

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 605

(SENATE AUTHORS: KIFFMEYER)

DATE	D-PG	OFFICIAL STATUS
02/02/2017	498	Introduction and first reading Referred to State Government Finance and Policy and Elections
03/23/2017	1590a	Comm report: To pass as amended and re-refer to Finance
03/27/2017	1951a	Comm report: To pass as amended
	1963	Second reading
03/29/2017	2611	Special Order
	2623	Third reading Passed
04/18/2017	3159	Returned from House with amendment
	3160	Senate not concur, conference committee of 5 requested
	3170	Senate conferees Kiffmeyer; Anderson, B.; Koran; Hall; Laine
04/20/2017	3182	House conferees Anderson, S.; O'Driscoll; Dettmer; Fenton; Nash
05/09/2017	3438c	Conference committee report, delete everything Senate adopted CC report and repassed bill
	3571	Third reading
	4168	House adopted SCC report and repassed bill Presentment date 05/09/17

1.1 A bill for an act

1.2 relating to the operation of state government; appropriating money for the

1.3 legislature, governor's office, state auditor, attorney general, secretary of state,

1.4 certain agencies, boards, councils, and retirement funds; changing provisions in

1.5 state government operations; making technical changes to state budgeting terms;

1.6 changing administrative rules provisions; changing provisions in veterans affairs,

1.7 campaign finance, and elections; amending Minnesota Statutes 2016, sections

1.8 3.305, subdivision 1; 3.842, subdivision 4a; 3.855, subdivision 2; 3.8843,

1.9 subdivision 7; 3.971, subdivisions 2, 6; 3.972, by adding a subdivision; 3.98,

1.10 subdivisions 1, 4; 3.987, subdivision 1; 6.481, subdivisions 3, 6; 6.56, subdivision

1.11 2; 6.581, subdivision 4; 10A.01, subdivisions 12, 16, 26; 10A.02, subdivision 13;

1.12 10A.025, subdivision 1a; 10A.04, by adding a subdivision; 10A.071, subdivision

1.13 1; 10A.09, subdivisions 5, 6; 10A.105, subdivision 1; 10A.15, subdivision 1, by

1.14 adding a subdivision; 10A.20, subdivisions 3, 15; 10A.245, subdivision 2; 10A.25,

1.15 subdivisions 1, 2, 10; 10A.257, subdivision 1; 10A.27, subdivision 10, by adding

1.16 subdivisions; 10A.28, subdivision 3; 10A.31, by adding a subdivision; 10A.322,

1.17 subdivision 1; 10A.38; 14.002; 14.02, by adding a subdivision; 14.05, subdivisions

1.18 1, 2, 6, 7, by adding subdivisions; 14.101, subdivision 1; 14.116; 14.125; 14.127;

1.19 14.131; 14.14, subdivisions 1a, 2a; 14.18, subdivision 1; 14.19; 14.22, subdivision

1.20 1; 14.23; 14.25, subdivision 1; 14.26; 14.27; 14.365; 14.381, subdivision 3; 14.388,

1.21 subdivisions 1, 2; 14.389, subdivision 3; 14.44; 14.45; 14.51; 14.57; 15.0596;

1.22 15.191, subdivisions 1, 3; 16A.065; 16A.13, subdivision 2a; 16A.134; 16A.15,

1.23 subdivision 3; 16A.17, subdivision 5; 16A.272, subdivision 3; 16A.40; 16A.42,

1.24 subdivisions 2, 4, by adding a subdivision; 16A.56; 16A.671, subdivision 1; 16A.90;

1.25 16B.04, subdivision 2; 16B.055, subdivision 1; 16B.335, subdivision 1; 16B.37,

1.26 subdivision 4; 16B.371; 16B.4805, subdivisions 2, 4; 16B.97, by adding a

1.27 subdivision; 16D.03, subdivision 2; 16D.09, subdivision 1; 16E.016; 16E.0466;

1.28 21.116; 43A.17, subdivision 11; 43A.24, by adding a subdivision; 43A.30,

1.29 subdivision 2; 43A.49; 49.24, subdivisions 13, 16; 69.031, subdivision 1; 80A.65,

1.30 subdivision 9; 84A.23, subdivision 4; 84A.33, subdivision 4; 84A.40; 84A.52;

1.31 88.12, subdivision 1; 94.522; 94.53; 116J.64, subdivision 7; 126C.55, subdivisions

1.32 2, 9; 126C.68, subdivision 3; 126C.69, subdivision 14; 127A.34, subdivision 1;

1.33 127A.40; 136F.46, subdivision 1; 136F.70, subdivision 3; 138.69; 155A.30,

1.34 subdivision 5; 162.08, subdivisions 10, 11; 162.14, subdivisions 4, 5; 162.18,

1.35 subdivision 4; 162.181, subdivision 4; 163.051, subdivision 3; 176.181, subdivision

1.36 2; 176.581; 176.591, subdivision 3; 179A.20, by adding a subdivision; 190.19,

1.37 subdivisions 2, 2a; 192.55; 196.05, subdivision 1; 196.052; 197.236, subdivision

1.38 9; 197.791, subdivisions 2, 3, 4, 5, 5a; 198.16; 237.30; 241.13, subdivision 1;

1.39 244.19, subdivision 7; 256B.20; 260B.331, subdivision 2; 260C.331, subdivision

2.1 2; 270C.13, subdivision 1; 273.121, subdivision 1; 287.08; 297I.10, subdivision
 2.2 1; 299C.21; 348.05; 352.04, subdivision 9; 352.05; 352.115, subdivision 12; 352.12,
 2.3 subdivision 13; 353.05; 353.27, subdivisions 3c, 7; 353.505; 354.42, subdivision
 2.4 7; 354.52, subdivisions 4, 4b; 401.15, subdivision 1; 446A.086, subdivision 4;
 2.5 446A.16, subdivision 1; 462A.18, subdivision 1; 471.6161, subdivision 8; 471.617,
 2.6 subdivision 2; 475A.04, subdivision 1; 508.12, subdivision 1; 518A.79, by adding
 2.7 a subdivision; 525.841; Laws 2016, chapter 127, section 8; proposing coding for
 2.8 new law in Minnesota Statutes, chapters 2; 3; 6; 10A; 14; 15; 16A; 16B; 43A;
 2.9 118A; 197; repealing Minnesota Statutes 2016, sections 4.46; 6.581, subdivision
 2.10 1; 10A.28, subdivision 1; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7,
 2.11 7a, 10, 10a, 10b, 11; 10A.315; 10A.321; 10A.322, subdivisions 2, 4; 10A.323;
 2.12 10A.324, subdivisions 1, 3; 14.05, subdivision 5; Minnesota Rules, parts 4501.0300,
 2.13 subpart 3; 4501.0500, subpart 2; 4503.0200, subpart 6; 4503.0300, subpart 4;
 2.14 4503.0400, subpart 1; 4503.0500, subparts 5, 8; 4503.0700, subparts 2, 3;
 2.15 4503.1300, subpart 5; 4503.1400, subparts 2, 3, 4, 5, 6, 7, 8, 9; 4503.1450;
 2.16 4503.1600; 4503.1700; 4503.1800; 4505.0100, subpart 3; 4505.0900, subparts 2,
 2.17 3, 4, 5, 6, 7; 4511.0500, subpart 2; 4512.0100, subparts 2, 4, 5; 4525.0210, subpart
 2.18 1.

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

2.20 **ARTICLE 1**

2.21 **STATE GOVERNMENT APPROPRIATIONS**

2.22 Section 1. **APPROPRIATIONS.**

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

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

2.34 Sec. 2. **LEGISLATURE**

2.35	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>83,057,000</u>	<u>\$</u>	<u>82,123,000</u>
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2.36	<u>Appropriations by Fund</u>				
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2.37		<u>2018</u>	<u>2019</u>		
2.38	<u>General</u>	<u>82,929,000</u>	<u>81,995,000</u>		
2.39	<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>		

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

3.4	<u>Subd. 2. Senate</u>	<u>32,299,000</u>	<u>32,105,000</u>
3.5	<u>Subd. 3. House of Representatives</u>	<u>32,383,000</u>	<u>32,383,000</u>
3.6	<u>Subd. 4. Legislative Coordinating Commission</u>	<u>18,375,000</u>	<u>17,635,000</u>

3.7	<u>Appropriations by Fund</u>		
3.8	<u>General</u>	<u>18,247,000</u>	<u>17,507,000</u>
3.9	<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

3.10 Appropriations provided by this subdivision
 3.11 may be used for designated staff to support
 3.12 the following offices and commissions: Office
 3.13 of the Legislative Auditor; Office of the
 3.14 Revisor of Statutes; Legislative Reference
 3.15 Library; Geographic Information Services;
 3.16 Legislative Budget Office; Legislative-Citizen
 3.17 Commission on Minnesota Resources;
 3.18 Legislative Commission on Pensions and
 3.19 Retirement; Legislative Energy Commission;
 3.20 and the Lessard-Sams Outdoor Heritage
 3.21 Council. The operation of all other joint
 3.22 offices and commissions must be supported
 3.23 by the central administrative staff of the
 3.24 Legislative Coordinating Commission. This
 3.25 appropriation may additionally be used for
 3.26 central administrative staff to support the work
 3.27 of the Economic Status of Women Advisory
 3.28 Committee.

3.29 From its funds, \$10,000 each year is for
 3.30 purposes of the legislators' forum, through
 3.31 which Minnesota legislators meet with
 3.32 counterparts from South Dakota, North
 3.33 Dakota, and Manitoba to discuss issues of
 3.34 mutual concern.

4.1 **Legislative Auditor.** \$6,744,000 the first year
4.2 and \$6,564,000 the second year are for the
4.3 Office of the Legislative Auditor.

4.4 Of these amounts, \$130,000 the first year is
4.5 for the transit financial activity reviews
4.6 required by Minnesota Statutes, section 3.972,
4.7 subdivision 4.

4.8 No later than January 15, 2018, the legislative
4.9 auditor must complete a review of the small
4.10 business investment tax credit incentive
4.11 established in Minnesota Statutes, section
4.12 116J.8737. The review must follow the
4.13 evaluation plan established for review of a
4.14 general incentive program under Minnesota
4.15 Statutes, section 3.9735, subdivision 4.

4.16 No later than January 15, 2018, the legislative
4.17 auditor must complete an assessment of the
4.18 adequacy of the county audits performed by
4.19 the state auditor in calendar year 2016. The
4.20 standards for conducting the assessment must
4.21 be identical to those described in the report of
4.22 the state auditor dated March 2017, titled
4.23 "Assessing the Adequacy of 2015 County
4.24 Audits Performed by Private CPA Firms."

4.25 **Revisor of Statutes.** \$6,430,000 the first year
4.26 and \$6,093,000 the second year are for the
4.27 Office of the Revisor of Statutes.

4.28 Of these amounts, \$250,000 in the first year
4.29 is for upgrades and repairs to the information
4.30 technology data center located in the State
4.31 Office Building.

4.32 **Legislative Budget Office.** \$864,000 the first
4.33 year and \$818,000 the second year are for the

5.1 Legislative Budget Office established in
5.2 section 3.8853.

5.3 **Legislative Reference Library. \$1,622,000**
5.4 the first year and \$1,445,000 the second year
5.5 are for the Legislative Reference Library.

5.6 Of these amounts, \$177,000 the first year is
5.7 for the digital preservation of audio recordings
5.8 documenting committee hearings and floor
5.9 sessions of the legislature.

5.10 **Sec. 3. GOVERNOR AND LIEUTENANT**
5.11 **GOVERNOR**

\$ 4,403,000 \$ 4,403,000

5.12 (a) This appropriation is to fund the Office of
5.13 the Governor and Lieutenant Governor.

5.14 (b) Up to \$19,000 the first year and up to
5.15 \$19,000 the second year are for necessary
5.16 expenses in the normal performance of the
5.17 Governor's and Lieutenant Governor's duties
5.18 for which no other reimbursement is provided.

5.19 (c) The following amounts that are
5.20 appropriated from the general fund in fiscal
5.21 years 2018 and 2019 to the specified agency
5.22 and are budgeted to be transferred to the
5.23 governor for personnel costs incurred by the
5.24 Offices of the Governor and the Lieutenant
5.25 Governor to support the agencies are canceled
5.26 to the general fund and the base for each
5.27 agency is reduced by the specified amount for
5.28 fiscal years 2020 and 2021.

<u>Agency</u>	<u>2018</u>	<u>2019</u>
5.29 <u>Commerce</u>	<u>67,000</u>	<u>67,000</u>
5.30 <u>Employment and</u>		
5.31 <u>Economic Development</u>	<u>109,000</u>	<u>109,000</u>
5.32 <u>Education</u>	<u>58,000</u>	<u>58,000</u>
5.33 <u>Office of Higher</u>		
5.34 <u>Education</u>	<u>25,000</u>	<u>25,000</u>

6.1	<u>Administration</u>		<u>25,000</u>	<u>25,000</u>
6.2	<u>Management and</u>			
6.3	<u>Budget</u>		<u>21,000</u>	<u>21,000</u>
6.4	<u>MN.IT Services</u>		<u>25,000</u>	<u>25,000</u>
6.5	<u>Revenue</u>		<u>41,000</u>	<u>41,000</u>
6.6	<u>Health</u>		<u>58,000</u>	<u>58,000</u>
6.7	<u>Human Services</u>		<u>247,000</u>	<u>247,000</u>
6.8	<u>Veterans Affairs</u>		<u>16,000</u>	<u>16,000</u>
6.9	<u>Military Affairs</u>		<u>17,000</u>	<u>17,000</u>
6.10	<u>Corrections</u>		<u>58,000</u>	<u>58,000</u>
6.11	<u>Transportation</u>		<u>20,000</u>	<u>20,000</u>
6.12	<u>(d) Appropriations provided by this section</u>			
6.13	<u>may not be used to support the hiring of</u>			
6.14	<u>additional personnel in the Office of the</u>			
6.15	<u>Governor, to support current personnel in the</u>			
6.16	<u>office assigned to oversee federal policy or</u>			
6.17	<u>federal government relations, or to maintain</u>			
6.18	<u>office space located in the District of</u>			
6.19	<u>Columbia.</u>			
6.20	Sec. 4. <u>STATE AUDITOR</u>			
6.21	<u>Subdivision 1. Total Appropriation</u>	\$	<u>9,243,000</u>	\$ <u>9,488,000</u>
6.22	<u>The amounts that may be spent for each</u>			
6.23	<u>purpose are specified in the following</u>			
6.24	<u>subdivisions.</u>			
6.25	<u>Subd. 2. Audit Practice</u>		<u>7,449,000</u>	<u>7,694,000</u>
6.26	<u>Notwithstanding Minnesota Statutes, section</u>			
6.27	<u>6.581, subdivision 3, or any other law to the</u>			
6.28	<u>contrary, the rates included in the state</u>			
6.29	<u>auditor's schedule of charges for examinations</u>			
6.30	<u>conducted in fiscal years 2018 and 2019 must</u>			
6.31	<u>be no greater than the rates included in the</u>			
6.32	<u>schedule of charges established for</u>			
6.33	<u>examinations conducted in calendar year 2016.</u>			
6.34	<u>Subd. 3. Legal and Special Investigations</u>		<u>272,000</u>	<u>272,000</u>

7.1	<u>Subd. 4. Government Information</u>		<u>511,000</u>	<u>511,000</u>
7.2	<u>Subd. 5. Pension Oversight</u>		<u>485,000</u>	<u>485,000</u>
7.3	<u>Subd. 6. Operations Management</u>		<u>305,000</u>	<u>305,000</u>
7.4	<u>Subd. 7. Constitutional Office</u>		<u>221,000</u>	<u>221,000</u>

7.5 Sec. 5. **ATTORNEY GENERAL**

7.6	<u>Subdivision 1. Total Appropriation</u>		<u>\$ 23,265,000</u>	<u>\$ 23,265,000</u>
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7.7 Appropriations by Fund

7.8		<u>2018</u>	<u>2019</u>
7.9	<u>General</u>	<u>20,465,000</u>	<u>20,465,000</u>
7.10	<u>State Government</u>		
7.11	<u>Special Revenue</u>	<u>2,405,000</u>	<u>2,405,000</u>
7.12	<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
7.13	<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

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

7.17	<u>Subd. 2. Government Legal Services</u>		<u>3,652,000</u>	<u>3,652,000</u>
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7.18	<u>Subd. 3. Regulatory Law and Professions</u>		<u>5,002,000</u>	<u>5,002,000</u>
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7.19 Appropriations by Fund

7.20		<u>2018</u>	<u>2019</u>
7.21	<u>General</u>	<u>2,223,000</u>	<u>2,223,000</u>
7.22	<u>State Government</u>		
7.23	<u>Special Revenue</u>	<u>2,384,000</u>	<u>2,384,000</u>
7.24	<u>Environmental</u>	<u>250,000</u>	<u>250,000</u>
7.25	<u>Remediation</u>	<u>145,000</u>	<u>145,000</u>

7.26	<u>Subd. 4. State Government Services</u>		<u>6,157,000</u>	<u>6,157,000</u>
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7.27 Appropriations by Fund

7.28		<u>2018</u>	<u>2019</u>
7.29	<u>General</u>	<u>6,136,000</u>	<u>6,136,000</u>
7.30	<u>State Government</u>		
7.31	<u>Special Revenue</u>	<u>21,000</u>	<u>21,000</u>

8.1	<u>Subd. 5. Civil Law Section</u>		<u>3,010,000</u>	<u>3,010,000</u>
8.2	<u>Subd. 6. Civil Litigation</u>		<u>1,495,000</u>	<u>1,495,000</u>
8.3	<u>Subd. 7. Administrative Operations</u>		<u>3,949,000</u>	<u>3,949,000</u>

8.4 **Sec. 6. SECRETARY OF STATE**

8.5	<u>Subdivision 1. Total Appropriation</u>	\$	<u>5,419,000</u>	\$	<u>5,530,000</u>
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8.6 The base for fiscal year 2020 is \$5,419,000
 8.7 and the base for fiscal year 2021 is
 8.8 \$5,419,000.

