (2) be a government entity, including an entity established under chapter 469, that has
189.28 authority to provide financial assistance for energy efficiency and renewable energy projects;

189.29 (3) be a joint venture by utilities established under section 452.25; or

189.30 (4) be licensed, certified, or otherwise have its lending activities overseen by a state or
189.31 federal government agency.

190.1 The commissioner must allow a utility broad discretion in designing and implementing an
190.2 on-bill repayment program, provided that the program complies with this subdivision.

190.3 (c) A utility may establish an on-bill repayment program for all customer classes or for
190.4 a specific customer class.

190.5 (d) A public utility that implements an on-bill repayment program under this subdivision
190.6 must enter into a contract with one or more eligible lenders that complies with the
190.7 requirements of this subdivision and contains provisions addressing capital commitments,
190.8 loan origination, transfer of loans to the public utility for on-bill repayment, and acceptance
190.9 of loans returned due to delinquency or default.

190.10 (e) A public utility's contract with a lender must require the lender to comply with all
190.11 applicable federal and state laws, rules, and regulations related to lending practices and
190.12 consumer protection; to conform to reasonable and prudent lending standards; and to provide
190.13 businesses that sell, maintain, and install eligible projects the ability to participate in an
190.14 on-bill repayment program under this subdivision on a nondiscriminatory basis.

190.15 (f) A public utility's contract with a lender may provide:

190.16 (1) for the public utility to purchase loans from the lender with a condition that the lender
190.17 must purchase back loans in delinquency or default; or

190.18 (2) for the lender to retain ownership of loans with the public utility servicing the loans
190.19 through on-bill repayment as long as payments are current.

190.20 The risk of default must remain with the lender. The lender shall not have recourse against
190.21 the public utility except in the event of negligence or breach of contract by the utility.

190.22 (g) If a public utility customer makes a partial payment on a utility bill that includes a
190.23 loan installment, the partial payment must be credited first to the amount owed for utility
190.24 service, including taxes and fees. A public utility may not suspend or terminate a customer's
190.25 utility service for delinquency or default on a loan that is being serviced through the public
190.26 utility's on-bill repayment program.

190.27 (h) An outstanding balance on a loan being repaid under this subdivision is a financial
190.28 obligation only of the customer who is signatory to the loan, and not to any subsequent
190.29 customer occupying the property associated with the loan. If the public utility purchases
190.30 loans from the lender as authorized under paragraph (f), clause (1), the public utility must
190.31 return to the lender a loan not repaid when a customer borrower no longer occupies the
190.32 property.

191.1 (i) Costs incurred by a public utility under this subdivision are recoverable as provided
191.2 in section 216B.16, subdivision 6b, paragraph (c), including reasonable incremental costs
191.3 for billing system modifications necessary to implement and operate an on-bill repayment
191.4 program and for ongoing costs to operate the program. Costs in a plan approved by the
191.5 commissioner may be counted toward a utility's conservation spending requirements under
191.6 subdivisions 1a and 1b. Energy savings from energy conservation improvements resulting
191.7 from this section may be counted toward satisfying a utility's energy-savings goals under
191.8 subdivision 1c.

191.9 (j) This subdivision does not require a utility to terminate or modify an existing financing
191.10 program and does not prohibit a utility from establishing an on-bill financing program in
191.11 which the utility provides the financing capital.

191.12 (k) A municipal utility or cooperative electric association that implements an on-bill
191.13 repayment program shall design the program to address the issues identified in paragraphs
191.14 (d) through (h) as determined by the governing board of the utility or association.

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

191.16 Sec. 17. Minnesota Statutes 2016, section 216B.241, subdivision 7, is amended to read:

191.17 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility
191.18 and association subject to subdivision 1c provides low-income programs. When approving
191.19 spending and energy-savings goals for low-income programs, the commissioner shall
191.20 consider historic spending and participation levels, energy savings for low-income programs,
191.21 and the number of low-income persons residing in the utility's service territory. A municipal
191.22 utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing
191.23 gas service must spend at least 0.4 percent, of its most recent three-year average gross
191.24 operating revenue from residential customers in the state on low-income programs. A utility
191.25 or association that furnishes electric service must spend at least 0.1 percent of its gross
191.26 operating revenue from residential customers in the state on low-income programs. For a
191.27 generation and transmission cooperative association, this requirement shall apply to each
191.28 association's members' aggregate gross operating revenue from sale of electricity to residential
191.29 customers in the state. Beginning in 2010, a utility or association that furnishes electric
191.30 service must spend 0.2 percent of its gross operating revenue from residential customers in
191.31 the state on low-income programs.

191.32 (b) To meet the requirements of paragraph (a), a utility or association may contribute
191.33 money to the energy and conservation account. An energy conservation improvement plan
191.34 must state the amount, if any, of low-income energy conservation improvement funds the

192.1 utility or association will contribute to the energy and conservation account. Contributions
192.2 must be remitted to the commissioner by February 1 of each year.

192.3 (c) The commissioner shall establish low-income programs to utilize money contributed
192.4 to the energy and conservation account under paragraph (b). In establishing low-income
192.5 programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and
192.6 community organizations, especially organizations engaged in providing energy and
192.7 weatherization assistance to low-income persons. Money contributed to the energy and
192.8 conservation account under paragraph (b) must provide programs for low-income persons,
192.9 including low-income renters, in the service territory of the utility or association providing
192.10 the money. The commissioner shall record and report expenditures and energy savings
192.11 achieved as a result of low-income programs funded through the energy and conservation
192.12 account in the report required under subdivision 1c, paragraph (g). The commissioner may
192.13 contract with a political subdivision, nonprofit or community organization, public utility,
192.14 municipality, or cooperative electric association to implement low-income programs funded
192.15 through the energy and conservation account.

192.16 (d) A utility or association may petition the commissioner to modify its required spending
192.17 under paragraph (a) if the utility or association and the commissioner have been unable to
192.18 expend the amount required under paragraph (a) for three consecutive years.

192.19 (e) The costs and benefits associated with any approved low-income gas or electric
192.20 conservation improvement program that is not cost-effective when considering the costs
192.21 and benefits to the utility may, at the discretion of the utility, be excluded from the calculation
192.22 of net economic benefits for purposes of calculating the financial incentive to the utility.
192.23 The energy and demand savings may, at the discretion of the utility, be applied toward the
192.24 calculation of overall portfolio energy and demand savings for purposes of determining
192.25 progress toward annual goals and in the financial incentive mechanism.

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

192.27 Sec. 18. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

192.28 Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with
192.29 the commission periodically in accordance with rules adopted by the commission. The
192.30 commission shall approve, reject, or modify the plan of a public utility, as defined in section
192.31 216B.02, subdivision 4, consistent with the public interest.

192.32 (b) In the resource plan proceedings of all other utilities, the commission's order shall
192.33 be advisory and the order's findings and conclusions shall constitute prima facie evidence

193.1 which may be rebutted by substantial evidence in all other proceedings. With respect to
 193.2 utilities other than those defined in section 216B.02, subdivision 4, the commission shall
 193.3 consider the filing requirements and decisions in any comparable proceedings in another
 193.4 jurisdiction.

193.5 (c) As a part of its resource plan filing, a utility shall include the least cost plan for
 193.6 meeting 50 and 75 percent of all energy needs from both new and refurbished capacity
 193.7 needs generating facilities through a combination of conservation and renewable energy
 193.8 resources.

193.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.
 193.10 Paragraph (c) applies to resource plans filed with the commission on or after July 1, 2017.

193.11 Sec. 19. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

193.12 Subd. 4. **Preference for renewable energy facility.** The commission shall not approve
 193.13 a new or refurbished nonrenewable energy facility in an integrated resource plan or a
 193.14 certificate of need, pursuant to section 216B.243, nor shall the commission allow rate
 193.15 recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the
 193.16 utility has demonstrated that a renewable energy facility is not in the public interest. When
 193.17 making the public interest determination, the commission must ~~include~~ consider:

193.18 (1) whether the resource plan helps the utility achieve the greenhouse gas reduction
 193.19 goals under section 216H.02, the renewable energy standard under section 216B.1691, or
 193.20 the solar energy standard under section 216B.1691, subdivision 2f;

193.21 (2) impacts on local and regional grid reliability;

193.22 (3) utility and ratepayer impacts resulting from the intermittent nature of renewable
 193.23 energy facilities, including but not limited to the costs of purchasing wholesale electricity
 193.24 in the market and the costs of providing ancillary services; and

193.25 (4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility,
 193.26 changes in transmission costs, portfolio diversification, and environmental compliance
 193.27 costs.

193.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

194.1 Sec. 20. Minnesota Statutes 2016, section 216B.2424, is amended by adding a subdivision
194.2 to read:

194.3 Subd. 9. **Adjustment of biomass fuel requirement.** (a) Notwithstanding any provision
194.4 in this section, the public utility subject to this section may, with respect to a facility approved
194.5 under this section, file a petition with the commission for approval of:

194.6 (1) a new or amended power purchase agreement;

194.7 (2) the early termination of a power purchase agreement; or

194.8 (3) the purchase and closure of the facility.

194.9 (b) The commission may approve a new or amended power purchase agreement under
194.10 this subdivision, notwithstanding the fuel requirements of this section, if the commission
194.11 determines that:

194.12 (1) all parties to the original power purchase agreement, or their successors or assigns,
194.13 as applicable, agree to the terms and conditions of the new or amended power purchase
194.14 agreement; and

194.15 (2) the new or amended power purchase agreement is in the best interest of the customers
194.16 of the public utility subject to this section, taking into consideration any savings realized
194.17 by customers in the new or amended power purchase agreement and any costs imposed on
194.18 customers under paragraph (e). A new or amended power purchase agreement approved
194.19 under this paragraph may be for any term agreed to by the parties and may govern the
194.20 purchase of any amount of energy.

194.21 (c) The commission may approve the early termination of a power purchase agreement
194.22 or the purchase and closure of a facility under this subdivision if it determines that:

194.23 (1) all parties to the power purchase agreement, or their successors or assigns, as
194.24 applicable, agree to the early termination of the power purchase agreement or the purchase
194.25 and closure of the facility; and

194.26 (2) the early termination of the power purchase agreement or the purchase and closure
194.27 of the facility is in the best interest of the customers of the public utility subject to this
194.28 section, taking into consideration any savings realized by customers as a result of the early
194.29 termination of the power purchase agreement or the purchase and closure of the facility and
194.30 any costs imposed on the customers under paragraph (e).

194.31 (d) The commission's approval of a new or amended power purchase agreement under
194.32 paragraph (b) or of the termination of a power purchase agreement or the purchase and

195.1 closure of a facility under paragraph (c), shall not require the public utility subject to this
 195.2 section to purchase replacement amounts of biomass energy to fulfill the requirements of
 195.3 this section.