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

8.12	<u>Subd. 2. Administration</u>		<u>512,000</u>	<u>525,000</u>
8.13	<u>Subd. 3. Safe at Home</u>		<u>659,000</u>	<u>676,000</u>
8.14	<u>Subd. 4. Business Services</u>		<u>1,422,000</u>	<u>1,174,000</u>
8.15	<u>Subd. 5. Elections</u>		<u>2,826,000</u>	<u>3,155,000</u>

8.16 **Sec. 7. CAMPAIGN FINANCE AND PUBLIC**
 8.17 **DISCLOSURE BOARD**

8.17		\$	<u>924,000</u>	\$	<u>924,000</u>
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8.18	Sec. 8. <u>STATE BOARD OF INVESTMENT</u>	\$	<u>139,000</u>	\$	<u>139,000</u>
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8.19 **Sec. 9. ADMINISTRATIVE HEARINGS**

8.20	<u>Subdivision 1. Total Appropriation</u>	\$	<u>8,170,000</u>	\$	<u>8,170,000</u>
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8.21	<u>Appropriations by Fund</u>			
8.22		<u>2018</u>	<u>2019</u>	
8.23	<u>General</u>	<u>383,000</u>	<u>383,000</u>	
8.24	<u>Workers'</u>			
8.25	<u>Compensation</u>	<u>7,787,000</u>	<u>7,787,000</u>	

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

8.29	<u>Subd. 2. Campaign Violations</u>		<u>115,000</u>	<u>115,000</u>
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8.30 These amounts are for the cost of considering
 8.31 complaints filed under Minnesota Statutes,

9.1 section 211B.32. These amounts may be used
 9.2 in either year of the biennium.

9.3 **Subd. 3. Data Practices** 6,000 6,000

9.4 These amounts are for the cost of considering
 9.5 data practices complaints filed under
 9.6 Minnesota Statutes, section 13.085. These
 9.7 amounts may be used in either year of the
 9.8 biennium.

9.9 **Subd. 4. Municipal Boundary Adjustments** 262,000 262,000

9.10 **Sec. 10. OFFICE OF MN.IT SERVICES**

9.11 **Subdivision 1. Total Appropriation** **\$ 2,622,000** **\$ 2,622,000**

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

9.15 The state chief information officer must
 9.16 prioritize use of appropriations provided by
 9.17 this section to enhance cybersecurity across
 9.18 state government.

9.19 **Subd. 2. State Chief Information Officer** 1,316,000 1,316,000

9.20 The commissioner of management and budget
 9.21 is authorized to provide cash flow assistance
 9.22 of up to \$110,000,000 from the special
 9.23 revenue fund or other statutory general funds
 9.24 as defined in Minnesota Statutes, section
 9.25 16A.671, subdivision 3, paragraph (a), to the
 9.26 Office of MN.IT Services for the purpose of
 9.27 managing revenue and expenditure
 9.28 differences. These funds shall be repaid with
 9.29 interest by the end of the fiscal year 2019
 9.30 closing period.

9.31 During the biennium ending June 30, 2019,
 9.32 the Office of MN.IT Services must not charge
 9.33 fees to a public noncommercial educational

10.1 television broadcast station eligible for funding
 10.2 under Minnesota Statutes, chapter 129D, for
 10.3 access to the state broadcast infrastructure. If
 10.4 the access fees not charged to public
 10.5 noncommercial educational television
 10.6 broadcast stations total more than \$400,000
 10.7 for the biennium, the office may charge for
 10.8 access fees in excess of these amounts.

10.9 **Subd. 3. Geospatial Information Office** 871,000 871,000

10.10 **Subd. 4. Enterprise IT Security** 435,000 435,000

10.11 **Sec. 11. ADMINISTRATION**

10.12 **Subdivision 1. Total Appropriation** **\$ 19,984,000 \$ 19,584,000**

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

10.16 **Subd. 2. Government and Citizen Services** 7,013,000 7,013,000

10.17 This appropriation includes funds for
 10.18 information technology project services and
 10.19 support subject to the provisions of Minnesota
 10.20 Statutes, section 16E.0466. Any ongoing
 10.21 information technology costs must be
 10.22 incorporated into the service level agreement
 10.23 and must be paid to the Office of MN.IT
 10.24 Services by the commissioner of
 10.25 administration under the rates and mechanism
 10.26 specified in that agreement.

10.27 Appropriations provided by this section may
 10.28 not be used to fund continuous improvement
 10.29 initiatives, including the Office of Continuous
 10.30 Improvement (LEAN).

10.31 **Council on Developmental Disabilities.**
 10.32 \$74,000 the first year and \$74,000 the second

- 11.1 year are for the Council on Developmental
11.2 Disabilities.
- 11.3 **Olmstead Plan.** \$148,000 each year is for the
11.4 Olmstead plan.
- 11.5 **Materials Management.** \$2,139,000 each
11.6 year is for materials management.
- 11.7 **Plant Management.** \$390,000 each year is
11.8 for plant management.
- 11.9 \$7,500,000 the first year of the balance in the
11.10 facility repair and replacement account in the
11.11 special revenue fund is canceled to the general
11.12 fund. These amounts are in addition to
11.13 amounts transferred under Minnesota Statutes,
11.14 section 16B.24, subdivision 5, paragraph (d).
- 11.15 **Real Estate and Construction Services.**
11.16 \$2,198,000 each year is for real estate and
11.17 construction services.
- 11.18 **Enterprise Real Property.** \$601,000 each
11.19 year is for enterprise real property.
- 11.20 **State Agency Accommodation**
11.21 **Reimbursement.** \$200,000 the first year and
11.22 \$200,000 the second year are credited to the
11.23 accommodation account established in
11.24 Minnesota Statutes, section 16B.4805.
- 11.25 **Community Services.** \$1,263,000 each year
11.26 is for community services.
- 11.27 (a) \$192,000 the first year and \$192,000 the
11.28 second year are for the state archaeologist.
- 11.29 (b) \$468,000 the first year and \$468,000 the
11.30 second year are for information policy
11.31 analysis.

- 12.1 (c) \$487,000 the first year and \$487,000 the
 12.2 second year are for the state demographer.
- 12.3 (d) \$116,000 the first year and \$116,000 the
 12.4 second year are for the Office of Grants
 12.5 Management.
- 12.6 **Subd. 3. Strategic Management Services** 1,794,000 1,794,000
- 12.7 **Executive Leadership/Partnerships.**
- 12.8 \$528,000 each year is for executive
 12.9 leadership/partnerships.
- 12.10 **School Trust Lands Director.** \$185,000 each
 12.11 year is for school trust lands director.
- 12.12 **Financial Management and Reporting.**
- 12.13 \$706,000 each year is for financial
 12.14 management and reporting.
- 12.15 **Human Resources.** \$375,000 each year is for
 12.16 human resources.
- 12.17 **Subd. 4. Fiscal Agent** 11,177,000 10,777,000
- 12.18 **In-Lieu of Rent.** \$8,158,000 the first year and
 12.19 \$8,158,000 the second year are for space costs
 12.20 of the legislature and veterans organizations,
 12.21 ceremonial space, and statutorily free space.
- 12.22 **Public Television.** (a) \$1,550,000 the first
 12.23 year and \$1,550,000 the second year are for
 12.24 matching grants for public television.
- 12.25 (b) \$250,000 the first year and \$250,000 the
 12.26 second year are for public television
 12.27 equipment grants under Minnesota Statutes,
 12.28 section 129D.13.
- 12.29 (c) The commissioner of administration must
 12.30 consider the recommendations of the
 12.31 Minnesota Public Television Association
 12.32 before allocating the amounts appropriated in

- 13.1 paragraphs (a) and (b) for equipment or
13.2 matching grants.
- 13.3 **Public Radio.** (a) \$392,000 the first year and
13.4 \$392,000 the second year are for community
13.5 service grants to public educational radio
13.6 stations. This appropriation may be used to
13.7 disseminate emergency information in foreign
13.8 languages.
- 13.9 (b) \$117,000 the first year and \$117,000 the
13.10 second year are for equipment grants to public
13.11 educational radio stations. This appropriation
13.12 may be used for the repair, rental, and
13.13 purchase of equipment including equipment
13.14 under \$500.
- 13.15 (c) \$310,000 the first year and \$310,000 the
13.16 second year are for equipment grants to
13.17 Minnesota Public Radio, Inc., including
13.18 upgrades to Minnesota's Emergency Alert and
13.19 AMBER Alert Systems.
- 13.20 (d) \$400,000 the first year is for a grant to
13.21 Minnesota Public Radio, Inc. for upgrades to
13.22 Minnesota's Emergency Alert and AMBER
13.23 Alert Systems.
- 13.24 (e) The appropriations in paragraphs (a) to (d)
13.25 may not be used for indirect costs claimed by
13.26 an institution or governing body.
- 13.27 (f) The commissioner of administration must
13.28 consider the recommendations of the
13.29 Association of Minnesota Public Educational
13.30 Radio Stations before awarding grants under
13.31 Minnesota Statutes, section 129D.14, using
13.32 the appropriations in paragraphs (a) and (b).
13.33 No grantee is eligible for a grant unless they
13.34 are a member of the Association of Minnesota

14.1 Public Educational Radio Stations on or before
 14.2 July 1, 2017.

14.3 (g) Any unencumbered balance remaining the
 14.4 first year for grants to public television or
 14.5 public radio stations does not cancel and is
 14.6 available for the second year.

14.7 **Sec. 12. CAPITOL AREA ARCHITECTURAL**
 14.8 **AND PLANNING BOARD**

\$ 345,000 \$ 345,000

14.9 **Sec. 13. MINNESOTA MANAGEMENT AND**
 14.10 **BUDGET**

\$ 17,920,000 \$ 18,320,000

14.11 **Subdivision 1. Appropriations**

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

14.15 This appropriation includes funds for
 14.16 information technology project services and
 14.17 support subject to the provisions of Minnesota
 14.18 Statutes, section 16E.0466. Any ongoing
 14.19 information technology costs must be
 14.20 incorporated into the service level agreement
 14.21 and must be paid to the Office of MN.IT
 14.22 Services by the commissioner of management
 14.23 and budget under the rates and mechanism
 14.24 specified in that agreement.

14.25 **Subd. 2. Accounting Services** 3,758,000 3,958,000

14.26 **Subd. 3. Budget Services** 2,416,000 2,616,000

14.27 **Subd. 4. Economic Analysis** 424,000 424,000

14.28 **Subd. 5. Debt Management** 367,000 367,000

14.29 **Subd. 6. Enterprise Communications and**
 14.30 **Planning** 830,000 830,000

14.31 **Subd. 7. Enterprise Human Resources** 2,681,000 2,681,000

14.32 Appropriations provided by this section or
 14.33 transferred to the commissioner from another

15.1 agency may not be used to support a statewide
 15.2 executive recruiting program.

15.3 Subd. 8. Labor Relations 868,000 868,000

15.4 Subd. 9. Agency Administration 6,576,000 6,576,000

15.5 No later than June 30, 2018, the commissioner
 15.6 must credit at least \$1,000,000 to the general
 15.7 fund based on savings realized through
 15.8 implementation of the employee gainsharing
 15.9 program required by Minnesota Statutes,
 15.10 section 16A.90. If a credit of at least this
 15.11 amount has not been made to the general fund
 15.12 as of that date, the appropriation provided in
 15.13 this subdivision for fiscal year 2019 is reduced
 15.14 in an amount equal to the difference between
 15.15 the amount actually credited to the general
 15.16 fund and the total credit required by this
 15.17 paragraph.

15.18 Sec. 14. REVENUE

15.19 Subdivision 1. Total Appropriation \$ 141,485,000 \$ 141,310,000

15.20 Appropriations by Fund

	<u>2018</u>	<u>2019</u>
15.21 <u>General</u>	<u>137,249,000</u>	<u>137,074,000</u>
15.22 <u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
15.23 <u>Highway User Tax</u>		
15.24 <u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>
15.25 <u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

15.27 Notwithstanding the appropriations provided
 15.28 by this section, the amounts allocated for tax
 15.29 compliance activities of the department must
 15.30 be no less than the amounts allocated for those
 15.31 activities during fiscal year 2017, and the
 15.32 commissioner must prioritize processing
 15.33 personal income tax returns, taxpayer fraud
 15.34 prevention, and assuring that taxpayer refunds

16.1	<u>are not delayed when determining spending</u>		
16.2	<u>plans for each of the activities in this section.</u>		
16.3	<u>This appropriation includes funds for</u>		
16.4	<u>information technology project services and</u>		
16.5	<u>support subject to the provisions of Minnesota</u>		
16.6	<u>Statutes, section 16E.0466. Any ongoing</u>		
16.7	<u>information technology costs must be</u>		
16.8	<u>incorporated into the service level agreement</u>		
16.9	<u>and must be paid to the Office of MN.IT</u>		
16.10	<u>Services by the commissioner of revenue</u>		
16.11	<u>under the rates and mechanism specified in</u>		
16.12	<u>that agreement.</u>		
16.13	<u>Subd. 2. Tax System Management</u>	<u>114,128,000</u>	<u>113,953,000</u>
16.14	<u>Appropriations by Fund</u>		
16.15		<u>2018</u>	<u>2019</u>
16.16	<u>General</u>	<u>109,892,000</u>	<u>109,717,000</u>
16.17	<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
16.18	<u>Highway User Tax</u>		
16.19	<u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>
16.20	<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>
16.21	<u>(a) Operations Support</u>		
16.22	<u>General</u>	<u>9,356,000</u>	<u>9,356,000</u>
16.23	<u>Health Care Access</u>	<u>126,000</u>	<u>126,000</u>
16.24	<u>(b) Appeals, Legal Services, and Tax Research</u>		
16.25	<u>General</u>	<u>6,932,000</u>	<u>6,932,000</u>
16.26	<u>Health Care Access</u>	<u>113,000</u>	<u>113,000</u>
16.27	<u>(c) Payment and Return Processing</u>		
16.28	<u>General</u>	<u>12,927,000</u>	<u>12,927,000</u>
16.29	<u>Health Care Access</u>	<u>51,000</u>	<u>51,000</u>
16.30	<u>Highway User Tax</u>		
16.31	<u>Distribution</u>	<u>343,000</u>	<u>343,000</u>
16.32	<u>(d) Administration of State Taxes</u>		
16.33	<u>General</u>	<u>54,904,000</u>	<u>54,729,000</u>
16.34	<u>Health Care Access</u>	<u>1,407,000</u>	<u>1,407,000</u>
16.35	<u>Highway User Tax</u>		
16.36	<u>Distribution</u>	<u>1,621,000</u>	<u>1,621,000</u>

17.1	<u>Environmental</u>		<u>303,000</u>	<u>303,000</u>
17.2	<u>(1) \$15,000 from the general fund in the first</u>			
17.3	<u>year is for preparing and submitting a</u>			
17.4	<u>supplemental 2017 tax incidence report</u>			
17.5	<u>meeting the requirements of Minnesota</u>			
17.6	<u>Statutes, section 270C.13, subdivision 1, as</u>			
17.7	<u>amended by this act. The supplemental report</u>			
17.8	<u>must be completed and submitted no later than</u>			
17.9	<u>January 2, 2018.</u>			
17.10	<u>(2) \$160,000 from the general fund in the first</u>			
17.11	<u>year is for administration of a first-time home</u>			
17.12	<u>buyer savings account program. This</u>			
17.13	<u>appropriation is canceled to the general fund</u>			
17.14	<u>if income tax provisions related to first-time</u>			
17.15	<u>home buyer savings accounts are not enacted</u>			
17.16	<u>by law at the 2017 regular or special</u>			
17.17	<u>legislative session.</u>			
17.18	<u>(e) Technology Development, Implementation,</u>			
17.19	<u>and Support</u>			
17.20	<u>General</u>		<u>21,781,000</u>	<u>21,781,000</u>
17.21	<u>Health Care Access</u>		<u>52,000</u>	<u>52,000</u>
17.22	<u>Highway User Tax</u>			
17.23	<u>Distribution</u>		<u>220,000</u>	<u>220,000</u>
17.24	<u>(f) Property Tax Administration and State Aid</u>			
17.25	<u>General</u>		<u>3,992,000</u>	<u>3,992,000</u>
17.26	<u>Subd. 3. Debt Collection Management</u>		<u>27,357,000</u>	<u>27,357,000</u>
17.27	Sec. 15. <u>HUMAN RIGHTS</u>	\$	<u>3,954,000</u>	\$ <u>3,954,000</u>
17.28	Sec. 16. <u>GAMBLING CONTROL</u>	\$	<u>3,422,000</u>	\$ <u>3,457,000</u>
17.29	<u>These appropriations are from the lawful</u>			
17.30	<u>gambling regulation account in the special</u>			
17.31	<u>revenue fund.</u>			
17.32	Sec. 17. <u>RACING COMMISSION</u>	\$	<u>845,000</u>	\$ <u>908,000</u>

18.1 These appropriations are from the racing and
 18.2 card playing regulation accounts in the special
 18.3 revenue fund.

18.4 **Sec. 18. STATE LOTTERY**

18.5 Notwithstanding Minnesota Statutes, section
 18.6 349A.10, subdivision 3, the State Lottery's
 18.7 operating budget must not exceed \$32,500,000
 18.8 in fiscal year 2018 and \$33,000,000 in fiscal
 18.9 year 2019.

18.10 **Sec. 19. AMATEUR SPORTS COMMISSION** \$ 300,000 \$ 300,000

18.11 **Sec. 20. COUNCIL ON MINNESOTANS OF**
 18.12 **AFRICAN HERITAGE** \$ 401,000 \$ 401,000

18.13 **Sec. 21. COUNCIL ON LATINO AFFAIRS** \$ 386,000 \$ 386,000

18.14 **Sec. 22. COUNCIL ON ASIAN-PACIFIC**
 18.15 **MINNESOTANS** \$ 364,000 \$ 364,000

18.16 **Sec. 23. INDIAN AFFAIRS COUNCIL** \$ 576,000 \$ 576,000

18.17 **Sec. 24. MINNESOTA HISTORICAL**
 18.18 **SOCIETY**

18.19 **Subdivision 1. Total Appropriation** \$ 22,893,000 \$ 22,893,000

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

18.23 **Subd. 2. Operations and Programs** 22,572,000 22,572,000

18.24 \$750,000 the first year and \$750,000 the
 18.25 second year are for digital preservation and
 18.26 access, including planning and implementation
 18.27 of a program to preserve and make available
 18.28 resources related to Minnesota history. These
 18.29 are onetime appropriations.

18.30 **Subd. 3. Fiscal Agent**

19.1	<u>(a) Global Minnesota</u>		<u>39,000</u>	<u>39,000</u>
19.2	<u>(b) Minnesota Air National Guard Museum</u>		<u>17,000</u>	<u>17,000</u>
19.3	<u>(c) Minnesota Military Museum</u>		<u>50,000</u>	<u>50,000</u>
19.4	<u>(d) Farmamerica</u>		<u>115,000</u>	<u>115,000</u>
19.5	<u>(e) Hockey Hall of Fame</u>		<u>100,000</u>	<u>100,000</u>
19.6	<u>Any unencumbered balance remaining in this</u>			
19.7	<u>subdivision the first year does not cancel but</u>			
19.8	<u>is available for the second year of the</u>			
19.9	<u>biennium.</u>			
19.10	Sec. 25. <u>BOARD OF THE ARTS</u>			
19.11	<u>Subdivision 1. Total Appropriation</u>	\$	<u>7,530,000</u>	\$ <u>7,530,000</u>
19.12	<u>The amounts that may be spent for each</u>			
19.13	<u>purpose are specified in the following</u>			
19.14	<u>subdivisions.</u>			
19.15	<u>Subd. 2. Operations and Services</u>		<u>591,000</u>	<u>591,000</u>
19.16	<u>Subd. 3. Grants Program</u>		<u>4,800,000</u>	<u>4,800,000</u>
19.17	<u>Subd. 4. Regional Arts Councils</u>		<u>2,139,000</u>	<u>2,139,000</u>
19.18	<u>Any unencumbered balance remaining in this</u>			
19.19	<u>section the first year does not cancel, but is</u>			
19.20	<u>available for the second year.</u>			
19.21	<u>Money appropriated in this section and</u>			
19.22	<u>distributed as grants may only be spent on</u>			
19.23	<u>projects located in Minnesota. A recipient of</u>			
19.24	<u>a grant funded by an appropriation in this</u>			
19.25	<u>section must not use more than five percent</u>			
19.26	<u>of the total grant for costs related to travel</u>			
19.27	<u>outside the state of Minnesota.</u>			
19.28	Sec. 26. <u>MINNESOTA HUMANITIES CENTER</u>	\$	<u>950,000</u>	\$ <u>950,000</u>
19.29	<u>(a) \$325,000 each year is for the Healthy</u>			
19.30	<u>Eating, Here at Home program under</u>			
19.31	<u>Minnesota Statutes, section 138.912. No more</u>			

21.1	<u>General</u>	<u>250,000</u>	<u>-0-</u>
21.2	<u>State Government</u>		
21.3	<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
21.4	<u>Workers'</u>		
21.5	<u>Compensation</u>	<u>100,000</u>	<u>100,000</u>

21.6 (a) The appropriations in this section may only
 21.7 be spent with the approval of the governor
 21.8 after consultation with the Legislative
 21.9 Advisory Commission pursuant to Minnesota
 21.10 Statutes, section 3.30.

21.11 (b) If an appropriation in this section for either
 21.12 year is insufficient, the appropriation for the
 21.13 other year is available for it.

21.14 (c) If a contingent account appropriation is
 21.15 made in one fiscal year, it should be
 21.16 considered a biennial appropriation.

21.17 **Sec. 32. TORT CLAIMS** **\$ 161,000 \$ 161,000**

21.18 These appropriations are to be spent by the
 21.19 commissioner of management and budget
 21.20 according to Minnesota Statutes, section
 21.21 3.736, subdivision 7. If the appropriation for
 21.22 either year is insufficient, the appropriation
 21.23 for the other year is available for it.

21.24 **Sec. 33. MINNESOTA STATE RETIREMENT**
 21.25 **SYSTEM**

21.26 **Subdivision 1. Total Appropriation** **\$ 14,893,000 \$ 15,071,000**

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

21.30 **Subd. 2. Combined Legislators and**
 21.31 **Constitutional Officers Retirement Plan** **8,893,000 9,071,000**

21.32 Under Minnesota Statutes, sections 3A.03,
 21.33 subdivision 2; 3A.04, subdivisions 3 and 4;
 21.34 and 3A.115.

22.1	<u>If an appropriation in this section for either</u>		
22.2	<u>year is insufficient, the appropriation for the</u>		
22.3	<u>other year is available for it.</u>		
22.4	Subd. 3. <u>Judges Retirement Plan</u>	<u>6,000,000</u>	<u>6,000,000</u>
22.5	<u>For transfer to the judges retirement fund</u>		
22.6	<u>under Minnesota Statutes, section 490.123.</u>		
22.7	<u>\$6,000,000 each fiscal year is included in the</u>		
22.8	<u>base for fiscal years 2020 and 2021. This</u>		
22.9	<u>transfer continues each fiscal year until the</u>		
22.10	<u>judges retirement plan reaches 100 percent</u>		
22.11	<u>funding as determined by an actuarial</u>		
22.12	<u>valuation prepared according to Minnesota</u>		
22.13	<u>Statutes, section 356.214.</u>		
22.14	Sec. 34. <u>PUBLIC EMPLOYEES RETIREMENT</u>		
22.15	<u>ASSOCIATION</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
22.16	<u>General employees retirement plan of the</u>		
22.17	<u>Public Employees Retirement Association</u>		
22.18	<u>relating to the merged former MERF division.</u>		
22.19	<u>State payments from the general fund to the</u>		
22.20	<u>Public Employees Retirement Association on</u>		
22.21	<u>behalf of the former MERF division account</u>		
22.22	<u>are \$6,000,000 on September 15, 2017, and</u>		
22.23	<u>\$6,000,000 on September 15, 2018.</u>		
22.24	<u>These amounts are estimated to be needed</u>		
22.25	<u>under Minnesota Statutes, section 353.505.</u>		
22.26	Sec. 35. <u>TEACHERS RETIREMENT</u>		
22.27	<u>ASSOCIATION</u>	<u>\$ 29,831,000</u>	<u>\$ 29,831,000</u>
22.28	<u>The amounts estimated to be needed are as</u>		
22.29	<u>follows:</u>		
22.30	<u>Special Direct State Aid. \$27,331,000 the</u>		
22.31	<u>first year and \$27,331,000 the second year are</u>		
22.32	<u>for special direct state aid authorized under</u>		
22.33	<u>Minnesota Statutes, section 354.436.</u>		

23.1 **Special Direct State Matching Aid.**

23.2 \$2,500,000 the first year and \$2,500,000 the
 23.3 second year are for special direct state
 23.4 matching aid authorized under Minnesota
 23.5 Statutes, section 354.435.

23.6 **Sec. 36. ST. PAUL TEACHERS RETIREMENT**
 23.7 **FUND**

<u>\$</u>	<u>9,827,000</u>	<u>\$</u>	<u>9,827,000</u>
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23.8 The amounts estimated to be needed for
 23.9 special direct state aid to the first class city
 23.10 teachers retirement fund association authorized
 23.11 under Minnesota Statutes, section 354A.12,
 23.12 subdivisions 3a and 3c.

23.13 **Sec. 37. MILITARY AFFAIRS**23.14 **Subdivision 1. Total Appropriation**

<u>\$</u>	<u>25,616,000</u>	<u>\$</u>	<u>19,616,000</u>
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23.15 The amounts that may be spent for each
 23.16 purpose are specified in the following
 23.17 subdivisions.

23.18 **Subd. 2. Maintenance of Training Facilities**

<u>9,661,000</u>	<u>9,661,000</u>
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23.19 Of the funds transferred to maintenance of
 23.20 training facilities in Laws 2015, chapter 77,
 23.21 article 1, section 36, subdivision 4, \$2,000,000
 23.22 in fiscal year 2017 may be transferred to the
 23.23 enlistment incentives appropriation to address
 23.24 a projected fiscal year 2017 deficit in the
 23.25 enlistment incentives program.

23.26 **Subd. 3. General Support**

<u>3,067,000</u>	<u>3,067,000</u>
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23.27 **Subd. 4. Enlistment Incentives**

<u>12,888,000</u>	<u>6,888,000</u>
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23.28 The appropriations in this subdivision are
 23.29 available until expended, except that any
 23.30 unspent amounts allocated to a program
 23.31 otherwise supported by this appropriation are
 23.32 canceled to the general fund upon receipt of

- 25.1 (2) employment; and
- 25.2 (3) legal issues.
- 25.3 The assistance authorized under this paragraph
- 25.4 must be made only to veterans who have
- 25.5 resided in Minnesota for 30 days prior to
- 25.6 application for assistance and according to
- 25.7 other guidelines established by the
- 25.8 commissioner. In order to avoid duplication
- 25.9 of services, the commissioner must ensure that
- 25.10 this assistance is coordinated with all other
- 25.11 available programs for veterans.
- 25.12 **Honor Guards.** \$200,000 each year is for
- 25.13 compensation for honor guards at the funerals
- 25.14 of veterans under Minnesota Statutes, section
- 25.15 197.231.
- 25.16 **Minnesota GI Bill.** \$200,000 each year is for
- 25.17 the costs of administering the Minnesota GI
- 25.18 Bill postsecondary educational benefits,
- 25.19 on-the-job training, and apprenticeship
- 25.20 program under Minnesota Statutes, section
- 25.21 197.791.
- 25.22 **Gold Star Program.** \$100,000 each year is
- 25.23 for administering the Gold Star Program for
- 25.24 surviving family members of deceased
- 25.25 veterans.
- 25.26 **County Veterans Service Office.** \$1,100,000
- 25.27 each year is for funding the County Veterans
- 25.28 Service Office grant program under Minnesota
- 25.29 Statutes, section 197.608.
- 25.30 **Veterans Journey Home.** \$350,000 each year
- 25.31 is for grants to the veterans Journey Home
- 25.32 program. Grants must support the development
- 25.33 of new or rehabilitated affordable housing
- 25.34 dedicated for low-to-moderate income

26.1 veterans and their families. These are onetime
 26.2 appropriations.

26.3 **Subd. 3. Veterans Health Care**

67,218,000

57,218,000

26.4 The general fund appropriations made to the
 26.5 department may be transferred to a veterans
 26.6 homes special revenue account in the special
 26.7 revenue fund in the same manner as other
 26.8 receipts are deposited according to Minnesota
 26.9 Statutes, section 198.34, and are appropriated
 26.10 to the department for the operation of veterans
 26.11 homes facilities and programs.

26.12 No later than January 15, 2018, the
 26.13 commissioner must submit a report to the
 26.14 legislative committees with jurisdiction over
 26.15 veterans affairs and state government finance
 26.16 on reserve amounts maintained in the veterans
 26.17 homes special revenue account. The report
 26.18 must detail current and historical amounts
 26.19 maintained as a reserve, and uses of those
 26.20 amounts. The report must also include data on
 26.21 the utilization of existing veterans homes,
 26.22 including current and historical bed capacity
 26.23 and usage, staffing levels and staff vacancy
 26.24 rates, and staff-to-resident ratios.

26.25 **New Veterans Homes. \$10,000,000 in the**
 26.26 **first year is for planning, design, construction,**
 26.27 **and operation of new veterans homes, and any**
 26.28 **other requirements necessary for federal**
 26.29 **approval of those homes. The commissioner**
 26.30 **must select locations for construction of new**
 26.31 **homes based on geographic need, consistent**
 26.32 **with any guidance or requirements provided**
 26.33 **by federal law. This is a onetime appropriation**
 26.34 **and is available until spent.**

27.1 **Maximize Federal Reimbursements.** The
 27.2 department will seek opportunities to
 27.3 maximize federal reimbursements of
 27.4 Medicare-eligible expenses and will provide
 27.5 annual reports to the commissioner of
 27.6 management and budget on the federal
 27.7 Medicare reimbursements received.
 27.8 Contingent upon future federal Medicare
 27.9 receipts, reductions to the homes' general fund
 27.10 appropriation may be made.

27.11 Sec. 39. **PRESERVATION OF PROGRAMS AND SERVICES.**

27.12 To the extent that appropriations provided by this article are less than the amounts
 27.13 appropriated for fiscal year 2017, the affected constitutional office, agency, board, or
 27.14 commission must prioritize reductions to its central administration and general operations
 27.15 in absorbing those reductions. Costs for programs or services that are not provided a specific
 27.16 appropriation in this act must be funded through appropriations to the constitutional office,
 27.17 agency, board, or commission that are not designated for another purpose. Unless otherwise
 27.18 specified, reductions must not be made to programs or services of the constitutional office,
 27.19 agency, board, or commission that are provided directly to members of the public.

27.20 Sec. 40. **APPROPRIATION CANCELLATIONS.**

27.21 All unspent funds estimated to be \$7,166,000, as provided in Minnesota Statutes, section
 27.22 240A.085, under Laws 2016, chapter 189, article 13, section 56, are canceled to the general
 27.23 fund on June 30, 2017.

27.24 Sec. 41. **SAVINGS FROM INSURANCE OPT OUT; APPROPRIATION**
 27.25 **REDUCTION FOR EXECUTIVE AGENCIES.**

27.26 The commissioner of management and budget must reduce general fund appropriations
 27.27 to executive agencies, including constitutional offices, for agency operations for the biennium
 27.28 ending June 30, 2019, by \$4,394,000 due to savings from permitting employees to opt out
 27.29 of insurance coverage under the state employee group insurance coverage.

27.30 If savings obtained through permitting employees to opt out of insurance coverage under
 27.31 the state employee group insurance coverage yield savings in nongeneral funds other than
 27.32 those established in the state constitution or protected by federal law, the commissioner of

28.1 management and budget may transfer the amount of savings to the general fund. The amount
28.2 transferred to the general fund from other funds reduces the required general fund reduction
28.3 in this section. Reductions made in 2019 must be reflected as reductions in agency base
28.4 budgets for fiscal years 2020 and 2021. The commissioner of management and budget must
28.5 report to the chairs and ranking minority members of the committees in the senate Finance
28.6 Committee and the house of representatives Ways and Means Committee regarding the
28.7 amount of reductions in spending by each agency under this section.

28.8 **Sec. 42. SAVINGS; APPROPRIATION REDUCTIONS FOR INFORMATION**
28.9 **TECHNOLOGY CONSOLIDATION.**

28.10 (a) The commissioner of management and budget must reduce general fund appropriations
28.11 to agencies subject to the executive branch information technology consolidation required
28.12 by Laws 2011, First Special Session chapter 10, article 4, by at least \$3,000,000 for the
28.13 biennium ending June 30, 2019, to reflect savings on enterprise services personnel costs
28.14 resulting from the consolidation.

28.15 (b) If savings obtained through the completion of information technology consolidation
28.16 yield savings in nongeneral funds other than those established in the state constitution or
28.17 protected by federal law, the commissioner may transfer the amount of savings to the general
28.18 fund. The amount transferred to the general fund from other funds reduces the required
28.19 general fund reduction in this section. Reductions made in 2019 must be reflected as
28.20 reductions in agency base budgets for fiscal years 2020 and 2021.

28.21 **Sec. 43. REDUCTION IN PROFESSIONAL AND TECHNICAL SERVICES**
28.22 **CONTRACT EXPENDITURES.**

28.23 During the biennium ending June 30, 2019, the commissioner of management and budget
28.24 must reduce planned general fund expenditures by executive branch state agencies on
28.25 contracts for professional or technical services by at least \$2,255,000. The commissioner
28.26 must allocate this reduction among each executive branch state agency. For purposes of
28.27 this section, "professional or technical services" has the meaning given in Minnesota Statutes,
28.28 section 16C.08, subdivision 1, and "executive branch state agency" has the meaning given
28.29 in Minnesota Statutes, section 16A.011, subdivision 12a, and includes the Minnesota State
28.30 Colleges and Universities.

29.1 Sec. 44. **BASE BUDGET REPORT.**

29.2 No later than October 15, 2017, the commissioners of management and budget, revenue,
 29.3 and veterans affairs must each submit a report to the chairs and ranking minority members
 29.4 of the legislative committees with jurisdiction over state government finance that detail the
 29.5 agency's base budget, by fiscal year. At a minimum, the report must include:

29.6 (1) a description of each appropriation rider enacted for the agency, and the year the
 29.7 rider was first enacted in a substantially similar form;

29.8 (2) a description of the agency's use of appropriated funds that are not directed by a
 29.9 rider, including an itemization of programs that appeared in a rider in a prior biennium and
 29.10 continue to receive funding despite no longer appearing in a rider; and

29.11 (3) an itemization of any appropriations provided to the agency under a provision of
 29.12 statute or the state constitution.