195.4 (e) A utility may petition the commission to approve a rate schedule that provides for
 195.5 the automatic adjustment of charges to recover investments, expenses and costs, and earnings
 195.6 on the investments associated with a new or amended power purchase agreement, the early
 195.7 termination of a power purchase agreement, or the purchase and closure of a facility. The
 195.8 commission may approve the rate schedule upon a showing that the recovery of investments,
 195.9 expenses and costs, and earnings on the investments is less than the costs that would have
 195.10 been recovered from customers had the utility continued to purchase energy under the power
 195.11 purchase agreement in effect before any option available under this section is approved by
 195.12 the commission. If approved by the commission, cost recovery under this paragraph may
 195.13 include all cost recovery allowed for renewable facilities under section 216B.1645,
 195.14 subdivisions 2 and 2a.

195.15 (f) This subdivision does not apply to a St. Paul district heating and cooling system
 195.16 cogeneration facility, and nothing in this subdivision precludes a public utility that operates
 195.17 a nuclear-power electric generating plant from filing a petition with the commission for
 195.18 approval of a new or amended power purchase agreement with such a facility.

195.19 (g) For the purposes of this subdivision, "facility" means a biomass facility previously
 195.20 approved by the commission to satisfy a portion of the biomass mandate in this section.

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

195.22 Sec. 21. Minnesota Statutes 2016, section 216C.05, subdivision 2, is amended to read:

195.23 Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

195.24 (1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of
 195.25 electricity and natural gas be achieved through cost-effective energy efficiency;

195.26 (2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the
 195.27 year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

195.28 ~~and~~

195.29 (3) 25 percent of the total energy used in the state be derived from renewable energy
 195.30 resources by the year 2025-; and

195.31 (4) retail electricity rates for each customer class be at least five percent below the
 195.32 national average.

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

196.2 Sec. 22. **[216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA"**
196.3 **SOLAR ENERGY PRODUCTION INCENTIVES.**

196.4 Subdivision 1. **General provisions.** Payment of a "Made in Minnesota" solar energy
196.5 production incentive to an owner whose application was approved by the commissioner of
196.6 commerce under section 216C.415, by May 1, 2017, must be administered under the
196.7 provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413; 216C.414, subdivisions
196.8 1 to 3 and 5; and 216C.415. No incentive payments may be made under this section to an
196.9 owner whose application was approved by the commissioner after May 1, 2017.

196.10 Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under
196.11 Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the
196.12 renewable development account in the special revenue fund established under Minnesota
196.13 Statutes, section 116C.779, subdivision 1.

196.14 (b) There is annually appropriated from the renewable development account in the special
196.15 revenue fund established in Minnesota Statutes, section 116C.779, to the commissioner of
196.16 commerce money sufficient to make the incentive payments required under Minnesota
196.17 Statutes 2016, section 216C.415. Any funds appropriated under this paragraph that are
196.18 unexpended at the end of a fiscal year cancel to the renewable development account.

196.19 (c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of
196.20 this appropriation may be used for administrative costs.

196.21 Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this
196.22 subdivision only for solar photovoltaic module installations that meet the requirements of
196.23 subdivision 1 and that first begin generating electricity between January 1, 2014, and October
196.24 31, 2018.

196.25 (b) The payment eligibility window of the incentive begins and runs consecutively from
196.26 the date the solar photovoltaic modules first begins generating electricity.

196.27 (c) An owner of solar photovoltaic modules may receive payments under this section
196.28 for a particular module for a period of ten years, provided that sufficient funds are available
196.29 in the account.

196.30 (d) No payment may be made under this section for electricity generated after October
196.31 31, 2028.

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

197.1 Sec. 23. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
197.2 to read:

197.3 Subd. 7a. **Multifamily residential dwelling.** "Multifamily residential dwelling" means
197.4 a residential dwelling containing five or more units intended for use as a residence by tenants
197.5 or lessees of the owner.

197.6 Sec. 24. Minnesota Statutes 2016, section 216H.03, subdivision 3, is amended to read:

197.7 Subd. 3. **Long-term increased emissions from power plants prohibited.** Unless
197.8 preempted by federal law, until a comprehensive and enforceable state law or rule pertaining
197.9 to greenhouse gases that directly limits and substantially reduces, over time, statewide power
197.10 sector carbon dioxide emissions is enacted and in effect, and except as allowed in
197.11 subdivisions 4 to 7, on and after August 1, 2009, no person shall:

197.12 ~~(1) construct within the state a new large energy facility that would contribute to statewide~~
197.13 ~~power sector carbon dioxide emissions;~~

197.14 ~~(2) import or commit to import from outside the state power from a new large energy~~
197.15 ~~facility that would contribute to statewide power sector carbon dioxide emissions; or~~

197.16 ~~(3) enter into a new long-term power purchase agreement that would increase statewide~~
197.17 ~~power sector carbon dioxide emissions. For purposes of this section, a long-term power~~
197.18 ~~purchase agreement means an agreement to purchase 50 megawatts of capacity or more for~~
197.19 ~~a term exceeding five years.~~

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

197.21 Sec. 25. Minnesota Statutes 2016, section 216H.03, subdivision 4, is amended to read:

197.22 Subd. 4. **Exception for facilities that offset emissions.** (a) The ~~prohibitions in~~ prohibition
197.23 under subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to the Public
197.24 Utilities Commission's satisfaction that it will offset the new contribution to statewide power
197.25 sector carbon dioxide emissions with a carbon dioxide reduction project identified in
197.26 paragraph (b) and in compliance with paragraph (c).

197.27 (b) A project proponent may offset in an amount equal to or greater than the proposed
197.28 new contribution to statewide power sector carbon dioxide emissions in either, or a
197.29 combination of both, of the following ways:

197.30 (1) by reducing an existing facility's contribution to statewide power sector carbon
197.31 dioxide emissions; or

198.1 (2) by purchasing carbon dioxide allowances from a state or group of states that has a
 198.2 carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

198.3 (c) The Public Utilities Commission shall not find that a proposed carbon dioxide
 198.4 reduction project identified in paragraph (b) acceptably offsets a new contribution to statewide
 198.5 power sector carbon dioxide emissions unless the proposed offsets are permanent,
 198.6 quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section
 198.7 does not exempt emissions that have been offset under this subdivision and emissions
 198.8 exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

198.10 Sec. 26. Minnesota Statutes 2016, section 216H.03, subdivision 7, is amended to read:

198.11 Subd. 7. **Other exemptions.** The ~~prohibitions in~~ prohibition under subdivision 3 ~~do~~ does
 198.12 not apply to:

198.13 (1) a new large energy facility under consideration by the Public Utilities Commission
 198.14 pursuant to proposals or applications filed with the Public Utilities Commission before April
 198.15 1, 2007, or to any power purchase agreement related to a facility described in this clause.
 198.16 The exclusion of pending proposals and applications from the prohibitions in subdivision
 198.17 3 does not limit the applicability of any other law and is not an expression of legislative
 198.18 intent regarding whether any pending proposal or application should be approved or denied;

198.19 (2) a contract not subject to commission approval that was entered into prior to April 1,
 198.20 2007, to purchase power from a new large energy facility that was approved by a comparable
 198.21 authority in another state prior to that date, for which municipal or public power district
 198.22 bonds have been issued, and on which construction has begun;

198.23 (3) a new large energy facility ~~or a power purchase agreement between a Minnesota~~
 198.24 ~~utility and a new large energy facility~~ located ~~outside~~ within Minnesota that the Public
 198.25 Utilities Commission has determined is essential to ensure the long-term reliability of
 198.26 Minnesota's electric system, to allow electric service for increased industrial demand, or to
 198.27 avoid placing a substantial financial burden on Minnesota ratepayers. An order of the
 198.28 commission granting an exemption under this clause is stayed until the June 1 following
 198.29 the next regular or annual session of the legislature that begins after the date of the
 198.30 commission's final order; or

198.31 (4) a new large energy facility with a combined electric generating capacity of less than
 198.32 100 megawatts, which did not require a Minnesota certificate of need, which received an
 198.33 air pollution control permit to construct from an adjoining state before January 1, 2008, and

199.1 on which construction began before July 1, 2008, or to any power purchase agreement
 199.2 related to a facility described in this clause.

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

199.4 Sec. 27. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK**
 199.5 **FORCE.**

199.6 Subdivision 1. **Establishment.** The Residential PACE Consumer Protection Legislation
 199.7 Task Force shall develop recommendations for consumer protection legislation for any
 199.8 energy improvements financing program implemented under Minnesota Statutes, sections
 199.9 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section,
 199.10 "residential PACE" or "PACE" means energy improvement financing programs for
 199.11 single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435
 199.12 to 216C.436.

199.13 Subd. 2. **Task force.** (a) The task force consists of 16 members as follows:

199.14 (1) one member appointed by the Minnesota Association of Realtors;

199.15 (2) one member appointed by the Center for Energy and Environment;

199.16 (3) one member appointed by the Minnesota Bankers Association;

199.17 (4) one member appointed by the Legal Services Advocacy Project;

199.18 (5) one member appointed by the Minnesota Credit Union Network;

199.19 (6) one member appointed by the Minnesota Solar Energy Industry Association;

199.20 (7) one member appointed by the St. Paul Port Authority;

199.21 (8) one member appointed by the League of Minnesota Cities;

199.22 (9) one member appointed by the Association of Minnesota Counties;

199.23 (10) one member appointed by AARP Minnesota;

199.24 (11) one member appointed by Fresh Energy;

199.25 (12) one member appointed by the Citizens Utility Board of Minnesota;

199.26 (13) one member appointed by Clean Energy Economy Minnesota;

199.27 (14) one member appointed by the Minnesota Land Title Association;

199.28 (15) one member appointed by an organization with experience implementing residential
 199.29 PACE programs in other states; and

200.1 (16) the commissioner of commerce or a designee.

200.2 (b) Any public member can designate a substitute from the same organization to replace
200.3 that member at a meeting of the task force.

200.4 Subd. 3. **Duties.** The task force must develop recommendations to:

200.5 (1) address concerns regarding the possible constraints on free alienation of residential
200.6 property caused by existence and amount of the PACE liens;

200.7 (2) reduce and minimize any point-of-sale confusion in transactions involving
200.8 PACE-encumbered homes;

200.9 (3) ensure conspicuous and meaningful disclosure of, among other things:

200.10 (i) all costs and fees of a residential PACE loan; and

200.11 (ii) the risks, such as foreclosure and higher costs, that may be associated with residential
200.12 PACE loans relative to other financing mechanisms;

200.13 (4) ensure that the ability to repay standard uses commonly accepted underwriting
200.14 principles;

200.15 (5) ensure that consumer provisions required of and protections that apply to conventional
200.16 loans and other financing options, including but not limited to the Truth in Lending Act and
200.17 the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;

200.18 (6) address any unique protections necessary for elderly, low-income homeowners and
200.19 other financially vulnerable homeowners;

200.20 (7) establish criteria to ensure the cost-effectiveness of PACE-enabled clean energy
200.21 improvements; and

200.22 (8) address any other issues the task force identifies that are necessary to protect
200.23 consumers.

200.24 Subd. 4. **Administrative support.** The commissioner of commerce shall provide
200.25 administrative support and meeting space for the task force.

200.26 Subd. 5. **Compensation.** Members serve without compensation and shall not be
200.27 reimbursed for expenses.

200.28 Subd. 6. **Chair.** The commissioner of commerce or the commissioner's designee shall
200.29 serve as chair.

200.30 Subd. 7. **Meetings.** The task force shall meet regularly, at the call of the chair. Meetings
200.31 of the task force are subject to Minnesota Statutes, chapter 13D.

201.1 Subd. 8. **Appointments; first meeting.** Appointments must be made by June 1, 2017.
 201.2 The commissioner of commerce must convene the first meeting by July 15, 2017.

201.3 Subd. 9. **Report to legislature.** By January 15, 2018, the commissioner shall submit a
 201.4 report detailing the task force's findings and recommendations to the chairs and ranking
 201.5 minority members of the senate and house of representatives committees with jurisdiction
 201.6 over energy and consumer protection policy and finance. The report must include any draft
 201.7 legislation necessary to implement the recommendations of the task force.

201.8 Subd. 10. **Suspension of residential PACE.** Until legislation is enacted establishing
 201.9 consumer protections that address, but are not limited to, the concerns identified in
 201.10 subdivision 3, no programs for the financing of energy improvements on a single-family
 201.11 residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436,
 201.12 may be operated after the effective date of this section.

201.13 Subd. 11. **Expiration.** The task force expires January 15, 2018, or after submitting the
 201.14 report required in this section, whichever is earlier.

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

201.16 Sec. 28. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**
 201.17 **THERMAL REBATES.**

201.18 (a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner
 201.19 of a solar thermal system whose application was approved by the commissioner of commerce
 201.20 after the effective date of this act.

201.21 (b) Unspent money remaining in the account established under Minnesota Statutes 2014,
 201.22 section 216C.416, as of July 2, 2017, must be transferred to the C-LEAF account established
 201.23 under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

201.25 Sec. 29. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF**
 201.26 **UNEXPENDED GRANT FUNDS.**

201.27 (a) No later than 30 days after the effective date of this section, the utility subject to
 201.28 Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person
 201.29 who received a grant funded from the renewable development account previously established
 201.30 under that subdivision:

201.31 (1) after January 1, 2012; and

202.1 (2) before January 1, 2012, if the funded project remains incomplete as of the effective
202.2 date of this section.

202.3 The notice must contain the provisions of this section and instructions directing grant
202.4 recipients how unexpended funds can be transferred to the clean energy advancement fund
202.5 account.

202.6 (b) A recipient of a grant from the renewable development account previously established
202.7 under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after
202.8 receiving the notice required under paragraph (a), transfer any grant funds that remain
202.9 unexpended as of the effective date of this section to the clean energy advancement fund
202.10 account if, by that effective date, all of the following conditions are met:

202.11 (1) the grant was awarded more than five years before the effective date of this section;

202.12 (2) the grant recipient has failed to obtain control of the site on which the project is to
202.13 be constructed;

202.14 (3) the grant recipient has failed to secure all necessary permits or approvals from any
202.15 unit of government with respect to the project; and

202.16 (4) construction of the project has not begun.

202.17 (c) A recipient of a grant from the renewable development account previously established
202.18 under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds
202.19 that remain unexpended five years after the grant funds are received by the grant recipient
202.20 if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant
202.21 recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary
202.22 of the receipt of the grant funds.

202.23 (d) A person who transfers funds to the clean energy advancement fund account under
202.24 this section is eligible to apply for funding from the clean energy advancement fund account.

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

202.26 Sec. 30. **REPEALER.**

202.27 (a) Laws 2013, chapter 85, article 6, section 11, is repealed.

202.28 (b) Minnesota Statutes 2016, sections 216B.8109; 216B.811; 216B.812; 216B.813; and
202.29 216B.815, are repealed.

202.30 (c) Minnesota Statutes 2016, sections 3.8852; and 116C.779, subdivision 3, are repealed.

203.1 (d) Minnesota Statutes 2016, sections 174.187; 216C.411; 216C.412; 216C.413;
 203.2 216C.414; 216C.415; and 216C.416, are repealed.

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

203.4 **ARTICLE 11**

203.5 **HOUSING POLICY**

203.6 Section 1. Minnesota Statutes 2016, section 327C.01, is amended by adding a subdivision
 203.7 to read:

203.8 Subd. 13. **Class I manufactured home park.** A "class I manufactured home park"
 203.9 means a park that complies with the provisions of section 327C.16.

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

203.11 Sec. 2. **[327C.16] CLASS I MANUFACTURED HOME PARK.**

203.12 Subdivision 1. **Qualifications.** (a) To qualify as a class I manufactured home park, as
 203.13 defined in section 327C.01, subdivision 13, a park owner, or on-site attendant as an employee
 203.14 of the manufactured home park, must satisfy 12 hours of qualifying education courses every
 203.15 three years, as prescribed in this subdivision. Park owners or on-site attendants may begin
 203.16 accumulating qualifying hours to qualify as a class I manufactured home park beginning in
 203.17 2017.

203.18 (b) The qualifying education courses required for classification under this subdivision
 203.19 must be continuing education courses approved by the Department of Labor and Industry
 203.20 or the Department of Commerce for:

203.21 (1) continuing education in real estate; or

203.22 (2) continuing education for residential contractors and manufactured home installers.

203.23 (c) The qualifying education courses must include:

203.24 (1) two hours on fair housing, approved for real estate licensure or residential contractor
 203.25 licensure;

203.26 (2) one hour on the Americans with Disabilities Act, approved for real estate licensure
 203.27 or residential contractor licensure;

203.28 (3) four hours on legal compliance related to any of the following: landlord/tenant,
 203.29 licensing requirements, or home financing under chapters 58, 327, 327B, 327C, and 504B,
 203.30 and Minnesota Rules, chapter 1350 or 4630;

204.1 (4) three hours of general education approved for real estate, residential contractors, or
 204.2 manufactured home installers; and

204.3 (5) two hours of HUD-specific manufactured home installer courses as required under
 204.4 section 327B.041.

204.5 (d) If the qualifying owner or employee attendant is no longer the person meeting the
 204.6 requirements under this subdivision, but did qualify during the current assessment year,
 204.7 then the manufactured home park shall still qualify for the class rate provided for class 4c
 204.8 property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item
 204.9 (iii).

204.10 Subd. 2. **Proof of compliance.** (a) A park owner that has met the requirements of
 204.11 subdivision 1 shall provide an affidavit to the park owner's county assessor certifying that
 204.12 the park owner, corporate officer, or on-site attendant has complied with subdivision 1 and
 204.13 that the park meets the definition of a class I manufactured home park as defined in this
 204.14 section, and is entitled to the property tax classification rate for class I manufactured home
 204.15 parks in section 273.13, subdivision 25. The park owner shall retain the original course
 204.16 completion certificates issued by the course sponsor under this section for three years and,
 204.17 upon written request for verification, provide these to the county assessor within 30 days.

204.18 (b) A park owner must provide the county assessor written notice of any change in
 204.19 compliance status of the manufactured home park no later than December 15 of the
 204.20 assessment year.

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

204.22 Sec. 3. Minnesota Statutes 2016, section 462.355, subdivision 4, is amended to read:

204.23 Subd. 4. **Interim ordinance.** (a) If a municipality is conducting studies or has authorized
 204.24 a study to be conducted or has held or has scheduled a hearing for the purpose of considering
 204.25 adoption or amendment of a comprehensive plan or official controls as defined in section
 204.26 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted
 204.27 is annexed to a municipality, the governing body of the municipality may adopt an interim
 204.28 ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning
 204.29 process and the health, safety and welfare of its citizens. The interim ordinance may regulate,
 204.30 restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion
 204.31 thereof for a period not to exceed one year from the date it is effective.

204.32 (b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities
 204.33 relating to livestock production, a public hearing must be held following a ten-day notice

205.1 given by publication in a newspaper of general circulation in the municipality before the
205.2 interim ordinance takes effect.

205.3 (c)(1) A statutory or home rule charter city may adopt an interim ordinance that regulates,
205.4 restricts, or prohibits a housing proposal only if the ordinance is approved by majority vote
205.5 of all members of the city council.

205.6 (2) Before adopting the interim ordinance, the city council must hold a public hearing
205.7 after providing written notice to any person who has submitted a housing proposal, has a
205.8 pending housing proposal, or has provided a written request to be notified of interim
205.9 ordinances related to housing proposals. The written notice must be provided at least three
205.10 business days before the public hearing. Notice also must be posted on the city's official
205.11 Web site, if the city has an official Web site.

205.12 (3) The date of the public hearing shall be the earlier of the next regularly scheduled
205.13 city council meeting after the notice period or within ten days of the notice.

205.14 (4) The activities proposed to be restricted by the proposed interim ordinance may not
205.15 be undertaken before the public hearing.

205.16 (5) For the purposes of this paragraph, "housing proposal" means a written request for
205.17 city approval of a project intended primarily to provide residential dwellings, either single
205.18 family or multi-family, and involves the subdivision or development of land or the
205.19 demolition, construction, reconstruction, alteration, repair, or occupancy of residential
205.20 dwellings.

205.21 ~~(e)~~ (d) The period of an interim ordinance applicable to an area that is affected by a city's
205.22 master plan for a municipal airport may be extended for such additional periods as the
205.23 municipality may deem appropriate, not exceeding a total additional period of 18 months.
205.24 In all other cases, no interim ordinance may halt, delay, or impede a subdivision that has
205.25 been given preliminary approval, nor may any interim ordinance extend the time deadline
205.26 for agency action set forth in section 15.99 with respect to any application filed prior to the
205.27 effective date of the interim ordinance. The governing body of the municipality may extend
205.28 the interim ordinance after a public hearing and written findings have been adopted based
205.29 upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be
205.30 held at least 15 days but not more than 30 days before the expiration of the interim ordinance,
205.31 and notice of the hearing must be published at least ten days before the hearing. The interim
205.32 ordinance may be extended for the following conditions and durations, but, except as
205.33 provided in clause (3), an interim ordinance may not be extended more than an additional
205.34 18 months:

206.1 (1) up to an additional 120 days following the receipt of the final approval or review by
206.2 a federal, state, or metropolitan agency when the approval is required by law and the review
206.3 or approval has not been completed and received by the municipality at least 30 days before
206.4 the expiration of the interim ordinance;

206.5 (2) up to an additional 120 days following the completion of any other process required
206.6 by a state statute, federal law, or court order, when the process is not completed at least 30
206.7 days before the expiration of the interim ordinance; or

206.8 (3) up to an additional one year if the municipality has not adopted a comprehensive
206.9 plan under this section at the time the interim ordinance is enacted.