29.13 **ARTICLE 2**

29.14 **STATE GOVERNMENT OPERATIONS**

29.15 Section 1. **[2.92] DISTRICTING PRINCIPLES.**

29.16 Subdivision 1. **Applicability.** The principles in this section apply to legislative and
 29.17 congressional districts.

29.18 Subd. 2. **Nesting.** A representative district may not be divided in the formation of a
 29.19 senate district.

29.20 Subd. 3. **Equal population.** (a) Legislative districts must be substantially equal in
 29.21 population. The population of a legislative district must not deviate from the ideal by more
 29.22 than 0.5 percent, plus or minus.

29.23 (b) Congressional districts must be as nearly equal in population as practicable.

29.24 Subd. 4. **Contiguity; compactness.** The districts must be composed of convenient
 29.25 contiguous territory. To the extent consistent with the other principles in this section, districts
 29.26 should be compact. Contiguity by water is sufficient if the water is not a serious obstacle
 29.27 to travel within the district. Point contiguity is not sufficient.

29.28 Subd. 5. **Numbering.** (a) Legislative districts must be numbered in a regular series,
 29.29 beginning with house district 1A in the northwest corner of the state and proceeding across
 29.30 the state from west to east, north to south, but bypassing the 11-county metropolitan area
 29.31 until the southeast corner has been reached; then to the 11-county metropolitan area. In a

30.1 county that includes more than one whole senate district, the districts must be numbered
30.2 consecutively.

30.3 (b) Congressional district numbers must begin with district one in the southeast corner
30.4 of the state and end with district eight in the northeast corner of the state.

30.5 Subd. 6. **Minority representation.** (a) The dilution of racial or ethnic minority voting
30.6 strength is contrary to the laws of the United States and the state of Minnesota. These
30.7 principles must not be construed to supersede any provision of the Voting Rights Act of
30.8 1965, as amended.

30.9 (b) A redistricting plan must not have the intent or effect of dispersing or concentrating
30.10 minority population in a manner that prevents minority communities from electing their
30.11 candidates of choice.

30.12 Subd. 7. **Minor civil divisions.** (a) A county, city, or town must not be unduly divided
30.13 unless required to meet equal population requirements or to form districts composed of
30.14 convenient, contiguous territory.

30.15 (b) A county, city, or town is not unduly divided in the formation of a legislative or
30.16 congressional district if:

30.17 (1) the division occurs because a portion of a city or town is noncontiguous with another
30.18 portion of the same city or town; or

30.19 (2) despite the division, the known population of any affected county, city, or town
30.20 remains wholly located within a single district.

30.21 Subd. 8. **Preserving communities of interest.** (a) Districts should attempt to preserve
30.22 identifiable communities of interest where that can be done in compliance with the principles
30.23 under this section.

30.24 (b) For purposes of this subdivision, "communities of interest" means recognizable areas
30.25 with similarities of interests including but not limited to racial, ethnic, geographic, social,
30.26 or cultural interests.

30.27 Subd. 9. **Incumbents.** The districts must not be drawn for the purpose of protecting or
30.28 defeating an incumbent.

30.29 Subd. 10. **Data to be used.** (a) The geographic areas and population counts used in
30.30 maps, tables, and legal descriptions of the districts must be those used by the Geographic
30.31 Information Systems Office of the Legislative Coordinating Commission. The population
30.32 counts shall be the block population counts provided to the state under Public Law 94-171

31.1 after each decennial census, subject to correction of any errors acknowledged by the United
 31.2 States Census Bureau.

31.3 (b) Nothing in this subdivision prohibits the use of additional data, as determined by the
 31.4 legislature.

31.5 Subd. 11. **Consideration of plans.** A redistricting plan must not be considered for
 31.6 adoption by the senate or house of representatives until a block equivalency file showing
 31.7 the district to which each census block has been assigned, in a form prescribed by the director
 31.8 of the Geographic Information Systems Office, has been filed with the director.

31.9 Subd. 12. **Priority of principles.** Where it is not possible to fully comply with the
 31.10 principles contained in subdivisions 2 to 9, a redistricting plan must give priority to those
 31.11 principles in the order in which they are listed, except to the extent that doing so would
 31.12 violate federal or state law.

31.13 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 31.14 applies to any plan for districts enacted or established for use on or after that date.

31.15 Sec. 2. Minnesota Statutes 2016, section 3.305, subdivision 1, is amended to read:

31.16 Subdivision 1. **Definitions.** (a) "Legislative commission" means a joint commission,
 31.17 committee, or other entity in the legislative branch composed exclusively of members of
 31.18 the senate and the house of representatives.

31.19 (b) "Joint offices" means the Revisor of Statutes, Legislative Reference Library, the
 31.20 Office of Legislative Auditor, the Legislative Budget Office, and any other joint legislative
 31.21 service office.

31.22 Sec. 3. Minnesota Statutes 2016, section 3.855, subdivision 2, is amended to read:

31.23 Subd. 2. **State employee negotiations.** (a) The commissioner of management and budget
 31.24 shall regularly advise the commission on the progress of collective bargaining activities
 31.25 with state employees under the state Public Employment Labor Relations Act. During
 31.26 negotiations, the commission may make recommendations to the commissioner as it deems
 31.27 appropriate but no recommendation shall impose any obligation or grant any right or privilege
 31.28 to the parties.

31.29 (b) The commissioner shall submit to the chair of the commission any negotiated
 31.30 collective bargaining agreements, arbitration awards, compensation plans, or salaries for
 31.31 legislative approval or disapproval. Negotiated agreements shall be submitted within five
 31.32 days of the date of approval by the commissioner or the date of approval by the affected

32.1 state employees, whichever occurs later. Arbitration awards shall be submitted within five
 32.2 days of their receipt by the commissioner. If the commission disapproves a collective
 32.3 bargaining agreement, award, compensation plan, or salary, the commission shall specify
 32.4 in writing to the parties those portions with which it disagrees and its reasons. If the
 32.5 commission approves a collective bargaining agreement, award, compensation plan, or
 32.6 salary, it shall submit the matter to the legislature to be accepted or rejected under this
 32.7 section.

32.8 (c) When the legislature is not in session, the commission may give interim approval to
 32.9 a negotiated collective bargaining agreement, salary, compensation plan, or arbitration
 32.10 award. ~~When the legislature is not in session, failure of the commission to disapprove a~~
 32.11 ~~collective bargaining agreement or arbitration award within 30 days constitutes approval.~~
 32.12 The commission shall submit the negotiated collective bargaining agreements, salaries,
 32.13 compensation plans, or arbitration awards for which it has provided approval to the entire
 32.14 legislature for ratification at a special legislative session called to consider them or at its
 32.15 next regular legislative session as provided in this section. Approval or disapproval by the
 32.16 commission is not binding on the legislature.

32.17 (d) When the legislature is not in session, the proposed collective bargaining agreement,
 32.18 arbitration decision, salary, or compensation plan must be implemented upon its approval
 32.19 by the commission, and state employees covered by the proposed agreement or arbitration
 32.20 decision do not have the right to strike while the interim approval is in effect. Wages and
 32.21 economic fringe benefit increases provided for in the agreement or arbitration decision paid
 32.22 in accordance with the interim approval by the commission are not affected, but the wages
 32.23 or benefit increases must cease to be paid or provided effective upon the rejection of the
 32.24 agreement, arbitration decision, salary, or compensation plan, or upon adjournment of the
 32.25 legislature without acting on it.

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

32.27 Sec. 4. Minnesota Statutes 2016, section 3.8843, subdivision 7, is amended to read:

32.28 Subd. 7. **Expiration.** This section expires June 30, ~~2017~~ 2019.

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

32.30 Sec. 5. **[3.8853] LEGISLATIVE BUDGET OFFICE.**

32.31 The Legislative Budget Office is established under control of the Legislative Coordinating
 32.32 Commission to provide the house of representatives and the senate with nonpartisan, accurate,

33.1 and timely information on the fiscal impact of proposed legislation, without regard to political
33.2 factors. The Legislative Coordinating Commission shall appoint a director who may hire
33.3 staff necessary to do the work of the office. The director serves a term of six years and may
33.4 not be removed during a term except for cause after a public hearing.

33.5 Sec. 6. Minnesota Statutes 2016, section 3.971, subdivision 2, is amended to read:

33.6 Subd. 2. **Staff; compensation.** (a) The legislative auditor shall establish a Financial
33.7 Audits Division and a Program Evaluation Division to fulfill the duties prescribed in this
33.8 section.

33.9 (b) Each division may be supervised by a deputy auditor, appointed by the legislative
33.10 auditor, with the approval of the commission, for a term coterminous with the legislative
33.11 auditor's term. The deputy auditors may be removed before the expiration of their terms
33.12 only for cause. The legislative auditor and deputy auditors may each appoint a confidential
33.13 secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy
33.14 auditors and confidential secretaries shall be determined by the compensation plan approved
33.15 by the Legislative Coordinating Commission. The deputy auditors may perform and exercise
33.16 the powers, duties and responsibilities imposed by law on the legislative auditor when
33.17 authorized by the legislative auditor.

33.18 (c) The legislative auditor must appoint a fiscal oversight officer with duties that include
33.19 performing the review under section 3.972, subdivision 4.

33.20 (d) The deputy auditors and the confidential secretaries serve in the unclassified civil
33.21 service, but the fiscal oversight officer and all other employees of the legislative auditor are
33.22 in the classified civil service. Compensation for employees of the legislative auditor in the
33.23 classified service shall be governed by a plan prepared by the legislative auditor and approved
33.24 by the Legislative Coordinating Commission and the legislature under section 3.855,
33.25 subdivision 3.

33.26 (e) While in office, a person appointed deputy for the Financial Audit Division must
33.27 hold an active license as a certified public accountant.

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

33.29 Sec. 7. Minnesota Statutes 2016, section 3.971, subdivision 6, is amended to read:

33.30 Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements
33.31 of the state of Minnesota required by section 16A.50 and, as resources permit, Minnesota
33.32 State Colleges and Universities, the University of Minnesota, state agencies, departments,

34.1 boards, commissions, offices, courts, and other organizations subject to audit by the
 34.2 legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural
 34.3 Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society,
 34.4 ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Council,
 34.5 Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial
 34.6 audits must be conducted according to generally accepted government auditing standards.
 34.7 The legislative auditor shall see that all provisions of law respecting the appropriate and
 34.8 economic use of public funds and other public resources are complied with and may, as
 34.9 part of a financial audit or separately, investigate allegations of noncompliance.

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

34.11 Sec. 8. Minnesota Statutes 2016, section 3.972, is amended by adding a subdivision to
 34.12 read:

34.13 **Subd. 4. Certain transit financial activity reporting.** (a) The legislative auditor must
 34.14 perform a transit financial activity review of financial information for the Metropolitan
 34.15 Council's Transportation Division and the joint powers board under section 297A.992.
 34.16 Within 14 days of the end of each fiscal quarter, the legislative auditor must submit the
 34.17 review to the Legislative Audit Commission and the chairs and ranking minority members
 34.18 of the legislative committees with jurisdiction over transportation policy and finance, finance,
 34.19 and ways and means.

34.20 (b) At a minimum, each transit financial activity review must include:

34.21 (1) a summary of monthly financial statements, including balance sheets and operating
 34.22 statements, that shows income, expenditures, and fund balance;

34.23 (2) a list of any obligations and agreements entered into related to transit purposes,
 34.24 whether for capital or operating, including but not limited to bonds, notes, grants, and future
 34.25 funding commitments;

34.26 (3) the amount of funds in clause (2) that has been committed;

34.27 (4) independent analysis by the fiscal oversight officer of the fiscal viability of revenues
 34.28 and fund balance compared to expenditures, taking into account:

34.29 (i) all expenditure commitments;

34.30 (ii) cash flow;

34.31 (iii) sufficiency of estimated funds; and

34.32 (iv) financial solvency of anticipated transit projects; and

35.1 (5) a notification concerning whether the requirements under paragraph (c) have been
 35.2 met.

35.3 (c) The Metropolitan Council and the joint powers board under section 297A.992 must
 35.4 produce monthly financial statements as necessary for the review under paragraph (b),
 35.5 clause (1), and provide timely information as requested by the legislative auditor.

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

35.7 Sec. 9. Minnesota Statutes 2016, section 3.98, subdivision 1, is amended to read:

35.8 Subdivision 1. **Preparation.** (a) The head or chief administrative officer of each
 35.9 department or agency of the state government, including the Supreme Court, Legislative
 35.10 Budget Office shall prepare a fiscal note at the request of the chair of the standing committee
 35.11 to which a bill has been referred, or the chair of the house of representatives Ways and
 35.12 Means Committee, or the chair of the senate Committee on Finance.

35.13 (b) The head or chief administrative officer of each department or agency of state
 35.14 government, including the Supreme Court, shall supply information for fiscal notes upon
 35.15 request of the director of the Legislative Budget Office. The Legislative Budget Office may
 35.16 adopt standards and guidelines governing timing of responses to requests for information
 35.17 and governing access to data, consistent with laws governing access to data. Agencies must
 35.18 comply with these standards and guidelines.

35.19 (c) For purposes of this subdivision, "Supreme Court" includes all agencies, committees,
 35.20 and commissions supervised or appointed by the state Supreme Court or the state court
 35.21 administrator.

35.22 Sec. 10. Minnesota Statutes 2016, section 3.98, subdivision 4, is amended to read:

35.23 Subd. 4. **Uniform procedure.** The commissioner of management and budget Legislative
 35.24 Budget Office shall prescribe a uniform procedure to govern the departments and agencies
 35.25 of the state in complying with the requirements of this section.

35.26 Sec. 11. Minnesota Statutes 2016, section 3.987, subdivision 1, is amended to read:

35.27 Subdivision 1. **Local impact notes.** The commissioner of management and budget
 35.28 Legislative Budget Office shall coordinate the development of a local impact note for any
 35.29 proposed legislation introduced after June 30, 1997, upon request of the chair or the ranking
 35.30 minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon
 35.31 receipt of a request to prepare a local impact note, the commissioner office must notify the

36.1 authors of the proposed legislation that the request has been made. The local impact note
 36.2 must be made available to the public upon request. If the action is among the exceptions
 36.3 listed in section 3.988, a local impact note need not be requested nor prepared. The
 36.4 ~~commissioner~~ office shall make a reasonable and timely estimate of the local fiscal impact
 36.5 on each type of political subdivision that would result from the proposed legislation. The
 36.6 ~~commissioner of management and budget~~ office may require any political subdivision or
 36.7 the commissioner of an administrative agency of the state to supply in a timely manner any
 36.8 information determined to be necessary to determine local fiscal impact. The political
 36.9 subdivision, its representative association, or commissioner shall convey the requested
 36.10 information to the ~~commissioner of management and budget~~ office with a signed statement
 36.11 to the effect that the information is accurate and complete to the best of its ability. The
 36.12 political subdivision, its representative association, or commissioner, when requested, shall
 36.13 update its determination of local fiscal impact based on actual cost or revenue figures,
 36.14 improved estimates, or both. Upon completion of the note, the ~~commissioner~~ office must
 36.15 provide a copy to the authors of the proposed legislation and to the chair and ranking minority
 36.16 member of each committee to which the proposed legislation is referred.

36.17 Sec. 12. Minnesota Statutes 2016, section 6.481, subdivision 3, is amended to read:

36.18 Subd. 3. **CPA firm audit.** A county audit performed by a CPA firm must meet the
 36.19 standards and be in ~~the a form required by the state auditor~~ meeting recognized industry
 36.20 auditing standards. The state auditor may require additional information from the CPA firm
 36.21 if the state auditor determines that is in the public interest, but the state auditor must accept
 36.22 the audit unless the state auditor determines ~~if~~ the audit or its form does not meet recognized
 36.23 industry auditing standards ~~or is not in the form required by the state auditor~~. The state
 36.24 auditor may make additional examinations as the auditor determines to be in the public
 36.25 interest.

36.26 Sec. 13. Minnesota Statutes 2016, section 6.481, subdivision 6, is amended to read:

36.27 Subd. 6. **Payments to state auditor.** A county audited by the state auditor must pay the
 36.28 state auditor for the costs and expenses of the audit. If the state auditor makes additional
 36.29 examinations of a county whose audit is performed by a CPA firm, the county must pay the
 36.30 auditor for the cost of these examinations. Payments must be deposited in the ~~state auditor~~
 36.31 enterprise general fund.

37.1 Sec. 14. Minnesota Statutes 2016, section 6.56, subdivision 2, is amended to read:

37.2 Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts,
 37.3 and affairs of any political subdivision, as provided by law, such political subdivision shall
 37.4 be liable to the state for the total cost and expenses of such examination, including the
 37.5 salaries paid to the examiners while actually engaged in making such examination. The
 37.6 state auditor may bill such political subdivision periodically for service rendered and the
 37.7 officials responsible for approving and paying claims are authorized to pay said bill promptly.
 37.8 Said payments shall be without prejudice to any defense against said claims that may exist
 37.9 or be asserted. The ~~state auditor enterprise~~ general fund shall be credited with all collections
 37.10 made for any such examinations, including interest payments made pursuant to subdivision
 37.11 3.