206.10 **EFFECTIVE DATE.** This section is effective for interim ordinances proposed on or
206.11 after August 1, 2017.

206.12 Sec. 4. Minnesota Statutes 2016, section 462A.201, subdivision 2, is amended to read:

206.13 Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust
206.14 fund account to provide loans or grants for:

206.15 (1) projects for the development, construction, acquisition, preservation, and rehabilitation
206.16 of low-income rental and limited equity cooperative housing units, including temporary
206.17 and transitional housing;

206.18 (2) the costs of operating rental housing, as determined by the agency, that are unique
206.19 to the operation of low-income rental housing or supportive housing; ~~and~~

206.20 (3) rental assistance, either project-based or tenant-based; and

206.21 (4) projects to secure stable housing for families with children eligible for enrollment
206.22 in a prekindergarten through grade 12 academic program.

206.23 For purposes of this section, "transitional housing" has the meaning given by the United
206.24 States Department of Housing and Urban Development. Loans or grants for residential
206.25 housing for migrant farmworkers may be made under this section.

206.26 (b) The housing trust fund account must be used for the benefit of persons and families
206.27 whose income, at the time of initial occupancy, does not exceed 60 percent of median income
206.28 as determined by the United States Department of Housing and Urban Development for the
206.29 metropolitan area. At least 75 percent of the funds in the housing trust fund account must
206.30 be used for the benefit of persons and families whose income, at the time of initial occupancy,
206.31 does not exceed 30 percent of the median family income for the metropolitan area as defined
206.32 in section 473.121, subdivision 2. For purposes of this section, a household with a housing

207.1 assistance voucher under Section 8 of the United States Housing Act of 1937, as amended,
207.2 is deemed to meet the income requirements of this section.

207.3 The median family income may be adjusted for families of five or more.

207.4 (c) Rental assistance under this section must be provided by governmental units which
207.5 administer housing assistance supplements or by for-profit or nonprofit organizations
207.6 experienced in housing management. Rental assistance shall be limited to households whose
207.7 income at the time of initial receipt of rental assistance does not exceed 60 percent of median
207.8 income, as determined by the United States Department of Housing and Urban Development
207.9 for the metropolitan area. Priority among comparable applications for tenant-based rental
207.10 assistance will be given to proposals that will serve households whose income at the time
207.11 of initial application for rental assistance does not exceed 30 percent of median income, as
207.12 determined by the United States Department of Housing and Urban Development for the
207.13 metropolitan area. Rental assistance must be terminated when it is determined that 30 percent
207.14 of a household's monthly income for four consecutive months equals or exceeds the market
207.15 rent for the unit in which the household resides plus utilities for which the tenant is
207.16 responsible. Rental assistance may only be used for rental housing units that meet the housing
207.17 maintenance code of the local unit of government in which the unit is located, if such a code
207.18 has been adopted, or the housing quality standards adopted by the United States Department
207.19 of Housing and Urban Development, if no local housing maintenance code has been adopted.

207.20 (d) In making the loans or grants, the agency shall determine the terms and conditions
207.21 of repayment and the appropriate security, if any, should repayment be required. To promote
207.22 the geographic distribution of grants and loans, the agency may designate a portion of the
207.23 grant or loan awards to be set aside for projects located in specified congressional districts
207.24 or other geographical regions specified by the agency. The agency may adopt rules for
207.25 awarding grants and loans under this subdivision.

207.26 Sec. 5. Minnesota Statutes 2016, section 462A.2035, is amended to read:

207.27 **462A.2035 MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.**

207.28 Subdivision 1. **Establishment.** The agency shall establish a manufactured home park
207.29 redevelopment program for the purpose of making manufactured home park redevelopment
207.30 grants or loans to cities, counties, ~~or~~ community action programs, nonprofit organizations,
207.31 and cooperatives created under chapter 308A or 308B.

207.32 Subd. 1a. **Individual assistance grants.** ~~Cities, counties, and community action programs~~
207.33 Eligible recipients may use individual assistance grants and loans under this program to:

208.1 (1) provide current residents of manufactured home parks with buy-out assistance not
 208.2 to exceed \$4,000 per home with preference given to older manufactured homes; and

208.3 (2) provide down-payment assistance for the purchase of new and preowned manufactured
 208.4 homes that comply with the current version of the State Building Code in effect at the time
 208.5 of the sale, not to exceed \$10,000 per home; and.

208.6 ~~(3) make improvements in manufactured home parks as requested by the grant recipient.~~

208.7 Subd. 1b. **Park infrastructure grants.** Eligible recipients may use park infrastructure
 208.8 grants under this program for:

208.9 (1) improvements in manufactured home parks; and

208.10 (2) infrastructure, including storm shelters and community facilities.

208.11 Subd. 2. **Eligibility requirements.** For individual assistance grants under subdivision
 208.12 1a, households assisted ~~under this section~~ must have an annual household income at or
 208.13 below 80 percent of the area median household income. Cities, counties, or community
 208.14 action programs receiving funds under the program must give preference to households at
 208.15 or below 50 percent of the area median household income. Participation in the program is
 208.16 voluntary and no park resident shall be required to participate.

208.17 Subd. 3. **Statewide program.** The agency shall attempt to make grants and loans in
 208.18 approximately equal amounts to applicants outside and within the metropolitan area. Grants
 208.19 and loans under this section shall be provided in a manner consistent with the agency's
 208.20 policies and purposes in section 462A.02.

208.21 Subd. 4. **Infrastructure repair and replacement fund.** Each recipient receiving a grant
 208.22 under subdivision 1b shall provide from year to year, on a cumulative basis, for adequate
 208.23 reserve funds to cover the repair and replacement of the private infrastructure systems
 208.24 serving the community.

208.25 Sec. 6. Minnesota Statutes 2016, section 462A.204, subdivision 8, is amended to read:

208.26 Subd. 8. **School stability.** (a) The agency in consultation with the Interagency Task
 208.27 Force Council on Homelessness may establish a school stability project under the family
 208.28 homeless prevention and assistance program. The purpose of the project is to secure stable
 208.29 housing for families with school-age children who have moved frequently and for
 208.30 unaccompanied youth. For purposes of this subdivision, "unaccompanied youth" are minors
 208.31 who are leaving foster care or juvenile correctional facilities, or minors who meet the

209.1 definition of a child in need of services or protection under section 260C.007, subdivision
209.2 6, but for whom no court finding has been made pursuant to that statute.

209.3 (b) The agency shall make grants to family homeless prevention and assistance projects
209.4 in communities with a school or schools that have a significant degree of student mobility.

209.5 (c) Each project must be designed to reduce school absenteeism; stabilize children in
209.6 one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each
209.7 project must include plans for the following:

209.8 (1) ~~targeting of families with children under age 12 who, in the last 12 months have~~
209.9 ~~either: changed schools or homes at least once or been absent from school at least 15 percent~~
209.10 ~~of the school year and who have either been evicted from their housing; who are eligible~~
209.11 for a prekindergarten through grade 12 academic program and are living in overcrowded
209.12 conditions in their current housing; or are paying more than 50 percent of their income for
209.13 rent; or who lack a fixed, regular, and adequate nighttime residence;

209.14 (2) targeting of unaccompanied youth in need of an alternative residential setting;

209.15 (3) connecting families with the social services necessary to maintain the families'
209.16 stability in their home, including but not limited to housing navigation, legal representation,
209.17 and family outreach; and

209.18 (4) one or more of the following:

209.19 (i) provision of rental assistance for a specified period of time, which may exceed 24
209.20 months; or

209.21 (ii) ~~development of permanent supportive housing or transitional housing~~ provision of
209.22 support and case management services to improve housing stability, including but not limited
209.23 to housing navigation and family outreach.

209.24 (d) ~~Notwithstanding subdivision 2, grants under this section may be used to acquire,~~
209.25 ~~rehabilitate, or construct transitional or permanent housing~~ In selecting projects for funding
209.26 under this subdivision, preference shall be given to organizations granted funding under
209.27 section 462A.201, subdivision 2, paragraph (a), clause (4).

209.28 (e) ~~Each grantee under the project must include representatives of the local school district~~
209.29 ~~or targeted schools, or both, and of the local community correction agencies on its advisory~~
209.30 ~~committee~~ No grantee under this subdivision is required to have an advisory committee as
209.31 described in subdivision 6.

210.1 **Sec. 7. [462A.39] WORKFORCE HOUSING DEVELOPMENT PROGRAM.**

210.2 Subdivision 1. **Establishment.** The commissioner of Minnesota housing finance shall
210.3 establish a workforce housing development program to award grants or deferred loans to
210.4 eligible project areas to be used for qualified expenditures. Grants or deferred loans
210.5 authorized under this section may be made without limitations relating to the maximum
210.6 incomes of the renters.

210.7 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the
210.8 meanings given.

210.9 (b) "Eligible project area" means a home rule charter or statutory city located outside
210.10 of the metropolitan area as defined in section 473.121, subdivision 2, with a population
210.11 exceeding 500; a community that has a combined population of 1,500 residents located
210.12 within 15 miles of a home rule charter or statutory city located outside the metropolitan
210.13 area as defined in section 473.121, subdivision 2; or an area served by a joint county-city
210.14 economic development authority.

210.15 (c) "Joint county-city economic development authority" means an economic development
210.16 authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between
210.17 a city and county and excluding those established by the county only.

210.18 (d) "Market rate residential rental properties" means properties that are rented at market
210.19 value, including new modular homes, new manufactured homes, and new manufactured
210.20 homes on leased land or in a manufactured home park, and may include rental developments
210.21 that have a portion of income-restricted units.

210.22 (e) "Qualified expenditure" means expenditures for market rate residential rental
210.23 properties including acquisition of property; construction of improvements; and provisions
210.24 of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing
210.25 costs.

210.26 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting
210.27 and reviewing application for grants or deferred loans under this section. At a minimum, a
210.28 city must include in its application a resolution of its governing body certifying that the
210.29 matching amount as required under this section is available and committed.

210.30 Subd. 4. **Program requirements.** (a) The commissioner must not award a grant or
210.31 deferred loans to an eligible project area under this section until the following determinations
210.32 are made:

211.1 (1) the average vacancy rate for rental housing located in the eligible project area, and
 211.2 in any other city located within 15 miles or less of the boundaries of the area, has been five
 211.3 percent or less for at least the prior two-year period;

211.4 (2) one or more businesses located in the eligible project area, or within 25 miles of the
 211.5 area, that employs a minimum of 20 full-time equivalent employees in aggregate have
 211.6 provided a written statement to the eligible project area indicating that the lack of available
 211.7 rental housing has impeded their ability to recruit and hire employees; and

211.8 (3) the eligible project area has certified that the grants or deferred loans will be used
 211.9 for qualified expenditures for the development of rental housing to serve employees of
 211.10 businesses located in the eligible project area or surrounding area.

211.11 (b) Preference for grants or deferred loans awarded under this section shall be given to
 211.12 eligible project areas with less than 30,000 people.

211.13 (c) Among comparable proposals, preference must be given to projects with a higher
 211.14 proportion of units that are not income-restricted.

211.15 Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent
 211.16 of the rental housing development project cost. The commissioner shall not award a grant
 211.17 or deferred loans to a city without certification by the city that the amount of the grant or
 211.18 deferred loans shall be matched by a local unit of government, business, or nonprofit
 211.19 organization with \$1 for every \$2 provided in grant or deferred loans funds.

211.20 Subd. 6. **Report.** Beginning January 15, 2018, the commissioner must annually submit
 211.21 a report to the chairs and ranking minority members of the senate and house of representatives
 211.22 committees having jurisdiction over taxes and workforce development specifying the projects
 211.23 that received grants or deferred loans under this section and the specific purposes for which
 211.24 the grant funds were used.

211.25 Sec. 8. **[462C.16] HOUSING TRUST FUNDS FOR LOCAL HOUSING**
 211.26 **DEVELOPMENT.**

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

211.29 (b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

211.30 (c) "Fund" means a local housing trust fund or a regional housing trust fund.

211.31 (d) "Local government" means any statutory or home rule charter city or a county.

212.1 (e) "Local housing trust fund" means a fund established by a local government with one
 212.2 or more dedicated sources of public revenue for housing.

212.3 (f) "Regional housing trust fund" means a fund established and administered under a
 212.4 joint powers agreement entered into by two or more local governments with one or more
 212.5 dedicated sources of public revenue for housing.

212.6 Subd. 2. **Creation and administration.** (a) A local government may establish a local
 212.7 housing trust fund by ordinance or participate in a joint powers agreement to establish a
 212.8 regional housing trust fund.

212.9 (b) A local or regional housing trust fund may be, but is not required to be, administered
 212.10 through a nonprofit organization. If administered through a nonprofit organization, that
 212.11 organization shall encourage private charitable donations to the fund.

212.12 Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may
 212.13 be used only to:

212.14 (1) pay for administrative expenses, but not more than ten percent of the balance of the
 212.15 fund may be spent on administration;

212.16 (2) make grants, loans, and loan guarantees for the development, rehabilitation, or
 212.17 financing of housing;

212.18 (3) match other funds from federal, state, or private resources for housing projects; or

212.19 (4) provide down payment assistance, rental assistance, and homebuyer counseling
 212.20 services.

212.21 Subd. 4. **Funding.** (a) A local government may finance its local or regional housing
 212.22 trust fund with any money available to the local government, unless expressly prohibited
 212.23 by state law. Sources of these funds include, but are not limited to:

212.24 (1) donations;

212.25 (2) bond proceeds;

212.26 (3) grants and loans from a state, federal, or private source;

212.27 (4) appropriations by a local government to the fund;

212.28 (5) investment earnings of the fund; and

212.29 (6) housing and redevelopment authority levies.

213.1 (b) The local government may alter a source of funding for the local or regional housing
 213.2 trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts
 213.3 or expenditures authorized by the fund in its budget.

213.4 Subd. 5. **Reports.** A local or regional housing trust fund established under this section
 213.5 must report annually to the local government that created the fund. The local government
 213.6 or governments must post this report on its public Web site.

213.7 Subd. 6. **Effect of legislation on existing local or regional housing trust funds.** A
 213.8 local or regional housing trust fund existing on the effective date of this section is not
 213.9 required to alter the existing terms of its governing documents or take any additional
 213.10 authorizing actions required by subdivision 2.

213.11 **Sec. 9. MINNESOTA HOUSING FINANCE AGENCY REPORT.**

213.12 By September 30, 2017, and September 30, 2018, the Housing Finance Agency shall
 213.13 provide to the chairs and ranking minority members of the house of representatives and
 213.14 senate committees with jurisdiction over the agency a draft and final version of its affordable
 213.15 housing plan before and after it has been submitted to the agency board for consideration.
 213.16 The affordable housing plan must include information on the availability of funds within
 213.17 the Housing Affordability Fund, or Pool 3, the anticipated uses of those funds, and the prior
 213.18 year's actual uses of those funds.

213.19 **ARTICLE 12**

213.20 **MISCELLANEOUS POLICY**

213.21 Section 1. Laws 2014, chapter 211, section 13, as amended by Laws 2015, First Special
 213.22 Session chapter 1, article 7, section 1, and Laws 2016, chapter 189, article 7, section 42, is
 213.23 amended to read:

213.24 **Sec. 13. EFFECTIVE DATE.**

213.25 Sections 1 to 3 and 6 to 11 are effective July 1, ~~2017~~ 2020. Sections 4, 5, and 12 are
 213.26 effective July 1, 2014.

213.27 **EFFECTIVE DATE.** This section is effective the day following final enactment. Until
 213.28 July 1, 2020, any employee, employer, employee or employer organization, exclusive
 213.29 representative, or any other person or organization aggrieved by an unfair labor practice as
 213.30 defined in Minnesota Statutes, section 179A.13, may bring an action for injunctive relief
 213.31 and for damages caused by the unfair labor practice in the district court of the county in
 213.32 which the practice is alleged to have occurred.

214.1 Sec. 2. AGENCY ACTIVITY AND EXPENDITURE REPORTS.

214.2 (a) The commissioners of employment and economic development, housing finance,
214.3 labor and industry, and commerce, as well as the Public Utilities Commission, must each
214.4 submit a report, as described in paragraph (b), to the chairs and ranking minority members
214.5 of the house of representatives and senate committees and divisions with jurisdiction over
214.6 their budget appropriations by October 15, 2018.

214.7 (b) The reports must include:

214.8 (1) the number of employees in each operational division and descriptions of the work
214.9 of each employee;

214.10 (2) a description of the responsibilities that fall under each operational division;

214.11 (3) a detailed list of the source of all revenue, including any fees, taxes, or other revenues
214.12 collected, as well as details of base budgets, including all prior appropriation riders;

214.13 (4) how much of each budgetary division appropriation passes through as grants, as well
214.14 as the costs related to each grant program;

214.15 (5) a detailed description of the costs related to each budgetary division, as well as the
214.16 statutory authority under which those costs are allocated; and

214.17 (6) the statutory authority for all expenditures.

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Article locations in S1456-3

ARTICLE 1	APPROPRIATIONS	Page.Ln 2.17
ARTICLE 2	LABOR AND INDUSTRY	Page.Ln 44.31
ARTICLE 3	WORKERS' COMPENSATION ADVISORY COUNCIL; DEPARTMENT PROPOSALS	Page.Ln 62.5
ARTICLE 4	WORKERS' COMPENSATION ADVISORY COUNCIL; SPECIAL COMPENSATION FUND	Page.Ln 68.11
ARTICLE 5	WORKERS' COMPENSATION ADVISORY COUNCIL; WORKERS' COMPENSATION INTERVENTION	Page.Ln 74.1
ARTICLE 6	EMPLOYMENT AND ECONOMIC DEVELOPMENT	Page.Ln 77.9
ARTICLE 7	IRON RANGE RESOURCES AND REHABILITATION POLICY	Page.Ln 106.24
ARTICLE 8	COMMERCE POLICY	Page.Ln 146.13
ARTICLE 9	TELECOMMUNICATIONS	Page.Ln 155.4
ARTICLE 10	ENERGY POLICY	Page.Ln 169.23
ARTICLE 11	HOUSING POLICY	Page.Ln 203.4
ARTICLE 12	MISCELLANEOUS POLICY	Page.Ln 213.19

3.8852 PLANNING STRATEGY FOR SUSTAINABLE ENERGY FUTURE.

(a) The Legislative Energy Commission, in consultation with the commissioner of commerce and other state agencies, shall develop a framework for the state of Minnesota to transition to a renewable energy economy that ends Minnesota's contribution to greenhouse gases from burning fossil fuels within the next few decades. The framework and strategy should aim to make Minnesota the first state in the nation to use only renewable energy.

(b) In developing the framework for this transition, the commission must consult with stakeholders, including, but not limited to, representatives from cooperative, municipal, and investor-owned utilities, natural resources and environmental advocacy groups, labor and industry, and technical and scientific experts to examine the challenges and opportunities involved to develop a strategy and timeline to protect the environment and create jobs. The timeline must establish goals and strategies to reach the state's renewable energy standards and prepare for the steps beyond reaching those standards. The Department of Commerce, Division of Energy Resources shall provide technical support.

(c) The commission and its stakeholders must consider the following in creating the framework:

- (1) the economic and environmental costs of continued reliance on fossil fuels;
- (2) the creation of jobs and industry in the state that result from moving ahead of other states in transitioning to a sustainable energy economy;
- (3) the appropriate energy efficiency and renewable energy investments in Minnesota to reduce the economic losses to the Minnesota economy from importation of fossil fuels; and
- (4) the new technologies for energy efficiency, storage, transmission, and renewable generation needed to reliably meet the demand for energy.

(d) The framework shall be modified as needed to take advantage of new technological developments to facilitate ending fossil fuel use in power generation, heating and cooling, industry, and transportation.

(e) The commission shall report to the legislative committees and divisions with jurisdiction over energy policy by January 15, 2014, and annually thereafter, on progress toward achieving the framework goals.

46.131 ASSESSMENTS AND FEES FOR FINANCIAL INSTITUTIONS.

Subd. 5. **Application and adjustment of fees.** If the income from the fees provided for herein during any fiscal year shall be more than 103 percent of such expenditures for that year, any excess above such sum of 103 percent may be carried over to succeeding years in order to cover any deficit below 103 percent which may occur in such succeeding years. If the income from the fees provided for herein during any fiscal year shall produce less than the expenditures for that year, the Department of Commerce in adjusting its schedule of fees for use in the next fiscal year shall fix the fees so as to produce income in the amount of the expenditures for the latter year plus the amount of the difference between the expenditures for the first year referred to herein and the total income from such fees during the year and plus three percent of the total expenditures for both the latter and the first year referred to herein.

116C.779 FUNDING FOR RENEWABLE DEVELOPMENT.

Subd. 3. **Initiative for Renewable Energy and the Environment.** (a) Beginning July 1, 2009, and each July 1 through 2011, \$5,000,000 must be allocated from the renewable development account to fund a grant to the Board of Regents of the University of Minnesota for the Initiative for Renewable Energy and the Environment for the purposes described in paragraph (b). The Initiative for Renewable Energy and the Environment must set aside at least 15 percent of the funds received annually under the grant for qualified projects conducted at a rural campus or experiment station. Any set-aside funds not awarded to a rural campus or experiment station at the end of the fiscal year revert back to the Initiative for Renewable Energy and the Environment for its exclusive use. This subdivision does not create an obligation to contribute funds to the account.