37.12 Sec. 15. Minnesota Statutes 2016, section 6.581, subdivision 4, is amended to read:

37.13 Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges
 37.14 for examinations, the state auditor must report the proposed increases to the chairs and
 37.15 ranking minority members of the committees in the house of representatives and the senate
 37.16 with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered
 37.17 year, the state auditor must report to the chairs and ranking minority members of the
 37.18 legislative committees and divisions with primary jurisdiction over the budget of the state
 37.19 auditor a summary of ~~the state auditor enterprise fund~~ anticipated revenues, and expenditures
 37.20 related to examinations for the biennium ending June 30 of that year. The report must also
 37.21 include for the biennium the number of full-time equivalents ~~paid by the fund,~~ by division,
 37.22 employed by the Office of the State Auditor, any audit rate changes stated as a percentage,
 37.23 the number of audit reports issued, and the number of counties audited.

37.24 Sec. 16. [6.92] LITIGATION EXPENSES.

37.25 (a) Unless funds are otherwise expressly provided by law for this purpose, all costs
 37.26 incurred by the state auditor in preparing and asserting a civil claim or appeal, or in defending
 37.27 against a civil claim or appeal, related to the proper exercise of the auditor's constitutionally
 37.28 authorized core functions must be paid by the auditor's constitutional office division. Only
 37.29 allocations made to the constitutional office division may be used to pay these costs. The
 37.30 state auditor must report to the chairs and ranking minority members of the committees in
 37.31 the house of representatives and the senate with jurisdiction over the Office of the State
 37.32 Auditor by May 1, 2017, and January 1, 2018, and each January 1 thereafter, on the state
 37.33 auditor's litigation expenses. The report must list each lawsuit the state auditor has brought

38.1 or is defending, the grounds for each suit, the litigation expenses incurred since the previous
 38.2 report under this section, and the projected expenses to complete the suit.

38.3 (b) In complying with paragraph (a), the state auditor may not, directly or indirectly,
 38.4 decrease allocations previously made to, transfer funds from, or otherwise reduce services
 38.5 provided by any other division of the office.

38.6 Sec. 17. **[15.0395] INTERAGENCY AGREEMENTS AND INTRA-AGENCY**
 38.7 **TRANSFERS.**

38.8 (a) The head of each agency must provide quarterly reports to the chairs and ranking
 38.9 minority members of the legislative committees with jurisdiction over the department or
 38.10 agency's budget on:

38.11 (1) interagency agreements or service-level agreements and any renewals or extensions
 38.12 of existing interagency or service-level agreements with another agency if the cumulative
 38.13 value of those agreements is more than \$50,000 in a single fiscal year; and

38.14 (2) transfers of appropriations between accounts within or between agencies, if the
 38.15 cumulative value of the transfers is more than \$50,000 in a single fiscal year.

38.16 The report must include the statutory citation authorizing the agreement, transfer or dollar
 38.17 amount, purpose, and effective date of the agreement, the duration of the agreement, and a
 38.18 copy of the agreement.

38.19 (b) As used in this section, "agency" includes the departments of the state listed in section
 38.20 15.01, a multimember state agency in the executive branch described in section 15.012,
 38.21 paragraph (a), the Office of MN.IT Services, and the Office of Higher Education.

38.22 Sec. 18. **[16A.1282] TRANSFERS TO THE GOVERNOR.**

38.23 An agency shall not transfer money to the governor for services provided by the governor
 38.24 or to reimburse expenses incurred by the governor.

38.25 Sec. 19. Minnesota Statutes 2016, section 16A.90, is amended to read:

38.26 **16A.90 EMPLOYEE GAINSHARING SYSTEM.**

38.27 Subdivision 1. **Commissioner must establish program.** (a) The commissioner shall
 38.28 establish a program to provide onetime bonus compensation to state employees for efforts
 38.29 made to reduce the costs of operating state government or for ways of providing better or
 38.30 more efficient state services. The commissioner may authorize an executive branch appointing
 38.31 authority to make a onetime award to an employee or group of employees whose suggestion

39.1 or involvement in a project is determined by the commissioner to have resulted in documented
 39.2 cost-savings to the state. Before authorizing awards under this section, the commissioner
 39.3 shall establish guidelines for the program including but not limited to:

39.4 (1) the maximum award is ten percent of the documented savings in the first fiscal year
 39.5 in which the savings are realized up to \$50,000;

39.6 (2) the award must be paid from the appropriation to which the savings accrued; and

39.7 (3) employees whose primary job responsibility is to identify cost savings or ways of
 39.8 providing better or more efficient state services are generally not eligible for bonus
 39.9 compensation under this section except in extraordinary circumstances as defined by the
 39.10 commissioner.

39.11 (b) The program required by this section must be in addition to any existing monetary
 39.12 or nonmonetary performance-based recognition programs for state employees, including
 39.13 achievement awards, continuous improvement awards, and general employee recognitions.

39.14 Subd. 2. Biannual legislative report. No later than August 1, 2017, and biannually
 39.15 thereafter, the commissioner must report to the chairs and ranking minority members of the
 39.16 house of representatives and senate committees with jurisdiction over Minnesota Management
 39.17 and Budget on the status of the program required by this section. The report must detail:

39.18 (1) the specific program guidelines established by the commissioner as required by
 39.19 subdivision 1, if the guidelines have not been described in a previous report;

39.20 (2) any proposed modifications to the established guidelines under consideration by the
 39.21 commissioner, including the reason for the proposed modifications;

39.22 (3) the methods used by the commissioner to promote the program to state employees,
 39.23 if the methods have not been described in a previous report;

39.24 (4) a summary of the results of the program that includes the following, categorized by
 39.25 agency:

39.26 (i) the number of state employees whose suggestions or involvement in a project were
 39.27 considered for possible bonus compensation, and a description of each suggestion or project
 39.28 that was considered;

39.29 (ii) the total amount of bonus compensation actually awarded, itemized by each suggestion
 39.30 or project that resulted in an award and the amount awarded for that suggestion or project;
 39.31 and

40.1 (iii) the total amount of documented cost-savings that accrued to the agency as a result
40.2 of each suggestion or project for which bonus compensation was granted; and

40.3 (5) any recommendations for legislation that, in the judgment of the commissioner,
40.4 would improve the effectiveness of the bonus compensation program established by this
40.5 section or which would otherwise increase opportunities for state employees to actively
40.6 participate in the development and implementation of strategies for reducing the costs of
40.7 operating state government or for providing better or more efficient state services.

40.8 Sec. 20. Minnesota Statutes 2016, section 16B.04, subdivision 2, is amended to read:

40.9 Subd. 2. **Powers and duties, generally.** Subject to other provisions of this chapter, the
40.10 commissioner is authorized to:

40.11 (1) supervise, control, review, and approve all state contracts and purchasing, provided
40.12 that the commissioner may not approve a state contract with, or the purchase of goods from,
40.13 a vendor who intentionally refuses to do business, or who intentionally discriminates in the
40.14 basic terms, conditions, or performance of a contract or sale, on the basis of a person's
40.15 national origin;

40.16 (2) provide agencies with supplies and equipment;

40.17 (3) investigate and study the management and organization of agencies, and reorganize
40.18 them when necessary to ensure their effective and efficient operation;

40.19 (4) manage and control state property, real and personal;

40.20 (5) maintain and operate all state buildings, as described in section 16B.24, subdivision
40.21 1;

40.22 (6) supervise, control, review, and approve all capital improvements to state buildings
40.23 and the capitol building and grounds;

40.24 (7) provide central mail facilities;

40.25 (8) oversee publication of official documents and provide for their sale;

40.26 (9) manage and operate parking facilities for state employees and a central motor pool
40.27 for travel on state business;

40.28 (10) provide rental space within the capitol complex for a private day care center for
40.29 children of state employees. The commissioner shall contract for services as provided in
40.30 this chapter;

40.31 (11) settle state employee workers' compensation claims;

41.1 (12) purchase, accept, transfer, warehouse, sell, distribute, or dispose of surplus property
 41.2 in accordance with state and federal rules and regulations. The commissioner may charge
 41.3 a fee to cover any expenses incurred in connection with any of these acts; and

41.4 (13) provide and manage a central distribution center for federal and state surplus personal
 41.5 property, as defined in section 16B.2975, and may provide and manage a warehouse facility.

41.6 Sec. 21. Minnesota Statutes 2016, section 16B.055, subdivision 1, is amended to read:

41.7 Subdivision 1. **Federal Assistive Technology Act.** (a) The Department of Administration
 41.8 is designated as the lead agency to carry out all the responsibilities under the Assistive
 41.9 Technology Act of 1998, as provided by Public Law 108-364, as amended. The Minnesota
 41.10 Assistive Technology Advisory Council is established to fulfill the responsibilities required
 41.11 by the Assistive Technology Act, as provided by Public Law 108-364, as amended. Because
 41.12 the existence of this council is required by federal law, this council does not expire.

41.13 (b) Except as provided in paragraph (c), the governor shall appoint the membership of
 41.14 the council as required by the Assistive Technology Act of 1998, as provided by Public
 41.15 Law 108-364, as amended. After the governor has completed the appointments required by
 41.16 this subdivision, the commissioner of administration, or the commissioner's designee, shall
 41.17 convene the first meeting of the council following the appointments. Members shall serve
 41.18 two-year terms commencing July 1 of each odd-numbered year, and receive the compensation
 41.19 specified by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as
 41.20 amended. The members of the council shall select their chair at the first meeting following
 41.21 their appointment.

41.22 (c) After consulting with the appropriate commissioner, the commissioner of
 41.23 administration shall appoint a representative from:

41.24 (1) State Services for the Blind who has assistive technology expertise;

41.25 (2) vocational rehabilitation services who has assistive technology expertise;

41.26 (3) the Workforce Development Council; and

41.27 (4) the Department of Education who has assistive technology expertise.

41.28 Sec. 22. Minnesota Statutes 2016, section 16B.335, subdivision 1, is amended to read:

41.29 Subdivision 1. **Construction and major remodeling.** (a) The commissioner, or any
 41.30 other recipient to whom an appropriation is made to acquire or better public lands or buildings
 41.31 or other public improvements of a capital nature, must not prepare final plans and

42.1 specifications for any construction, major remodeling, or land acquisition in anticipation
 42.2 of which the appropriation was made until the agency that will use the project has presented
 42.3 the program plan and cost estimates for all elements necessary to complete the project to
 42.4 the chair of the senate Finance Committee and the chair of the house of representatives
 42.5 Ways and Means Committee and the chairs have made their recommendations, and the
 42.6 chair and ranking minority member of the senate Capital Investment Committee and the
 42.7 chair and ranking minority member of the house of representatives Capital Investment
 42.8 Committee are notified. "Construction or major remodeling" means construction of a new
 42.9 building, a substantial addition to an existing building, or a substantial change to the interior
 42.10 configuration of an existing building. The presentation must note any significant changes
 42.11 in the work that will be done, or in its cost, since the appropriation for the project was
 42.12 enacted or from the predesign submittal. The program plans and estimates must be presented
 42.13 for review at least two weeks before a recommendation is needed. The recommendations
 42.14 are advisory only. Failure or refusal to make a recommendation is considered a negative
 42.15 recommendation.

42.16 (b) The chairs and ranking minority members of the senate Finance and Capital
 42.17 Investment Committees ~~and~~₂ the house of representatives Capital Investment and Ways and
 42.18 Means Committees, and the house of representatives and senate budget committees or
 42.19 divisions with jurisdiction over the agency that will use the project must also be notified
 42.20 whenever there is a substantial change in a construction or major remodeling project, or in
 42.21 its cost. This notice must include the nature and reason for the change and the anticipated
 42.22 cost of the change. The notice must be given no later than ten days after signing a change
 42.23 order or other document authorizing a change in the project, or if there is not a change order
 42.24 or other document, no later than ten days after the project owner becomes aware of a
 42.25 substantial change in the project or its cost.

42.26 ~~(b)~~ (c) Capital projects exempt from the requirements ~~of this subdivision~~ in paragraph
 42.27 (a) to seek recommendations before preparing final plans and specifications include
 42.28 demolition or decommissioning of state assets, hazardous material projects, utility
 42.29 infrastructure projects, environmental testing, parking lots, parking structures, park and ride
 42.30 facilities, bus rapid transit stations, light rail lines, passenger rail projects, exterior lighting,
 42.31 fencing, highway rest areas, truck stations, storage facilities not consisting primarily of
 42.32 offices or heated work areas, roads, bridges, trails, pathways, campgrounds, athletic fields,
 42.33 dams, floodwater retention systems, water access sites, harbors, sewer separation projects,
 42.34 water and wastewater facilities, port development projects for which the commissioner of
 42.35 transportation has entered into an assistance agreement under section 457A.04, ice centers,

43.1 a local government project with a construction cost of less than \$1,500,000, or any other
 43.2 capital project with a construction cost of less than \$750,000. The requirements in paragraph
 43.3 (b) to give notice of changes applies to these projects.

43.4 Sec. 23. Minnesota Statutes 2016, section 16B.371, is amended to read:

43.5 **16B.371 ASSISTANCE TO SMALL AGENCIES.**

43.6 (a) The commissioner may provide administrative support services to small agencies.
 43.7 To promote efficiency and cost-effective use of state resources, and to improve financial
 43.8 controls, the commissioner may require a small agency to receive administrative support
 43.9 services through the Department of Administration or through another agency designated
 43.10 by the commissioner. Services subject to this section include finance, accounting, payroll,
 43.11 purchasing, human resources, and other services designated by the commissioner. The
 43.12 commissioner may determine what constitutes a small agency for purposes of this section.
 43.13 The commissioner, in consultation with the commissioner of management and budget and
 43.14 small agencies, shall evaluate small agencies' needs for administrative support services. If
 43.15 the commissioner provides administrative support services to a small agency, the
 43.16 commissioner must enter into a service level agreement with the agency, specifying the
 43.17 services to be provided and the costs and anticipated outcomes of the services.

43.18 (b) The Minnesota Council on Latino Affairs, the Council for Minnesotans of African
 43.19 Heritage, the Council on Asian-Pacific Minnesotans, the Indian Affairs Council, and the
 43.20 Minnesota State Council on Disability ~~must~~ may use the services specified in paragraph
 43.21 (a).

43.22 (c) The commissioner of administration ~~may~~ must assess agencies for services it provides
 43.23 under this section. The amounts assessed are appropriated to the commissioner.

43.24 (d) For agencies covered in this section, the commissioner has the authority to require
 43.25 the agency to comply with applicable state finance, accounting, payroll, purchasing, and
 43.26 human resources policies. The agencies served retain the ownership and responsibility for
 43.27 spending decisions and for ongoing implementation of appropriate business operations.

43.28 Sec. 24. Minnesota Statutes 2016, section 16B.4805, subdivision 2, is amended to read:

43.29 Subd. 2. **Reimbursement for making reasonable accommodation.** The commissioner
 43.30 of administration shall reimburse state agencies for up to 50 percent of the cost of expenses
 43.31 incurred in making reasonable accommodations eligible for reimbursement for agency

44.1 employees and applicants for employment to the extent that funds are available in the
 44.2 accommodation account established under subdivision 3 for this purpose.

44.3 Sec. 25. Minnesota Statutes 2016, section 16B.4805, subdivision 4, is amended to read:

44.4 Subd. 4. **Administration costs.** The commissioner may use up to ~~15 percent~~ \$5,000 of
 44.5 the biennial appropriation for administration of this section.

44.6 Sec. 26. Minnesota Statutes 2016, section 16B.97, is amended by adding a subdivision to
 44.7 read:

44.8 Subd. 6. **Commerce grants.** The office must monitor grants made by the Department
 44.9 of Commerce.

44.10 Sec. 27. **[16B.991] TERMINATION OF GRANT.**

44.11 Each grant agreement subject to sections 16B.97 and 16B.98 must provide that the
 44.12 agreement will immediately be terminated if:

44.13 (1) the recipient is convicted of a criminal offense relating to a state grant agreement;

44.14 or

44.15 (2) the agency entering into the grant agreement or the commissioner of administration
 44.16 determines that the grant recipient is under investigation by a federal agency, a state agency,
 44.17 or a local law enforcement agency for matters relating to administration of a state grant.

44.18 Sec. 28. Minnesota Statutes 2016, section 16E.016, is amended to read:

44.19 **16E.016 RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES**
 44.20 **AND EQUIPMENT.**

44.21 (a) The chief information officer is responsible for providing or entering into managed
 44.22 services contracts for the provision, improvement, and development of the following
 44.23 information technology systems and services to state agencies:

44.24 (1) state data centers;

44.25 (2) mainframes including system software;

44.26 (3) servers including system software;

44.27 (4) desktops including system software;

44.28 (5) laptop computers including system software;

- 45.1 (6) a data network including system software;
- 45.2 (7) database, electronic mail, office systems, reporting, and other standard software
- 45.3 tools;
- 45.4 (8) business application software and related technical support services;
- 45.5 (9) help desk for the components listed in clauses (1) to (8);
- 45.6 (10) maintenance, problem resolution, and break-fix for the components listed in clauses
- 45.7 (1) to (8);
- 45.8 (11) regular upgrades and replacement for the components listed in clauses (1) to (8);
- 45.9 and
- 45.10 (12) network-connected output devices.

45.11 (b) All state agency employees whose work primarily involves functions specified in

45.12 paragraph (a) are employees of the Office of MN.IT Services. This includes employees who

45.13 directly perform the functions in paragraph (a), as well as employees whose work primarily

45.14 involves managing, supervising, or providing administrative services or support services

45.15 to employees who directly perform these functions. The chief information officer may assign

45.16 employees of the office to perform work exclusively for another state agency.

45.17 (c) Subject to sections 16C.08 and 16C.09, the chief information officer may allow a

45.18 state agency to obtain services specified in paragraph (a) through a contract with an outside

45.19 vendor when the chief information officer and the agency head agree that a contract would

45.20 provide best value, as defined in section 16C.02, under the service-level agreement. The

45.21 chief information officer must require that agency contracts with outside vendors ensure

45.22 that systems and services are compatible with standards established by the Office of MN.IT

45.23 Services.

45.24 (d) The Minnesota State Retirement System, the Public Employees Retirement

45.25 Association, the Teachers Retirement Association, and the State Board of Investment, ~~the~~

45.26 ~~Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide Radio~~

45.27 ~~Board~~ are not state agencies for purposes of this section.