(b) Activities funded under this grant may include, but are not limited to:

- (1) environmentally sound production of energy from a renewable energy source, including biomass and agricultural crops;
- (2) environmentally sound production of hydrogen from biomass and any other renewable energy source for energy storage and energy utilization;
- (3) development of energy conservation and efficient energy utilization technologies;
- (4) energy storage technologies; and

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(5) analysis of policy options to facilitate adoption of technologies that use or produce low-carbon renewable energy.

(c) For the purposes of this subdivision:

(1) "biomass" means plant and animal material, agricultural and forest residues, mixed municipal solid waste, and sludge from wastewater treatment; and

(2) "renewable energy source" means hydro, wind, solar, biomass, and geothermal energy, and microorganisms used as an energy source.

(d) Beginning January 15 of 2010, and each year thereafter, the director of the Initiative for Renewable Energy and the Environment at the University of Minnesota shall submit a report to the chair and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy finance describing the activities conducted during the previous year funded under this subdivision.

116J.549 WORKFORCE HOUSING DEVELOPMENT PROGRAM.

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish a workforce housing development program to award grants to eligible project areas to be used for qualified expenditures.

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; 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 excludes:

(1) properties constructed with financial assistance requiring the property to be occupied by residents that meet income limits under federal or state law of initial occupancy; and

(2) properties constructed with federal, state, or local flood recovery assistance, regardless of whether that assistance imposed income limits as a condition of receiving assistance.

(e) "Qualified expenditure" means expenditures for 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.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing application for grants under this section. At a minimum, a city must include in its application a resolution of its governing body certifying that the matching amount as required under this section is available and committed.

Subd. 4. **Program requirements.** (a) The commissioner must not award a grant 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 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 awarded under this section shall be given to eligible project areas with less than 18,000 people.

Subd. 5. **Allocation.** The amount of a grant may not exceed 25 percent of the rental housing development project cost. The commissioner shall not award a grant to a city without certification by the city that the amount of the grant shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant funds.

Subd. 6. **Report.** Beginning January 15, 2016, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives

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committees having jurisdiction over taxes and workforce development specifying the projects that received grants under this section and the specific purposes for which the grant funds were used.

174.187 MADE IN MINNESOTA SOLAR INSTALLATIONS.

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

(b) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) via manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

(c) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

Subd. 2. **Made in Minnesota solar energy system requirement.** Notwithstanding any other law to the contrary, if the commissioner engages in any project for the construction, improvement, maintenance, or repair of any building, highway, road, bridge, or land owned or controlled by the department and the construction, improvement, maintenance, or repair involves installation of one or more solar photovoltaic modules, the commissioner must ensure that the solar photovoltaic modules purchased and installed are "Made in Minnesota" as defined in subdivision 1, paragraph (b).

Subd. 3. **Application.** Subdivision 2 does not apply if:

(1) as a condition of the receipt of federal financial assistance for a specific project, the commissioner is required to use a procurement method that might result in the award of a contract to a manufacturer that does not meet the "Made in Minnesota" criteria established in subdivision 1, paragraph (b); or

(2) no solar photovoltaic modules are available that meet the "Made in Minnesota" criteria and fulfill the function required by the project.

176.541 STATE DEPARTMENTS.

Subd. 7. **Historical Society as state department.** For the purposes of workers' compensation as provided by this chapter, the Minnesota Historical Society is a state department and such chapter applies to its employees the same as it applies to employees of any department of the state government.

216B.8109 HYDROGEN ENERGY ECONOMY GOAL.

It is a goal of this state that Minnesota move to hydrogen as an increasing source of energy for its electrical power, heating, and transportation needs.

216B.811 DEFINITIONS.

Subdivision 1. **Scope.** For purposes of sections 216B.811 to 216B.815, the terms defined in this section have the meanings given them.

Subd. 2. **Fuel cell.** "Fuel cell" means an electrochemical device that produces useful electricity, heat, and water vapor, and operates as long as it is provided fuel.

Subd. 3. **Hydrogen.** "Hydrogen" means hydrogen produced using renewable energy sources.

Subd. 4. **Related technologies.** "Related technologies" means balance of plant components necessary to make hydrogen and fuel cell systems function; turbines, reciprocating, and other combustion engines capable of operating on hydrogen; and electrolyzers, reformers, and other

equipment and processes necessary to produce, purify, store, distribute, and use hydrogen for energy.

216B.812 FOSTERING USE OF HYDROGEN ENERGY.

Subdivision 1. **State purchase and use of renewable hydrogen technologies.** (a) The Department of Commerce, in coordination with the Department of Administration and the Pollution Control Agency, shall identify opportunities for deploying renewable hydrogen, fuel cells, and related technologies within state-owned facilities, vehicle fleets, and operations in ways that demonstrate their commercial performance and economics.

(b) The Department of Commerce shall recommend to the Department of Administration the purchase and deployment of hydrogen, fuel cells, and related technologies, when feasible, in ways that strategically contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109, and which contribute to the following nonexclusive list of objectives:

- (1) provide needed performance data to the marketplace;
- (2) identify code and regulatory issues to be resolved;
- (3) foster economic development and job creation in the state;
- (4) raise public awareness of renewable hydrogen, fuel cells, and related technologies; or
- (5) reduce emissions of carbon dioxide and other pollutants.

(c) The Department of Commerce and the Pollution Control Agency shall also recommend to the Department of Administration changes to the state's procurement guidelines and contracts in order to facilitate the purchase and deployment of cost-effective renewable hydrogen, fuel cells, and related technologies by all levels of government.

Subd. 2. **Pilot projects.** (a) In consultation with appropriate representatives from state agencies, local governments, universities, businesses, and other interested parties, the Department of Commerce shall report back to the legislature by November 1, 2005, and every two years thereafter, with a slate of proposed pilot projects that contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109. The Department of Commerce must consider the following nonexclusive list of priorities in developing the proposed slate of pilot projects:

- (1) deploy "bridge" technologies such as hybrid-electric, off-road, and fleet vehicles running on hydrogen or fuels blended with hydrogen;
- (2) lead to cost-competitive, on-site renewable hydrogen production technologies;
- (3) demonstrate nonvehicle applications for hydrogen;
- (4) improve the cost and efficiency of hydrogen from renewable energy sources; and
- (5) improve the cost and efficiency of hydrogen production using direct solar energy without electricity generation as an intermediate step.

(b) For deployment projects that do not involve a demonstration component, individual system components of the technology should, if feasible, meet commercial performance standards and systems modeling must be completed to predict commercial performance, risk, and synergies. In addition, the proposed pilots should meet as many of the following criteria as possible:

- (1) advance energy security;
- (2) capitalize on the state's native resources;
- (3) result in economically competitive infrastructure being put in place;
- (4) be located where it will link well with existing and related projects and be accessible to the public, now or in the future;
- (5) demonstrate multiple, integrated aspects of renewable hydrogen infrastructure;
- (6) include an explicit public education and awareness component;
- (7) be scalable to respond to changing circumstances and market demands;
- (8) draw on firms and expertise within the state where possible;
- (9) include an assessment of its economic, environmental, and social impact; and
- (10) serve other needs beyond hydrogen development.

Subd. 3. **Establishing multifuel hydrogen fueling stations.** The commissioner of commerce may accept federal funds, expend funds, and participate in projects to design, site, and construct multifuel hydrogen fueling stations that eventually link urban centers along key trade corridors across the jurisdictions of Manitoba, the Dakotas, Minnesota, Iowa, and Wisconsin.

These energy stations must serve the priorities listed in subdivision 2 and, as transition infrastructure, should accommodate a wide variety of vehicle technologies and fueling platforms, including hybrid, flexible-fuel, and fuel cell vehicles. They may offer, but not be limited to, gasoline, diesel, ethanol (E-85), biodiesel, and hydrogen, and may simultaneously test the integration of on-site combined heat and power technologies with the existing energy infrastructure.

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The hydrogen portion of the stations may initially serve local, dedicated on- or off-road vehicles, but should eventually support long-haul transport.

216B.813 MINNESOTA RENEWABLE HYDROGEN INITIATIVE.

Subdivision 1. **Road map.** The Department of Commerce shall coordinate and administer directly or by contract the Minnesota renewable hydrogen initiative. If the department decides to contract for its duties under this section, it must contract with a nonpartisan, nonprofit organization within the state to develop the road map. The initiative may be run as a public-private partnership representing business, academic, governmental, and nongovernmental organizations. The initiative must oversee the development and implementation of a renewable hydrogen road map, including appropriate technology deployments, that achieve the hydrogen goal of section 216B.8109. The road map should be compatible with the United States Department of Energy's National Hydrogen Energy Roadmap and be based on an assessment of marketplace economics and the state's opportunities in hydrogen, fuel cells, and related technologies, so as to capitalize on strengths. The road map should establish a vision, goals, general timeline, strategies for working with industry, and measurable milestones for achieving the state's renewable hydrogen goal. The road map should describe how renewable hydrogen and fuel cells fit in Minnesota's overall energy system, and should help foster a consistent, predictable, and prudent investment environment. The department must report to the legislature on the progress in implementing the road map by November 1 of each odd-numbered year.

Subd. 2. **Grants.** (a) The commissioner of commerce shall operate a competitive grant program for projects to assist the state in attaining its renewable hydrogen energy goals.

(b) The commissioner shall give preference to project concepts included in the department's most recent biennial report: Strategic Demonstration Projects to Accelerate the Commercialization of Renewable Hydrogen and Related Technologies in Minnesota. Projects eligible for funding must combine one or more of the hydrogen production options listed in the department's report with an end use that has significant commercial potential, preferably high visibility, and relies on fuel cells or related technologies. Each funded technology deployment must include an explicit education and awareness-raising component, be compatible with the renewable hydrogen deployment criteria defined in section 216B.812, and receive 50 percent of its total cost from nonstate sources. The 50 percent requirement does not apply for recipients that are public institutions.

216B.815 REGIONAL ENERGY RESEARCH AND EDUCATION PARTNERSHIP.

(a) The state's public research and higher education institutions should work with one another and with similar institutions in the region to establish Minnesota and the Upper Midwest as a center of research, education, outreach, and technology transfer for the production of renewable energy and products, including hydrogen, fuel cells, and related technologies. The partnership should be designed to create a critical mass of research and education capability that can compete effectively for federal and private investment in these areas.

(b) Initiatives undertaken by the partnership may include:

(1) collaborative and interdisciplinary research, demonstration projects, and commercialization of market-ready technologies;

(2) creation of undergraduate and graduate course offerings and eventually deeded and vocational programs with reciprocity;

(3) establishment of fellows programs at the region's institutes of higher learning that provide financial incentives for relevant study, research, and exchange; and

(4) development and field-testing of relevant curricula, teacher kits for all educational levels, and widespread teacher training, in collaboration with state energy offices, teachers, nonprofits, businesses, the United States Department of Energy, and other interested parties.