45.28 (e) Effective upon certification by the chief information officer that the information

45.29 technology systems and services provided under this section meet all professional and

45.30 technical standards necessary for the entity to perform its functions, the following are state

45.31 agencies for purposes of this section: the Campaign Finance and Public Disclosure Board,

45.32 the State Lottery, and the Statewide Radio Board.

46.1 Sec. 29. Minnesota Statutes 2016, section 16E.0466, is amended to read:

46.2 **16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.**

46.3 Subdivision 1. Consultation required. (a) Every state agency with an information or
46.4 telecommunications project must consult with the Office of MN.IT Services to determine
46.5 the information technology cost of the project. Upon agreement between the commissioner
46.6 of a particular agency and the chief information officer, the agency must transfer the
46.7 information technology cost portion of the project to the Office of MN.IT Services. Service
46.8 level agreements must document all project-related transfers under this section. Those
46.9 agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of
46.10 this section.

46.11 (b) Notwithstanding section 16A.28, subdivision 3, any unexpended operating balance
46.12 appropriated to a state agency may be transferred to the information and telecommunications
46.13 technology systems and services account for the information technology cost of a specific
46.14 project, subject to the review of the Legislative Advisory Commission, under section 16E.21,
46.15 subdivision 3.

46.16 Subd. 2. Legislative report. No later than October 1, 2017, and quarterly thereafter, the
46.17 state chief information officer must submit a comprehensive project portfolio report to the
46.18 chairs and ranking minority members of the house of representatives and senate committees
46.19 with jurisdiction over state government finance on projects requiring consultation under
46.20 subdivision 1. The report must itemize:

46.21 (1) each project presented to the office for consultation in the time since the last report;

46.22 (2) the information technology cost associated with the project, including the information
46.23 technology cost as a percentage of the project's complete budget;

46.24 (3) the status of the information technology components of the project's development;

46.25 (4) the date the information technology components of the project are expected to be
46.26 completed; and

46.27 (5) the projected costs for ongoing support and maintenance of the information technology
46.28 components after the project is complete.

46.29 Sec. 30. **[43A.035] LIMIT ON NUMBER OF FULL-TIME EQUIVALENT**
46.30 **EMPLOYEES; USE OF AGENCY SAVINGS.**

46.31 Subdivision 1. Number of full-time equivalent employees limited. The total number
46.32 of full-time equivalent employees employed in all executive branch agencies may not exceed

47.1 31,691. The commissioner of management and budget may forbid an executive agency from
 47.2 hiring a new employee or from filling a vacancy as the commissioner determines necessary
 47.3 to ensure compliance with this section. Any reductions in staff should prioritize protecting
 47.4 client-facing health care workers, corrections officers, public safety workers, and mental
 47.5 health workers. As a means of achieving compliance with this subdivision, the commissioner
 47.6 may authorize an agency to provide an early retirement incentive to an executive branch
 47.7 employee, under which the state will continue to make the employer contribution for health
 47.8 insurance after the employee has terminated state service. The commissioner must prescribe
 47.9 eligibility requirements and the maximum duration of the payments.

47.10 Subd. 2. **Use of savings resulting from vacant positions.** To the extent that an executive
 47.11 branch agency accrues savings in personnel costs resulting from the departure of an agency
 47.12 employee or the maintenance of a vacant position, those savings may only be used to support
 47.13 a new employee in that position at an equal or lesser rate of compensation, and for an equal
 47.14 or lesser full-time equivalent work status. Savings accrued from departed personnel or
 47.15 maintenance of a vacant position may not be transferred or reallocated to another program
 47.16 or activity within the executive branch agency, or used to increase the number of full-time
 47.17 equivalent employees at the agency, unless expressly authorized by law.

47.18 Subd. 3. **Definition.** For purposes of this section, an "executive branch agency" does
 47.19 not include the Minnesota State Colleges and Universities or statewide pension plans.

47.20 Sec. 31. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

47.21 Subd. 11. **Severance pay for certain employees.** (a) For purposes of this subdivision,
 47.22 "highly compensated employee" means an employee of the state whose estimated annual
 47.23 compensation is greater than 60 percent of the governor's annual salary, and who is not
 47.24 covered by a collective bargaining agreement negotiated under chapter 179A or a
 47.25 compensation plan authorized under section 43A.18, subdivision 3a.

47.26 (b) Severance pay for a highly compensated employee includes benefits or compensation
 47.27 with a quantifiable monetary value, that are provided for an employee upon termination of
 47.28 employment and are not part of the employee's annual wages and benefits and are not
 47.29 specifically excluded by this subdivision. Severance pay does not include payments for
 47.30 accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to
 47.31 cover the cost of group term insurance. Severance pay for a highly compensated employee
 47.32 does not include payments of periodic contributions by an employer toward premiums for
 47.33 group insurance policies. The severance pay for a highly compensated employee must be
 47.34 excluded from retirement deductions and from any calculations of retirement benefits.

48.1 Severance pay for a highly compensated employee must be paid in a manner mutually
48.2 agreeable to the employee and the employee's appointing authority over a period not to
48.3 exceed five years from retirement or termination of employment. If a retired or terminated
48.4 employee dies before all or a portion of the severance pay has been disbursed, the balance
48.5 due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except
48.6 as provided in paragraph (c), severance pay provided for a highly compensated employee
48.7 leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser
48.8 of:

48.9 (1) six months pay; or

48.10 (2) the highly compensated employee's regular rate of pay multiplied by 35 percent of
48.11 the highly compensated employee's accumulated but unused sick leave hours.

48.12 (c) Severance pay for a highly compensated employee may exceed ~~an amount equivalent~~
48.13 ~~to six months of pay~~ the limit prescribed in paragraph (b) if the severance pay is part of an
48.14 early retirement incentive offer approved by the state and the same early retirement incentive
48.15 offer is also made available to all other employees of the appointing authority who meet
48.16 generally defined criteria relative to age or length of service.

48.17 (d) An appointing authority may make severance payments to a highly compensated
48.18 employee, up to the limits prescribed in this subdivision, only if doing so is authorized by
48.19 a compensation plan under section 43A.18 that governs the employee, provided that the
48.20 following highly compensated employees are not eligible for severance pay:

48.21 (1) a commissioner, deputy commissioner, or assistant commissioner of any state
48.22 department or agency as listed in section 15.01 or 15.06, including the state chief information
48.23 officer; and

48.24 (2) any unclassified employee who is also a public official, as defined in section 10A.01,
48.25 subdivision 35.

48.26 (e) Severance pay shall not be paid to a highly compensated employee who has been
48.27 employed by the appointing authority for less than six months or who voluntarily terminates
48.28 employment.

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

49.1 Sec. 32. Minnesota Statutes 2016, section 43A.24, is amended by adding a subdivision to
49.2 read:

49.3 Subd. 1a. **Opt out.** (a) An individual eligible for state-paid hospital, medical, and dental
49.4 benefits under this section has the right to decline those benefits, provided the individual
49.5 declining the benefits can prove health insurance coverage from another source. Any
49.6 individual declining benefits must do so in writing, signed and dated, on a form provided
49.7 by the commissioner.

49.8 (b) The commissioner must create, and make available in hard copy and online a form
49.9 for individuals to use in declining state-paid hospital, medical, and dental benefits. The form
49.10 must, at a minimum, include notice to the declining individual of the next available
49.11 opportunity and procedure to re-enroll in the benefits.

49.12 (c) No later than January 15 of each year, the commissioner of management and budget
49.13 must provide a report to the chairs and ranking minority members of the legislative
49.14 committees with jurisdiction over state government finance on the number of employees
49.15 choosing to opt-out of state employee group insurance coverage under this section. The
49.16 report must provide itemized statistics, by agency, and include the total amount of savings
49.17 accrued to each agency resulting from the opt-outs.

49.18 Sec. 33. [118A.09] ADDITIONAL LONG-TERM EQUITY INVESTMENT
49.19 AUTHORITY.

49.20 Subdivision 1. **Definition; qualifying government.** "Qualifying government" means:
49.21 (1) a county or statutory or home rule charter city with a population of more than 100,000;
49.22 (2) a county or statutory or home rule charter city which had its most recently issued
49.23 general obligation bonds rated in the highest category by a national bond rating agency; or
49.24 (3) a self-insurance pool listed in section 471.982, subdivision 3.

49.25 A county or statutory or home rule charter city with a population of 100,000 or less that is
49.26 a qualifying government, but is subsequently rated less than the highest category by a
49.27 national bond rating agency on a general obligation bond issue, may not invest additional
49.28 funds under this section but may continue to manage funds previously invested under
49.29 subdivision 2.

49.30 Subd. 2. **Additional investment authority.** Qualifying governments may invest the
49.31 amount described in subdivision 3:

50.1 (1) in index mutual funds based in the United States and indexed to a broad market
 50.2 United States equity index; or

50.3 (2) with the Minnesota State Board of Investment subject to such terms and minimum
 50.4 amounts as may be adopted by the board. Index mutual fund investments must be made
 50.5 directly with the main sales office of the fund.

50.6 Subd. 3. **Funds.** (a) Qualifying governments may only invest under subdivision 2
 50.7 according to the limitations in this subdivision. A qualifying government under subdivision
 50.8 1, clause (1) or (2), may only invest its funds that are held for long-term capital plans
 50.9 authorized by the city council or county board, or long-term obligations of the qualifying
 50.10 government. Long-term obligations of the qualifying government include long-term capital
 50.11 plan reserves, funds held to offset long-term environmental exposure, other postemployment
 50.12 benefit liabilities, compensated absences, and other long-term obligations established by
 50.13 applicable accounting standards.

50.14 (b) Qualifying governments under subdivision 1, clause (1) or (2), may invest up to 15
 50.15 percent of the sum of:

50.16 (1) unassigned cash;

50.17 (2) cash equivalents;

50.18 (3) deposits; and

50.19 (4) investments.

50.20 This calculation must be based on the qualifying government's most recent audited statement
 50.21 of net position, which must be compliant and audited pursuant to governmental accounting
 50.22 and auditing standards. Once the amount invested reaches 15 percent of the sum of
 50.23 unassigned cash, cash equivalents, deposits, and investments, no further funds may be
 50.24 invested under this section; however, a qualifying government may continue to manage the
 50.25 funds previously invested under this section even if the total amount subsequently exceeds
 50.26 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments.

50.27 (c) A qualified government under subdivision 1, clause (3), may invest up to the lesser
 50.28 of:

50.29 (1) 15 percent of the sum of its cash, cash equivalents, deposits, and investments; or

50.30 (2) 25 percent of its net assets as reported on the pool's most recent audited statement
 50.31 of net position, which must be compliant and audited pursuant to governmental accounting
 50.32 and auditing standards.

51.1 Subd. 4. **Approval.** Before investing pursuant to this section, the governing body of the
 51.2 qualifying government must adopt a resolution that includes the following statements:

51.3 (1) the governing body understands that investments under subdivision 2 have a risk of
 51.4 loss;

51.5 (2) the governing body understands the type of funds that are being invested and the
 51.6 specific investment itself; and

51.7 (3) the governing body certifies that all funds designated for investment through the
 51.8 State Board of Investment meet the requirements of this section and the policies and
 51.9 procedures established by the State Board of Investment.

51.10 Subd. 5. **Public Employees Retirement Association to act as account administrator.**
 51.11 A qualifying government exercising authority under this section to invest amounts with the
 51.12 State Board of Investment shall establish an account with the Public Employees Retirement
 51.13 Association (PERA), which shall act as the account administrator.

51.14 Subd. 6. **Purpose of account.** The account established under subdivision 5 may only
 51.15 be used for the purposes provided under subdivision 3. PERA may rely on representations
 51.16 made by the qualifying government in exercising its duties as account administrator and
 51.17 has no duty to further verify qualifications, use, or intended use of the funds that are invested
 51.18 or withdrawn.

51.19 Subd. 7. **Account maintenance.** (a) A qualifying government may establish an account
 51.20 to be held under the supervision of PERA for the purposes of investing funds with the State
 51.21 Board of Investment under subdivision 2. PERA shall establish a separate account for each
 51.22 qualifying government. PERA may charge participating qualifying governments a fee for
 51.23 reasonable administrative costs. The amount of any fee charged by PERA is annually
 51.24 appropriated to the association from the account. PERA may establish other reasonable
 51.25 terms and conditions for creation and maintenance of these accounts.

51.26 (b) PERA must report to the qualifying government on the investment returns of invested
 51.27 funds and on all investment fees or costs incurred by the account.

51.28 Subd. 8. **Investment.** (a) The assets of an account shall be invested and held as required
 51.29 by this subdivision.

51.30 (b) PERA must certify all money in the accounts for which it is account administrator
 51.31 to the State Board of Investment for investment under section 11A.14, subject to the policies
 51.32 and procedures established by the State Board of Investment. Investment earnings must be
 51.33 credited to the account of the individual qualifying government.

52.1 (c) For accounts invested by the State Board of Investment, the investment restrictions
 52.2 shall be the same as those generally applicable to the State Board of Investment.

52.3 (d) A qualifying government may provide investment direction to PERA, subject to the
 52.4 policies and procedures established by the State Board of Investment.

52.5 Subd. 9. **Withdrawal of funds and termination of account.** (a) A government may
 52.6 withdraw some or all of its money or terminate the account.

52.7 (b) A government requesting withdrawal of money from an account created under this
 52.8 section must do so at a time and in the manner required by the executive director of PERA,
 52.9 subject to the policies and procedures established by the State Board of Investment.

52.10 Sec. 34. Minnesota Statutes 2016, section 138.69, is amended to read:

52.11 **138.69 PUBLIC AREAS OF THE CAPITOL.**

52.12 The Minnesota State Historical Society is designated the research agency and is
 52.13 responsible for the interpretation of the public areas for visitors to the Capitol. This involves
 52.14 conducting or approving public programs and tours in the Capitol and State Office Building,
 52.15 including exhibits held in the Capitol, providing informational services, acting as advisor
 52.16 on preservation, recommending appropriate custodial policies, and maintaining and repairing
 52.17 all works of art. Notwithstanding section 138.668, the society may not charge a fee for
 52.18 general tours at the Capitol but may charge fees for special programs other than general
 52.19 tours.

52.20 Sec. 35. Minnesota Statutes 2016, section 155A.30, subdivision 5, is amended to read:

52.21 **Subd. 5. Conditions precedent to issuance.** A license must not be issued unless the
 52.22 board first determines that the applicant has met the requirements in clauses (1) to ~~(8)~~ (9):

52.23 (1) the applicant must have a sound financial condition with sufficient resources available
 52.24 to meet the school's financial obligations; to refund all tuition and other charges, within a
 52.25 reasonable period of time, in the event of dissolution of the school or in the event of any
 52.26 justifiable claims for refund against the school; to provide adequate service to its students
 52.27 and prospective students; and to maintain proper use and support of the school;

52.28 (2) the applicant must have satisfactory training facilities with sufficient tools and
 52.29 equipment and the necessary number of work stations to adequately train the students
 52.30 currently enrolled, and those proposed to be enrolled;

53.1 (3) the applicant must employ a sufficient number of qualified instructors trained by
53.2 experience and education to give the training contemplated;

53.3 (4) the premises and conditions under which the students work and study must be sanitary,
53.4 healthful, and safe according to modern standards;

53.5 (5) each occupational course or program of instruction or study must be of such quality
53.6 and content as to provide education and training that will adequately prepare enrolled
53.7 students for testing, licensing, and entry level positions as a cosmetologist, esthetician, or
53.8 nail technician;

53.9 (6) the school must have coverage by professional liability insurance of at least \$25,000
53.10 per incident and an accumulation of \$150,000 for each premium year;

53.11 (7) the applicant shall provide evidence of the school's compliance with section 176.182;

53.12 (8) the applicant, except the state and its political subdivisions as described in section
53.13 ~~471.617~~ 13.02, subdivision ~~1~~ 11, ~~shall~~ must file with the board a continuous corporate surety
53.14 bond in the amount of no less than ten percent of the preceding year's gross income from
53.15 student tuition, fees, and other required institutional charges, but in no event less than
53.16 \$10,000, conditioned upon the faithful performance of all contracts and agreements with
53.17 students made by the applicant. New schools must base the bond amount on the anticipated
53.18 gross income from student tuition, fees, and other required institutional charges for the third
53.19 year of operation, but in no event less than \$10,000. The applicant must compute the amount
53.20 of the surety bond and verify that the amount of the surety bond complies with this
53.21 subdivision. The bond shall run to the ~~state of Minnesota~~ board and to any person who may
53.22 have a cause of action against the applicant arising at any time after the bond is filed and
53.23 before it is canceled for breach of any contract or agreement made by the applicant with
53.24 any student. ~~The aggregate liability of the surety for all breaches of the conditions of the~~
53.25 ~~bond shall not exceed \$10,000.~~ The surety of the bond may cancel it upon giving 60 days'
53.26 notice in writing to the board and shall be relieved of liability for any breach of condition
53.27 occurring after the effective date of cancellation; and

53.28 (9) the applicant must, ~~at all times during the term of the license, employ~~ appoint a
53.29 designated licensed school manager ~~who maintains a cosmetology salon manager license.~~

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

54.1 Sec. 36. Minnesota Statutes 2016, section 179A.20, is amended by adding a subdivision
54.2 to read:

54.3 Subd. 2b. **Limited by appropriation.** The commissioner of management and budget
54.4 may not contract to pay more to employees in compensation and benefits in a biennium
54.5 than is permitted under an approved spending plan as provided in section 16A.14.

54.6 Sec. 37. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

54.7 Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by
54.8 March 1 of each odd-numbered year on the overall incidence of the income tax, sales and
54.9 excise taxes, and property tax. The report shall present information on the distribution of
54.10 the tax burden as follows: (1) for the overall income distribution, using a systemwide
54.11 incidence measure such as the Suits index or other appropriate measures of equality and
54.12 inequality; (2) by income classes, including at a minimum deciles of the income distribution;
54.13 and (3) by other appropriate taxpayer characteristics. The report must also include information
54.14 on the distribution of the burden of federal taxes borne by Minnesota residents.

54.15 Sec. 38. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

54.16 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For
54.17 the period July 1, 2015, through December 31, 2031, the member contributions for former
54.18 members of the Minneapolis Employees Retirement Fund and by the former Minneapolis
54.19 Employees Retirement Fund-covered employing units are governed by this subdivision.

54.20 (b) The member contribution for a public employee who was a member of the former
54.21 Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of
54.22 the employee.

54.23 (c) The employer regular contribution with respect to a public employee who was a
54.24 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75
54.25 percent of the salary of the employee.

54.26 (d) ~~For calendar years 2015 and 2016, The annual employer supplemental contribution~~
54.27 ~~is the employing unit's share of \$31,000,000. For calendar years 2017 through 2031, the~~
54.28 ~~employer supplemental contribution is the employing unit's share of \$21,000,000.~~

54.29 (e) Each employing unit's share under paragraph (d) is the amount determined from an
54.30 allocation between each employing unit in the portion equal to the unit's employer
54.31 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,
54.32 during calendar year 2014.

55.1 (f) The employer supplemental contribution amount under paragraph (d) for calendar
 55.2 year 2015 must be invoiced by the executive director of the Public Employees Retirement
 55.3 Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount
 55.4 on or before September 30, 2015. For subsequent calendar years, the employer supplemental
 55.5 contribution under paragraph (d) must be invoiced on January 31 of each year and is payable
 55.6 in two parts, with the first half payable on or before July 31 and with the second half payable
 55.7 on or before December 15. Late payments are payable with compound interest at the rate
 55.8 of 0.71 percent per month for each month or portion of a month that has elapsed after the
 55.9 due date.

55.10 (g) The employer supplemental contribution under paragraph (d) terminates on December
 55.11 31, 2031.

55.12 Sec. 39. Minnesota Statutes 2016, section 353.505, is amended to read:

55.13 **353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

55.14 (a) On September 15, 2015, ~~and~~ September 15, 2016, and annually thereafter, the state
 55.15 shall pay to the general employees retirement plan of the Public Employees Retirement
 55.16 Association, with respect to the former MERF division, \$6,000,000. ~~By September 15 of~~
 55.17 ~~each year after 2016, the state shall pay to the general employees retirement plan of the~~
 55.18 ~~Public Employees Retirement Association, with respect to the former MERF division,~~
 55.19 ~~\$16,000,000.~~

55.20 (b) State contributions under this section end on September 15, 2031.

55.21 Sec. 40. Minnesota Statutes 2016, section 471.6161, subdivision 8, is amended to read:

55.22 Subd. 8. **School districts; group health insurance coverage.** (a) Any entity providing
 55.23 group health insurance coverage to a school district must provide the school district with
 55.24 school district-specific nonidentifiable aggregate claims records for the most recent 24
 55.25 months within 30 days of the request.

55.26 (b) School districts shall request proposals for group health insurance coverage as
 55.27 provided in subdivision 2 from a minimum of three potential sources of coverage. ~~One of~~
 55.28 ~~these requests must go to an administrator governed by chapter 43A.~~ Entities referenced in
 55.29 subdivision 1 must respond to requests for proposals received directly from a school district.
 55.30 School districts that are self-insured must also follow these provisions, except as provided
 55.31 in paragraph (f). School districts must make requests for proposals at least 150 days prior
 55.32 to the expiration of the existing contract but not more frequently than once every 24 months.

56.1 The request for proposals must include the most recently available 24 months of
56.2 nonidentifiable aggregate claims data. The request for proposals must be publicly released
56.3 at or prior to its release to potential sources of coverage.

56.4 (c) School district contracts for group health insurance must not be longer than ~~two~~ four
56.5 years ~~unless the exclusive representative of the largest employment group and the school~~
56.6 ~~district agree otherwise.~~

56.7 (d) All initial proposals shall be sealed upon receipt until they are all opened no less
56.8 than 90 days prior to the plan's renewal date in the presence of up to three representatives
56.9 selected by the exclusive representative of the largest group of employees. Section 13.591,
56.10 subdivision 3, paragraph (b), applies to data in the proposals. The representatives of the
56.11 exclusive representative must maintain the data according to this classification and are
56.12 subject to the remedies and penalties under sections 13.08 and 13.09 for a violation of this
56.13 requirement.

56.14 (e) A school district, in consultation with the same representatives referenced in paragraph
56.15 (d), may continue to negotiate with any entity that submitted a proposal under paragraph
56.16 (d) in order to reduce costs or improve services under the proposal. Following the negotiations
56.17 any entity that submitted an initial proposal may submit a final proposal incorporating the
56.18 negotiations, which is due no less than 75 days prior to the plan's renewal date. All the final
56.19 proposals submitted must be opened at the same time in the presence of up to three
56.20 representatives selected by the exclusive representative of the largest group of employees.
56.21 Notwithstanding section 13.591, subdivision 3, paragraph (b), following the opening of the
56.22 final proposals, all the proposals, including any made under paragraph (d), and other data
56.23 submitted in connection with the proposals are public data. The school district may choose
56.24 from any of the initial or final proposals without further negotiations and in accordance
56.25 with subdivision 5, but not sooner than 15 days after the proposals become public data.

56.26 (f) School districts that are self-insured shall follow all of the requirements of this section,
56.27 except that:

56.28 (1) their requests for proposals may be for third-party administrator services, where
56.29 applicable;

56.30 (2) these requests for proposals must be from a minimum of three different sources,
56.31 which may include both entities referenced in subdivision 1 and providers of third-party
56.32 administrator services;

57.1 ~~(3) for purposes of fulfilling the requirement to request a proposal for group insurance~~
 57.2 ~~coverage from an administrator governed by chapter 43A, self-insured districts are not~~
 57.3 ~~required to include in the request for proposal the coverage to be provided;~~

57.4 ~~(4) a district that is self-insured on or before the date of enactment, or that is self-insured~~
 57.5 ~~with more than 1,000 insured lives, or a district in which the school board adopted a motion~~
 57.6 ~~on or before May 14, 2014, to approve a self-insured health care plan to be effective July~~
 57.7 ~~1, 2014, may, but need not, request a proposal from an administrator governed by chapter~~
 57.8 ~~43A;~~

57.9 ~~(5)~~ (3) requests for proposals must be sent to providers no less than 90 days prior to the
 57.10 expiration of the existing contract; and

57.11 ~~(6)~~ (4) proposals must be submitted at least 60 days prior to the plan's renewal date and
 57.12 all proposals shall be opened at the same time and in the presence of the exclusive
 57.13 representative, where applicable.

57.14 (g) Nothing in this section shall restrict the authority granted to school district boards
 57.15 of education by section 471.59, ~~except that districts will not be considered self-insured for~~
 57.16 ~~purposes of this subdivision solely through participation in a joint powers arrangement.~~

57.17 (h) An entity providing group health insurance to a school district under a multiyear
 57.18 contract must give notice of any rate or plan design changes applicable under the contract
 57.19 at least 90 days before the effective date of any change. The notice must be given to the
 57.20 school district and to the exclusive representatives of employees.

57.21 (i) The exclusive representative of the largest group of employees shall comply with
 57.22 this subdivision and must not exercise any of their abilities under section 43A.316,
 57.23 subdivision 5, notwithstanding anything contained in that section, or any other law to the
 57.24 contrary.

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

57.26 Sec. 41. Minnesota Statutes 2016, section 471.617, subdivision 2, is amended to read:

57.27 Subd. 2. **Jointly.** Any two or more statutory or home rule charter cities, counties, school
 57.28 districts, or instrumentalities thereof which together have more than 100 employees may
 57.29 jointly self-insure for any employee health benefits including long-term disability, but not
 57.30 for employee life benefits, subject to the same requirements as an individual self-insurer
 57.31 under subdivision 1. Self-insurance pools under this section are subject to section 62L.045.
 57.32 A self-insurance pool established and operated by one or more service cooperatives governed
 57.33 by section 123A.21 to provide coverage described in this subdivision qualifies under this

58.1 subdivision, but the individual school district members of such a pool shall not be considered
 58.2 to be self-insured for purposes of section 471.6161, subdivision 8, paragraph (f). The
 58.3 commissioner of commerce may adopt rules pursuant to chapter 14, providing standards or
 58.4 guidelines for the operation and administration of self-insurance pools.

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

58.6 Sec. 42. Minnesota Statutes 2016, section 508.12, subdivision 1, is amended to read:

58.7 Subdivision 1. **Examiner and deputy examiner.** The judges of the district court shall
 58.8 appoint a competent attorney in each county within their respective districts to be an examiner
 58.9 of titles and legal adviser to the registrar in said county, to which examiner all applications
 58.10 to register title to land are referred without further order, and may appoint attorneys to serve
 58.11 as deputy examiners who shall act in the name of the examiner and under the examiner's
 58.12 supervision and control, and the deputy's acts shall be the acts of the examiners. The examiner
 58.13 of titles and deputy examiners shall hold office subject to the will and discretion of the
 58.14 district court by whom appointed. The examiner's compensation and that of the examiner's
 58.15 deputies shall be fixed and determined by the court and paid in the same manner as the
 58.16 compensation of other county employees is paid except that in all counties having fewer
 58.17 than 75,000 inhabitants, and in Stearns, Dakota, Scott, Wright, Sherburne, and Olmsted
 58.18 Counties the fees and compensation of the examiners for services as legal adviser to the
 58.19 registrar shall be determined by the judges of the district court and paid in the same manner
 58.20 as the compensation of other county employees is paid, but in every other instance shall be
 58.21 paid by the person applying to have the person's title registered or for other action or relief
 58.22 which requires the services, certification or approval of the examiner.

58.23 Sec. 43. Minnesota Statutes 2016, section 518A.79, is amended by adding a subdivision
 58.24 to read:

58.25 Subd. 3a. **Open meetings.** Except as otherwise provided in this section, the task force
 58.26 is subject to chapter 13D. A meeting of the task force occurs when a quorum is present and
 58.27 the members receive information, discuss, or take action on any matter relating to the duties
 58.28 of the task force. The task force may conduct meetings as provided in section 13D.015 or
 58.29 13D.02. The task force may conduct meetings at any location in the state that is appropriate
 58.30 for the purposes of the task force as long as the location is open and accessible to the public.
 58.31 For legislative members of the task force, enforcement of this subdivision is governed by
 58.32 section 3.055, subdivision 2. For nonlegislative members of the task force, enforcement of
 58.33 this subdivision is governed by section 13D.06, subdivisions 1 and 2.

59.1 **EFFECTIVE DATE.** This section is effective January 1, 2018.

59.2 Sec. 44. Laws 2016, chapter 127, section 8, is amended to read:

59.3 Sec. 8. **EFFECTIVE DATE; APPLICATION.**

59.4 Sections 1 to 7 are effective the day following final enactment. With respect to eyelash
59.5 technicians, the Board of Cosmetologist Examiners must not enforce sections 1 to 7 until
59.6 ~~July 1, 2017~~ February 1, 2018. Any educational or training requirements developed by the
59.7 board regarding eyelash technicians must be 14 hours.

59.8 Sec. 45. **COMMISSIONER OF REVENUE TO DETERMINE ADEQUACY OF**
59.9 **CURRENT RULES AND VALUATION PRACTICES FOR STATE-ASSESSED**
59.10 **PIPELINES.**

59.11 The commissioner of revenue must review all current rules and practices relating to the
59.12 valuation of pipeline companies that are assessed by the state. The commissioner must
59.13 determine whether current rules and practices provide accurate estimates of market value.
59.14 By February 1, 2018, the commissioner must prepare testimony for the house of
59.15 representatives and senate committees having jurisdiction over property taxes recommending
59.16 changes to the rules and practices to provide more accurate assessments and reduce the
59.17 number and amount of judgments against the state and counties for state-assessed pipeline
59.18 property. Costs associated with conducting the review required by this section must be paid
59.19 from existing funds appropriated to the commissioner by law.

59.20 Sec. 46. **OFFICE OF MN.IT SERVICES; PERFORMANCE OUTCOMES**
59.21 **REQUIRED.**

59.22 Subdivision 1. **Completion of agency consolidation.** No later than December 31, 2018,
59.23 the state chief information officer must complete the executive branch information technology
59.24 consolidation required by Laws 2011, First Special Session chapter 10, article 4. The head
59.25 of any state agency subject to consolidation must assist the state chief information officer
59.26 as necessary to implement the requirements of this subdivision.

59.27 Subd. 2. **Information technology efficiencies and solutions.** No later than December
59.28 31, 2018, the state chief information officer shall:

59.29 (1) host at least 25 percent of all state agency servers on a public cloud solution;

59.30 (2) store at least 35 percent of all state agency data on a public cloud solution; and

59.31 (3) operate no more than six data centers statewide.

60.1 Subd. 3. **Enterprise services; personnel efficiencies.** No later than June 30, 2019, the
 60.2 state chief information officer shall reduce the Office of MN.IT Services' total cost for
 60.3 enterprise services personnel by at least \$3,000,000.

60.4 Subd. 4. **Legislative report; application consolidation.** No later than January 1, 2018,
 60.5 the state chief information officer must submit a report to the chairs and ranking minority
 60.6 members of the house of representatives and senate committees with jurisdiction over state
 60.7 government finance on the status of business application software consolidation across state
 60.8 agencies. At a minimum, the report must describe the outcomes achieved to date, a plan
 60.9 and timeline for continued consolidation of business application software with measurable
 60.10 outcome goals, and recommendations, if any, on legislation necessary to facilitate
 60.11 achievement of these goals.

60.12 **Sec. 47. INITIAL TRANSIT FINANCIAL ACTIVITY REPORTING.**

60.13 (a) The first transit financial activity review and report submitted under Minnesota
 60.14 Statutes, section 3.972, subdivision 4, must include financial information from the period
 60.15 beginning on January 1, 2016, and through the end of the fiscal quarter immediately preceding
 60.16 the date of the report.

60.17 (b) The legislative auditor must provide a copy of the review under paragraph (a) to
 60.18 each county that is party to the joint powers agreement under Minnesota Statutes, section
 60.19 297A.992.

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

60.21 **Sec. 48. LIMIT ON EXPENDITURES FOR ADVERTISING.**

60.22 During the fiscal years ending June 30, 2018, and June 30, 2019, an executive branch
 60.23 agency's spending on advertising and promotions may not exceed 90 percent of the amount
 60.24 the agency spent on advertising and promotions during the fiscal year ending June 30, 2016.
 60.25 The commissioner of management and budget must ensure compliance with this limit and
 60.26 may issue guidelines and policies to executive agencies. The commissioner may forbid an
 60.27 agency from engaging in advertising as the commissioner determines necessary to ensure
 60.28 compliance with this section. This section does not apply to the Minnesota Lottery, Explore
 60.29 Minnesota Tourism, or the Minnesota State Colleges and Universities. Spending during the
 60.30 biennium ending June 30, 2019, on advertising relating to a declared emergency, an
 60.31 emergency, or a disaster, as those terms are defined in Minnesota Statutes, section 12.03,
 60.32 is excluded for purposes of this section.

61.1 Sec. 49. **TRANSITION; STATE AUDITOR ENTERPRISE FUND.**

61.2 Notwithstanding any law to the contrary, receipts received by the state auditor on or
61.3 after July 1, 2017, from examinations conducted by the state auditor under Minnesota
61.4 Statutes, chapter 6, must be credited to the general fund. Amounts in the state auditor
61.5 enterprise fund at the end of fiscal year 2017 are transferred to the general fund.

61.6 Sec. 50. **REIMBURSEMENT OF LEGAL COSTS FOR WRIGHT, BECKER, AND**
61.7 **RAMSEY COUNTIES.**

61.8 The state auditor shall reimburse Wright, Becker, and Ramsey Counties for legal fees
61.9 incurred and costs and disbursements made as a result of defending against the state auditor's
61.10 lawsuit against them.

61.11 Sec. 51. **LIMIT ON INCREASE IN MANAGERIAL COMPENSATION.**

61.12 (a) Except as provided in paragraph (b), during the biennium ending June 30, 2019, an
61.13 employee covered by the managerial plan in Minnesota Statutes, section 43A.18, subdivision
61.14 3, may not be granted a percentage increase in annual salary that exceeds the lesser of:

61.15 (1) the percentage increase in Minnesota median household income, as determined by
61.16 the American Community Survey compiled by the United States Bureau of the Census, for
61.17 the most recent 12-month period for which data is available; or

61.18 (2) the percentage increase in the Consumer Price Index, as determined by the United
61.19 States Bureau of Labor Statistics, for the most recent 12-month period for which data is
61.20 available.

61.21 (b) This section does not apply to an employee whose salary is established according to
61.22 Minnesota Statutes, section 15A.083.

61.23 Sec. 52. **SALARY LIMIT.**

61.24 (a) During the fiscal year ending June 30, 2018, the aggregate amount spent by all
61.25 executive branch agencies on employee salaries may not exceed 101 percent of the aggregate
61.26 amount these agencies spent on employee salaries in the fiscal year ending June 30, 2017.