216C.411 DEFINITIONS.

For the purposes of sections 216C.411 to 216C.415, the following terms have the meanings given.

(a) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

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(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) by manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

A solar photovoltaic module that is manufactured by attaching microinverters, direct current optimizers, or other power electronics to a laminate or solar photovoltaic module that has received UL 1703 certification marks outside Minnesota from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency is not "Made in Minnesota" under this paragraph.

(b) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

216C.412 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE ACCOUNT.

Subdivision 1. **Account established; account management.** A "Made in Minnesota" solar energy production incentive account is established as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds remaining in the account at the end of a fiscal year do not cancel to the general fund but remain in the account. There is annually appropriated from the account to the commissioner of commerce money sufficient to make the incentive payments under section 216C.415, the transfers under section 216C.416, and to administer sections 216C.412 to 216C.415.

Subd. 2. **Payments from public utilities.** (a) Beginning January 1, 2014, and each January 1 thereafter, through 2023, for a total of ten years, each electric public utility subject to section 216B.241 must annually pay to the commissioner of commerce five percent of the minimum amount it is required to spend on energy conservation improvements under section 216B.241, subdivision 1a. Payments under this subdivision must be included in the calculation of whether a utility's other spending on generation exceeds the limits authorized for spending on generation under section 216B.2411, subdivision 1, for investments proposed for commissioner of commerce approval after July 1, 2013. The limits on spending in section 216B.2411 do not limit or apply to payments required by this subdivision. Payments made under this paragraph count toward satisfying expenditure obligations of a public utility under section 216B.241, subdivision 1a. The commissioner shall, upon receipt of the funds, deposit them in the account established in subdivision 1. A public utility subject to this paragraph must be credited energy savings for the purpose of satisfying its energy savings requirement under section 216B.241, subdivision 1c, based on its payment to the commissioner.

(b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), beginning January 1, 2014, and continuing through January 1, 2023, for a total of ten years, the public utility that manages the account under section 116C.779 must annually pay from that account to the commissioner an amount that, when added to the total amount paid to the commissioner of commerce under paragraph (a), totals \$15,000,000 annually. The commissioner shall, upon receipt of the payment, deposit it in the account established in subdivision 1.

216C.413 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; QUALIFICATION.

Subdivision 1. **Application.** A manufacturer of solar photovoltaic modules seeking to qualify those modules as eligible to receive the "Made in Minnesota" solar energy production incentive must submit an application to the commissioner of commerce on a form prescribed by the commissioner. The application must contain:

(1) a technical description of the solar photovoltaic module and the processes used to manufacture it, excluding proprietary details;

(2) documentation that the solar photovoltaic module meets all the required applicable parts of the "Made in Minnesota" definition in section 216C.411, including evidence of the UL 1703 right to mark for all solar photovoltaic modules seeking to qualify as "Made in Minnesota";

(3) any additional nonproprietary information requested by the commissioner of commerce; and

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(4) certification signed by the chief executive officer of the manufacturing company attesting to the truthfulness of the contents of the application and supporting materials under penalty of perjury.

Subd. 2. **Certification.** If the commissioner determines that a manufacturer's solar photovoltaic module meets the definition of "Made in Minnesota" in section 216C.411, the commissioner shall issue the manufacturer a "Made in Minnesota" certificate containing the name and model numbers of the certified solar photovoltaic modules and the date of certification. The commissioner must issue or deny the issuance of a certificate within 90 days of receipt of a completed application. A copy of the certificate must be provided to each purchaser of the solar photovoltaic module.

Subd. 3. **Revocation of certification.** The commissioner may revoke a certification of a module as "Made in Minnesota" if the commissioner finds that the module no longer meets the requirements to be certified. The revocation does not affect incentive payments awarded prior to the revocation.

216C.414 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE.

Subdivision 1. **Setting incentive.** Within 90 days of a module being certified as "Made in Minnesota" the commissioner of commerce shall set a solar energy production incentive amount for that solar photovoltaic module for the purpose of the incentive payment under section 216C.415. The incentive is a performance-based financial incentive expressed as a per kilowatt-hour amount. The amount shall be used for incentive applications approved in the year to which the incentive amount is applicable for the ten-year duration of the incentive payments. An incentive amount must be calculated for each module for each calendar year through 2023.

Subd. 2. **Criteria for determining incentive amount.** (a) The commissioner shall set the incentive payment amount by determining the average amount of incentive payment required to allow an average owner of installed solar photovoltaic modules a reasonable return on their investment. In setting the incentive amount the commissioner shall consider:

(1) an estimate of the installed cost per kilowatt-direct current, based on the cost data supplied by the manufacturer in the application submitted under section 216C.413, and an estimate of the average installation cost based on a representative sample of Minnesota solar photovoltaic installed projects;

(2) the average insolation rate in Minnesota;

(3) an estimate of the decline in the generation efficiency of the solar photovoltaic modules over time;

(4) the rate paid by public utilities to owners of solar photovoltaic modules under section 216B.164 or other law;

(5) applicable federal tax incentives for installing solar photovoltaic modules; and

(6) the estimated levelized cost per kilowatt-hour generated.

(b) The commissioner shall annually, for incentive applications received in a year, revise each incentive amount based on the factors in paragraph (a), clauses (1) to (6), general market conditions, and the availability of other incentives. In no case shall the "Made in Minnesota" incentive amount result in the "Made in Minnesota" incentives paid exceeding 40 percent, net of average applicable taxes on the ten-year incentive payments, of the average historic installation cost per kilowatt. The commissioner may exceed the 40 percent cap if the commissioner determines it is necessary to fully expend funds available for incentive payments in a particular year.

Subd. 3. **Metering of production.** A public utility must, at the expense of a customer, provide a meter to measure the production of a solar photovoltaic module system that is approved to receive incentive payments. The public utility must furnish the commissioner with information sufficient for the commissioner to determine the incentive payment. The information must be provided on a calendar year basis by no later than March 1. The commissioner shall provide a public utility with forms to use to provide the production information. A customer must attest to the accuracy of the production information.

Subd. 4. **Payment due date.** Payments must be made no later than July 1 following the year of production.

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Subd. 5. **Renewable energy credits.** Renewable energy credits associated with energy provided to a public utility for which an incentive payment is made belong to the utility.

216C.415 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; PAYMENT.

Subdivision 1. **Incentive payment.** Incentive payments may be made under this section only to an owner of grid-connected solar photovoltaic modules with a total nameplate capacity below 40 kilowatts direct current who:

(1) has submitted to the commissioner, on a form established by the commissioner, an application to receive the incentive that has been approved by the commissioner;

(2) has received a "Made in Minnesota" certificate under section 216C.413 for the module; and

(3) has installed on residential or commercial property solar photovoltaic modules that are generating electricity and has received a "Made in Minnesota" certificate under section 216C.413.

Subd. 2. **Application process.** Applications for an incentive payment must be received by the commissioner between January 1 and February 28. The commissioner shall by a random method approve the number of applications the commissioner reasonably determines will exhaust the funds available for payment for the ten-year period of incentive payments. Applications for residential and commercial installations shall be separately randomly approved.

Subd. 3. **Commissioner approval of incentive application.** The commissioner must approve an application for an incentive for an owner to be eligible for incentive payments. The commissioner must not approve an application in a calendar year if the commissioner determines there will not be sufficient funding available to pay an incentive to the applicant for any portion of the ten-year duration of payment. The commissioner shall annually establish a cap on the cumulative capacity for a program year based on funds available and historic average installation costs. Receipt of an incentive is not an entitlement and payment need only be made from available funds in the "Made in Minnesota" solar production incentive account.

Subd. 4. **Eligibility window; payment duration.** (a) Payments may be made under this section only for electricity generated from new solar photovoltaic module installations that are commissioned between January 1, 2014, and December 31, 2023.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar system is commissioned.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after December 31, 2033.

(e) An owner of solar photovoltaic modules may not first begin to receive payments under this section after December 31, 2024.

Subd. 5. **Allocation of payments.** (a) If there are sufficient applications, approximately 50 percent of the incentive payment shall be for owners of eligible solar photovoltaic modules installed on residential property, and approximately 50 percent shall be for owners of eligible solar photovoltaic modules installed on commercial property.

(b) The commissioner shall endeavor to distribute incentives paid under this section to owners of solar photovoltaic modules installed in a manner so that the amount of payments received in an area of the state reasonably approximates the amount of payments made by a utility serving that area.

(c) For purposes of this subdivision:

(1) "residential property" means residential real estate that is occupied and used as a homestead by its owner or by a renter and includes "multifamily housing development" as defined in section 462C.02, subdivision 5, except that residential property on which solar photovoltaic modules (i) whose capacity exceeds 10 kilowatts is installed; or (ii) connected to a utility's distribution system and whose electricity is purchased by several residents, each of whom own a share of the electricity generated, shall be deemed commercial property; and

(2) "commercial property" means real property on which is located a business, government, or nonprofit establishment.

Subd. 6. **Limitation.** An owner receiving an incentive payment under this section may not receive a rebate under section 116C.7791 for the same solar photovoltaic modules.

216C.416 SOLAR THERMAL REBATES.

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Subdivision 1. **Rebate program created.** The commissioner of commerce shall operate a program to provide rebates for the installation of "Made in Minnesota" solar thermal systems in the state. "Solar thermal system" means a flat plate or evacuated tube that meets the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water. A solar thermal system is "Made in Minnesota" if components of the system are manufactured in Minnesota and the solar thermal system is certified by the Solar Rating and Certification Corporation. The solar thermal system may be installed in residential and commercial facilities for, among other purposes, hot water, space heating, or pool heating purposes.

Subd. 2. **Account; funding.** (a) The solar thermal system rebate account is created as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds in the account are appropriated to the commissioner of commerce for the purpose of making the rebate payments under this section and administering this section.

(b) Beginning January 1, 2014, and each January 1 thereafter to January 1, 2023, the commissioner of commerce shall annually transfer \$250,000 from the account created in section 216C.412 for deposit in the account created in this subdivision.

(c) To the extent there are sufficient applications, the commissioner shall annually spend for rebates under this section from 2014 to 2023, for a total of ten years, approximately \$250,000 per year. If sufficient applications are not received to spend the money available for rebates in a year under this section, the unspent money must be returned to the account from which it was transferred, provided that funds available for 2014 applications shall remain available for 2015 applications.

Subd. 3. **Individual incentives.** The maximum rebate for a single family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or \$2,500. The maximum rebate for a multiple family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or \$5,000. The maximum rebate for a commercial installation is the lesser of 25 percent of the installation cost of the complete system or \$25,000. The system must be installed by a factory authorized installer. The commissioner shall allocate approximately 50 percent of the rebates in each year to solar thermal hot water and 50 percent to solar thermal air projects if sufficient applications are made for each.

Subd. 4. **Application process.** Applications for incentives must be made to the commissioner of commerce on forms provided by the commissioner. The commissioner shall use a random process for the selection of recipients of incentives except to the extent necessary to allocate rebates as required by this section.

298.22 IRON RANGE RESOURCES AND REHABILITATION.

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

298.2213 NORTHEAST MINNESOTA ECONOMIC DEVELOPMENT FUND.

Subdivision 1. **Appropriation.** \$4,000,000 is appropriated from the general fund to the commissioner of Iron Range resources and rehabilitation. \$300,000 of this appropriation must be used in the same manner as money appropriated under section 298.17.

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Subd. 2. **Purpose of expenditures.** The money appropriated in this section may be used for projects and programs for which technological and economic feasibility have been demonstrated and that have the following purposes:

(1) creating and maintaining productive, permanent, skilled employment, including employment in technologically innovative businesses; and

(2) encouraging diversification of the economy and promoting the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business, and tourism.

Subd. 3. **Use of money.** The money appropriated under this section may be used to provide loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan must be no less than the lesser of eight percent or the rate of interest that is three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved.

Money appropriated in this section must be expended only in or for the benefit of the taconite assistance area defined in section 273.1341, and as otherwise provided in this section.

Subd. 4. **Project approval.** The board and commissioner shall by August 1 each year prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

(1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(2) the prospective benefits of the expenditure exceed the anticipated costs; and

(3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

Each project must be approved by the board and the commissioner of Iron Range resources and rehabilitation. The list of projects must be submitted to the governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

Subd. 5. **Advisory committees.** Before submission to the board of a proposal for a project for expenditure of money appropriated under this section, the commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of at least seven persons who are knowledgeable in areas related to the objectives of the proposal. If the project involves investment in a scientific research proposal, at least four of the committee members must be knowledgeable in the specific scientific research area relating to the project. Members of the committees must be compensated as provided in section 15.059, subdivision 3. The board shall not act on a proposal until it has received the evaluation and recommendations of the technical advisory committee.

Subd. 6. **Use of repayments and earnings.** Principal and interest received in repayment of loans made under this section must be deposited in the state treasury and are appropriated to the board for the purposes of this section.

298.298 LONG-RANGE PLAN.

Consistent with the policy established in sections 298.291 to 298.298, the Iron Range Resources and Rehabilitation Board shall prepare and present to the governor and the legislature by December 31, 2006, a long-range plan for the use of the Douglas J. Johnson economic protection trust fund for the economic development and diversification of the taconite assistance area defined in section 273.1341. No project shall be approved by the Iron Range Resources and Rehabilitation Board which is not consistent with the goals and objectives established in the long-range plan.

326B.89 CONTRACTOR RECOVERY FUND.

Subd. 14. **Accelerated compensation.** (a) Payments made from the fund to compensate owners and lessees that do not exceed the jurisdiction limits for conciliation court matters as specified in section 491A.01 may be paid on an accelerated basis if all of the following requirements in paragraphs (b) and (c) have been satisfied.

(b) The owner or the lessee has served upon the commissioner a verified application for compensation that complies with the requirements set out in subdivision 6 and the commissioner

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determines based on review of the application that compensation should be paid from the fund. The commissioner shall calculate the actual and direct out-of-pocket loss in the transaction, minus attorney fees, litigation costs or fees, interest on the loss and on the judgment obtained as a result of the loss, and any satisfaction of the judgment, and make payment to the owner or the lessee up to the conciliation court jurisdiction limits within 45 days after the owner or lessee serves the verified application.

(c) The commissioner may pay compensation to owners or lessees that totals not more than \$50,000 per licensee per fiscal year under this accelerated process. The commissioner may prorate the amount of compensation paid to owners or lessees under this subdivision if applications submitted by owners and lessees seek compensation in excess of \$50,000 against a licensee. Any unpaid portion of a verified application that has been prorated under this subdivision shall be satisfied in the manner set forth in subdivision 9.

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Laws 2013, chapter 85, article 6, section 11

Sec. 11. **SOLAR PHOTOVOLTAIC MODULES.**

No solar photovoltaic module may be installed that is financed directly or indirectly, wholly or in part, with money appropriated in this act, unless the solar photovoltaic module is made in Minnesota as defined in Minnesota Statutes, section 16B.323, subdivision 1, paragraph (b).

4355.0100 PURPOSE.

The purpose of this chapter is to establish:

- A. procedures for use of the revolving loan fund under Minnesota Statutes, section 116M.18;
- B. procedures for the Minnesota emerging entrepreneur program to certify and enter into agreements with nonprofit corporations; and
- C. procedures for nonprofit corporations to make loans to eligible businesses.

4355.0200 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of this chapter the terms in this part and in Minnesota Statutes, section 116M.14, have the meanings given.

Subp. 2. **Grant agreements.** "Grant agreements" means an agreement between the state and a nonprofit corporation through which the state provides funds to carry out specified programs, services, or activities.

Subp. 3. **Nonprofit corporation.** "Nonprofit corporation" means a not-for-profit organization operating in one or more eligible cities and certified by the board to receive grants and disburse these funds in the nature of loans to qualifying businesses.

Subp. 4. **Nonprofit revolving loan fund.** "Nonprofit revolving loan fund" means a board-certified revolving loan fund established by a nonprofit corporation to provide loans to new and expanding businesses in low-income areas.

Subp. 5. **Urban revolving loan fund.** "Urban revolving loan fund" means a fund established by the board to make grants to nonprofit corporations.

4355.0300 BUSINESS LOANS BY NONPROFIT CORPORATIONS.

Subpart 1. **Generally.** The board shall make available funds from the urban revolving loan fund for nonprofit corporations. The money awarded to each corporation shall be appropriated to its nonprofit revolving loan fund to be used to make loans to businesses in low-income areas. The funds are to be awarded on a project-by-project basis and must be matched by the corporation with an equal amount of money from sources other than government appropriations.

Subp. 2. **Grant agreement required.** A grant agreement must be established with each nonprofit corporation certified for funding by the board. Grant agreements shall be valid for a period of one year from the time they are fully executed. Agreements may be renewed by the board based on an evaluation of the corporation's lending activities, a finding that the corporation has complied with all the provisions of the agreement, and has made substantive progress in achieving the goals described in its application.

In the event that a grant agreement is not renewed, the corporation must continue to administer all loans it may have made under the provisions of the grant agreement and Minnesota Statutes, section 116M.18.

Subp. 3. **Application by nonprofit corporation.** Any nonprofit corporation wishing to be certified as a participant in the urban challenge grant program must apply in a form prescribed by the board. The application must include:

- A. an assurance signed by the nonprofit corporation's chair that the applicant will comply with all applicable state and federal laws and requirements;
- B. a resolution passed by the applicant's board of directors approving the submission of an application and authorizing execution of the grant agreement if funds are made available;
- C. a plan demonstrating the applicant's eligibility pursuant to Minnesota Statutes, section 116M.18, the manner in which minority business enterprises will be assisted, the outcomes expected to result from the corporation's participation in the program; and
- D. any additional information that the board finds is necessary to clarify the applicant's ability to achieve the program's objectives.

Subp. 4. **Board review.** The board shall certify the corporation if it has demonstrated that it fully meets the eligibility standards in Minnesota Statutes, section 116M.18, subdivision 2.

Subp. 5. **Disapproval of applications.** In cases where the corporation fails to demonstrate that it has met the requirements in Minnesota Statutes, section 116M.18, subdivision 2, the board must disapprove the application. The commissioner shall inform the corporation of the board's decision, in writing, stating the reasons for the denial.

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Subp. 6. **Contents of grant agreement.** If certified, the board must enter into a grant agreement with the nonprofit corporation. The grant agreement must include provisions that:

- A. the corporation has established or will establish a board-certified revolving loan fund to provide loans to new and expanding businesses in low-income areas;
- B. the grant recipient will comply with all applicable state and federal laws, including the requirements of Minnesota Statutes, section 116M.18; and
- C. no grant funds shall be used to finance activities not approved in either the grant agreement or each loan agreement.

Subp. 7. **Other grant requirements.** The following provisions apply to grants awarded:

- A. if it is determined that an improper use of the funds has occurred, the board shall take whatever action is necessary to recover improperly spent funds;
- B. grant recipients must return funds that are improperly expended;
- C. the board shall suspend payment of funds to recipients that are not in compliance with applicable state and federal laws, rules, and regulations;
- D. amendments to the grant agreement must be in writing; and
- E. the grant agreement may authorize the nonprofit corporation to be paid for administrative expenses out of the interest earned on loans it originates.

Subp. 8. **Corporation to make business loans.** Any business may make an application to the nonprofit corporation for an urban challenge grant loan. The application must be in a form approved by the corporation and the board. The corporation must review the application and may give preliminary approval for the loan based on Minnesota Statutes, section 116M.18. The loan application must then be forwarded to the board for final approval.

4355.0400 BUSINESS LOANS BY THE BOARD.

If the board receives a grant, gift, or loan, authorizing or requiring it to make business loans directly to qualifying businesses, and the board determines that businesses do not have access through a certified corporation, the board may receive applications for an urban challenge grant loan on the forms it prescribes. The board shall review applications and, based on the provisions of Minnesota Statutes, section 116M.18, and the business loan criteria in part 4355.0500, may approve them. If an application is denied, the commissioner shall inform the applicant as to the reasons for the denial.

4355.0500 BUSINESS LOAN CRITERIA.

Subpart 1. **Terms and conditions.**

- A. The interest rate on a loan shall be established by the corporation, but may be no less than two percent per annum, nor more than ten percent per annum or one percent per annum above the prime rate, as published in the Wall Street Journal at the time the loan is closed, whichever is greater.
- B. The corporation may only charge the business all out-of-pocket administrative expenses connected with originating the loan at the time of closing.
- C. The loan funds may be used for normal business expenses including, but not limited to, site acquisition, new construction, renovation, machinery and equipment, and working capital. Loans may not be used to refinance a business or personal existing debt.

Subp. 2. **Loan repayment.** For loans made by the board, all loan repayments must be deposited in the urban revolving loan fund for further distribution to businesses or nonprofit corporations pursuant to Minnesota Statutes, section 116M.18.

For loans made by a nonprofit corporation, amounts equal to one-half of the principal and interest must be deposited in the urban revolving loan fund. The principal payments shall be made available to the corporation originating the loan in order to make additional loans, as long as the corporation remains certified and the grant agreement with the board is in effect. The board may return interest payments to the corporation in order to pay for the corporation's administrative expenses.

The remaining amount of the loan repayment may be deposited in the nonprofit revolving loan fund created by the corporation which originated the loan for further distribution by the nonprofit corporation, or for other uses as may be determined by the corporation.