61.27 (b) During the fiscal year ending June 30, 2019, the aggregate amount spent by all
61.28 executive branch agencies on employee salaries may not exceed 103 percent of the aggregate
61.29 amount these agencies spent on employee salaries in the fiscal year ending June 30, 2017.

62.1 (c) For purposes of this section, "executive branch" has the meaning given in Minnesota
 62.2 Statutes, section 43A.02, subdivision 22, and includes the Minnesota State Colleges and
 62.3 Universities but not constitutional offices.

62.4 **Sec. 53. ICE PALACE ON CAPITOL GROUNDS AUTHORIZED.**

62.5 Subdivision 1. Use agreement; terms required. The commissioner of administration
 62.6 may enter a use agreement with the St. Paul Festival and Heritage Foundation for the
 62.7 construction, operation, and removal of an ice palace and related temporary structures on
 62.8 the grounds of the State Capitol complex. If a use agreement for this purpose is entered, the
 62.9 terms must include the following:

62.10 (1) mutually agreed upon beginning and end dates for access to the grounds for
 62.11 construction, operation, and removal of the ice palace and related temporary structures;

62.12 (2) notwithstanding Minnesota Rules, part 7525.0400, an allowance for the St. Paul
 62.13 Festival and Heritage Foundation to establish fees for admission to the ice palace and for
 62.14 participation in related activities, and for vendors to sell concessions subject to terms
 62.15 negotiated in the use agreement. Any fees established must allow a reasonable opportunity
 62.16 for all Minnesotans, regardless of income, to access the palace and participate in related
 62.17 activities, and must allow free or discounted admission to members of the military, military
 62.18 veterans, and their families. A fee may not be charged for general admission to the Capitol
 62.19 grounds or, to the extent practicable, for access to public memorials and monuments located
 62.20 on the Capitol grounds;

62.21 (3) notwithstanding Minnesota Statutes, section 15B.28, and related rules of the Capitol
 62.22 Area Architectural and Planning Board, an allowance for the St. Paul Festival and Heritage
 62.23 Foundation to erect advertising devices promoting the ice palace and its sponsors and donors,
 62.24 subject to terms negotiated in the use agreement;

62.25 (4) a restriction on private events that limit public access to the ice palace or surrounding
 62.26 Capitol grounds, without prior approval of the commissioner of administration; and

62.27 (5) a requirement that, following removal of the ice palace and related temporary
 62.28 structures, the St. Paul Festival and Heritage Foundation restore the Capitol grounds to the
 62.29 same condition as existed prior to their construction.

62.30 Subd. 2. Additional terms. In addition to the terms required by subdivision 1, a use
 62.31 agreement authorized by this section may include additional terms as necessary to preserve
 62.32 the integrity, dignity, and security of the State Capitol building, the Capitol grounds, and

63.1 the surrounding public buildings, memorials, and monuments, and to ensure compliance
 63.2 with other applicable laws governing commercial activity on public property.

63.3 Subd. 3. **Costs, expenses, and liabilities.** Unless expressly provided in the use agreement,
 63.4 any costs or expenses incurred by the state or the city of St. Paul in implementing a use
 63.5 agreement entered under this section must be paid or reimbursed by the St. Paul Festival
 63.6 and Heritage Foundation. Notwithstanding Minnesota Statutes, section 3.736, subdivision
 63.7 1, and Minnesota Statutes, section 466.02, the state, the city of St. Paul, and their employees
 63.8 are not liable for losses incurred during the construction, operation, or removal of an ice
 63.9 palace or related temporary structures, or losses incurred by a person while visiting the ice
 63.10 palace or participating in related activities.

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

63.12 Sec. 54. **WAITE PARK; HOTEL INSPECTION.**

63.13 (a) Notwithstanding any other law to the contrary and in addition to any other requirement
 63.14 in law, the city of Waite Park may adopt an ordinance to require a hotel, motel, or lodging
 63.15 establishment operating within the city's jurisdiction to have a valid license issued by the
 63.16 city. The license may prohibit the licensee from:

63.17 (1) knowingly allowing a room to be occupied for purposes of sex trafficking;

63.18 (2) knowingly allowing a room to be occupied for the purposes of illegal drug activity;

63.19 (3) knowingly allowing a room to be occupied by a minor for the consumption of
 63.20 alcoholic beverages;

63.21 (4) prohibiting the inspection of the licensed premises;

63.22 (5) failing to report observed or suspected illegal activity to the police in a reasonable
 63.23 period of time; and

63.24 (6) failure to maintain the licensed premises to all building, fire, mechanical, zoning or
 63.25 licensing codes.

63.26 The ordinance may provide for inspections related to the activities the license addresses.

63.27 The city may collect a reasonable fee related to the cost of issuing the license and conducting
 63.28 inspections.

63.29 (b) "Hotel," "motel," and "lodging establishment" are as defined in Minnesota Statutes,
 63.30 section 157.15.

64.1 (c) The authority in this section does not replace or diminish the authority of the
 64.2 community health board to inspect and license any hotel, motel, or lodging establishment
 64.3 in the city.

64.4 **EFFECTIVE DATE.** This section is effective the day following final enactment without
 64.5 local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph
 64.6 (a).

64.7 **Sec. 55. EYELASH TECHNICIAN GRANDFATHERING.**

64.8 (a) The board must issue grandfathered eyelash technician licenses no later than February
 64.9 1, 2018, under the conditions in this section.

64.10 (b) A complete grandfathering application for an eyelash technician license must be
 64.11 received in the board office between August 1, 2017, and January 31, 2018, and must contain:

64.12 (1) proof of a high school diploma or equivalent;

64.13 (2) proof of completion of an eyelash extension training course before July 1, 2017;

64.14 (3) proof of completion of a six-hour board-approved public health and safety course
 64.15 provided by a board-licensed school or a board-recognized professional association organized
 64.16 under Minnesota Statutes, chapter 317A. Four hours must be related to health, safety, and
 64.17 infection control and two hours must be related to Minnesota laws and rules governing
 64.18 cosmetology;

64.19 (4) original passing results no more than one year old of board-approved laws and rules
 64.20 test and theory tests; and

64.21 (5) the practitioner fees required under Minnesota Statutes, section 155A.25.

64.22 (c) A complete grandfathering application for an eyelash salon manager license must
 64.23 be received in the board office between August 1, 2017, and January 31, 2018, and must
 64.24 contain:

64.25 (1) proof of a high school diploma or equivalent;

64.26 (2) proof of completion of an eyelash extension training course before July 1, 2017;

64.27 (3) documentation of at least 2,700 hours of experience performing eyelash extensions
 64.28 within the last three years;

64.29 (4) original passing results no more than one year old of board-approved laws and rules
 64.30 test and theory tests;

65.1 (5) original passing results no more than one year old of board-approved salon manager
 65.2 test;

65.3 (6) proof of a six-hour board-approved public health and safety course provided by a
 65.4 board-licensed school or a board-recognized professional association organized under
 65.5 Minnesota Statutes, chapter 317A. Four hours must be related to infection control and two
 65.6 hours must be related to Minnesota laws and rules; and

65.7 (7) the practitioner fees required under Minnesota Statutes, section 155A.25.

65.8 (d) Grandfathered licenses must not be expedited under Minnesota Statutes, section
 65.9 155A.25, subdivision 7. The application timelines under Minnesota Statutes, section 155A.25,
 65.10 subdivisions 5, 6, and 8, do not apply to grandfathered licenses.

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

65.12 **Sec. 56. EYELASH TECHNICIAN RULEMAKING.**

65.13 The Board of Cosmetologist Examiners shall adopt rules governing the eyelash technician
 65.14 and salon licenses, which must include scope of practice, the conditions and process of
 65.15 issuing and renewing the license, requirements related to education and testing, and 14 hours
 65.16 of training regarding application of eyelash extensions in a board-licensed school. The board
 65.17 may use the expedited rule process in Minnesota Statutes, section 14.389. The grant of
 65.18 rulemaking authority under this section expires May 31, 2019.

65.19 **Sec. 57. EYELASH TECHNICIAN LICENSING.**

65.20 The Board of Cosmetologist Examiners must not issue an eyelash practitioner license
 65.21 before February 1, 2018, except for grandfathered licenses issued under section 55. The
 65.22 Board of Cosmetologist Examiners must not require a person to have an eyelash practitioner
 65.23 license for eyelash extensions before February 1, 2018.

65.24 **Sec. 58. REPEALER.**

65.25 Subdivision 1. **State auditor enterprise fund.** Minnesota Statutes 2016, section 6.581,
 65.26 subdivision 1, is repealed.

65.27 Subd. 2. **Washington, D.C. office.** Minnesota Statutes 2016, section 4.46, is repealed.

65.28 **ARTICLE 3**

65.29 **STATE BUDGETING TECHNICAL**

65.30 Section 1. Minnesota Statutes 2016, section 15.0596, is amended to read:

66.1 **15.0596 ADDITIONAL COMPENSATION FROM CONTINGENT FUND**
 66.2 **PROHIBITED.**

66.3 In all cases where the compensation of an officer of the state is fixed by law at a specified
 66.4 sum, it shall be unlawful for any such officer or employee to receive additional compensation
 66.5 for the performance of official services out of the contingent fund of the officer or the
 66.6 department, and it shall be unlawful for the head of any department of the state government
 66.7 to direct the payment of such additional compensation out of the contingent fund; and the
 66.8 commissioner of management and budget is hereby prohibited from issuing a ~~warrant~~
 66.9 payment upon such contingent fund in payment of such additional compensation.

66.10 Every person offending against the provisions of this section shall be guilty of a
 66.11 misdemeanor.

66.12 Sec. 2. Minnesota Statutes 2016, section 15.191, subdivision 1, is amended to read:

66.13 Subdivision 1. **Emergency disbursements.** Imprest cash funds for the purpose of making
 66.14 minor disbursements, providing for change, and providing employees with travel advances
 66.15 or a portion or all of their payroll ~~warrant~~ where the ~~warrant~~ payment has not been received
 66.16 through the payroll system, may be established by state departments or agencies from
 66.17 existing appropriations in the manner prescribed by this section.

66.18 Sec. 3. Minnesota Statutes 2016, section 15.191, subdivision 3, is amended to read:

66.19 Subd. 3. **Warrant Payment against designated appropriation.** Imprest cash funds
 66.20 established under this section shall be created by ~~warrant drawn~~ payment issued against the
 66.21 appropriation designated by the commissioner of management and budget.

66.22 Sec. 4. Minnesota Statutes 2016, section 16A.065, is amended to read:

66.23 **16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES**
 66.24 **DOCUMENTS.**

66.25 Notwithstanding section 16A.41, subdivision 1, the commissioner may allow an agency
 66.26 to make advance deposits or payments for software or software maintenance services for
 66.27 state-owned or leased electronic data processing equipment, for information technology
 66.28 hosting services, for sole source maintenance agreements where it is not cost-effective to
 66.29 pay in arrears, for exhibit booth space or boat slip rental when required by the renter to
 66.30 guarantee the availability of space, for registration fees where advance payment is required
 66.31 or advance payment discount is provided, ~~and~~ for newspaper, magazine, and other
 66.32 subscription fees, and other costs where advance payment discount is provided or are

67.1 customarily paid for in advance. The commissioner may also allow advance deposits by
 67.2 any department with the Library of Congress and federal Supervisor of Documents for items
 67.3 to be purchased from those federal agencies.

67.4 Sec. 5. Minnesota Statutes 2016, section 16A.13, subdivision 2a, is amended to read:

67.5 Subd. 2a. **Procedure.** The commissioner shall see that the deduction for the withheld
 67.6 tax is made from an employee's pay on the payroll abstract. The commissioner shall approve
 67.7 one ~~warrant payable~~ payment to the commissioner for the total amount deducted on the
 67.8 abstract. Deductions from the pay of an employee paid direct by an agency shall be made
 67.9 by the employee's payroll authority. A later deduction must correct an error made on an
 67.10 earlier deduction. The paying authority shall see that a ~~warrant or check~~ payment for the
 67.11 deductions is promptly sent to the commissioner. The commissioner shall deposit the amount
 67.12 of the ~~warrant or check~~ payment to the credit of the proper federal authority or other person
 67.13 authorized by federal law to receive it.

67.14 Sec. 6. Minnesota Statutes 2016, section 16A.134, is amended to read:

67.15 **16A.134 CHARITABLE ORGANIZATIONS PAYROLL DEDUCTIONS.**

67.16 An employee's contribution to a registered combined charitable organization defined in
 67.17 section 43A.50 may be deducted from the employee's pay. On the employee's written request,
 67.18 the commissioner shall deduct a requested amount from the pay of the employee for each
 67.19 pay period. The commissioner shall issue a ~~warrant~~ payment in that amount to the specified
 67.20 organization.

67.21 Sec. 7. Minnesota Statutes 2016, section 16A.15, subdivision 3, is amended to read:

67.22 Subd. 3. **Allotment and encumbrance.** (a) A payment may not be made without prior
 67.23 obligation. An obligation may not be incurred against any fund, allotment, or appropriation
 67.24 unless the commissioner has certified a sufficient unencumbered balance or the accounting
 67.25 system shows sufficient allotment or encumbrance balance in the fund, allotment, or
 67.26 appropriation to meet it. The commissioner shall determine when the accounting system
 67.27 may be used to incur obligations without the commissioner's certification of a sufficient
 67.28 unencumbered balance. An expenditure or obligation authorized or incurred in violation of
 67.29 this chapter is invalid and ineligible for payment until made valid. A payment made in
 67.30 violation of this chapter is illegal. An employee authorizing or making the payment, or
 67.31 taking part in it, and a person receiving any part of the payment, are jointly and severally
 67.32 liable to the state for the amount paid or received. If an employee knowingly incurs an

68.1 obligation or authorizes or makes an expenditure in violation of this chapter or takes part
 68.2 in the violation, the violation is just cause for the employee's removal by the appointing
 68.3 authority or by the governor if an appointing authority other than the governor fails to do
 68.4 so. In the latter case, the governor shall give notice of the violation and an opportunity to
 68.5 be heard on it to the employee and to the appointing authority. A claim presented against
 68.6 an appropriation without prior allotment or encumbrance may be made valid on investigation,
 68.7 review, and approval by the agency head in accordance with the commissioner's policy, if
 68.8 the services, materials, or supplies to be paid for were actually furnished in good faith
 68.9 without collusion and without intent to defraud. The commissioner may then ~~draw a warrant~~
 68.10 ~~to~~ pay the claim just as properly allotted and encumbered claims are paid.

68.11 (b) The commissioner may approve payment for materials and supplies in excess of the
 68.12 obligation amount when increases are authorized by section 16C.03, subdivision 3.

68.13 (c) To minimize potential construction delay claims, an agency with a project funded
 68.14 by a building appropriation may allow a contractor to proceed with supplemental work
 68.15 within the limits of the appropriation before money is encumbered. Under this circumstance,
 68.16 the agency may requisition funds and allow contractors to expeditiously proceed with a
 68.17 construction sequence. While the contractor is proceeding, the agency shall immediately
 68.18 act to encumber the required funds.

68.19 Sec. 8. Minnesota Statutes 2016, section 16A.17, subdivision 5, is amended to read:

68.20 Subd. 5. **Payroll duties.** When the department prepares the payroll for an agency, the
 68.21 commissioner assumes the agency head's duties to make authorized or required deductions
 68.22 from, or employer contributions on, the pay of the agency's employees and to prepare and
 68.23 issue the necessary ~~warrants~~ payments.

68.24 Sec. 9. Minnesota Statutes 2016, section 16A.272, subdivision 3, is amended to read:

68.25 Subd. 3. **Section ~~7.19~~ 16A.271 to apply.** The provisions of Minnesota Statutes ~~1941,~~
 68.26 section ~~7.19~~ 16A.271, shall apply to deposits of securities made pursuant to this section.

68.27 Sec. 10. Minnesota Statutes 2016, section 16A.40, is amended to read:

68.28 **16A.40 WARRANTS AND ELECTRONIC FUND TRANSFERS.**

68.29 Money must not be paid out of the state treasury except upon the warrant of the
 68.30 commissioner or an electronic fund transfer approved by the commissioner. Warrants must
 68.31 be drawn on printed blanks that are in numerical order. The commissioner shall enter, in

69.1 numerical order in a ~~warrant~~ warrant payment register, the number, amount, date, and payee for
 69.2 every ~~warrant~~ warrant payment issued.

69.3 The commissioner may require payees to supply their bank routing information to enable
 69.4 the payments to be made through an electronic fund transfer.

69.5 Sec. 11. Minnesota Statutes 2016, section 16A.42, subdivision 2, is amended to read:

69.6 Subd. 2. **Approval.** If the claim is approved, the commissioner shall ~~complete and sign~~
 69.7 ~~a warrant~~ issue a payment in the amount of the claim.

69.8 Sec. 12. Minnesota Statutes 2016, section 16A.42, subdivision 4, is amended to read:

69.9 Subd. 4. **Register.** The commissioner shall enter a ~~warrant~~ warrant payment in the ~~warrant~~
 69.10 payment register as if it were a cash payment.

69.11 Sec. 13. Minnesota Statutes 2016, section 16A.42, is amended by adding a subdivision to
 69.12 read:

69.13 Subd. 5. **Invalid claims.** If the commissioner determines that a claim is invalid after
 69.14 issuing a warrant, the commissioner may void an unpaid warrant. The commissioner is not
 69.15 liable to any holder who took the void warrant for value.

69.16 Sec. 14. Minnesota Statutes 2016, section 16A.56, is amended to read:

69.17 **16A.56 COMMISSIONER'S RECEIPT AND CLAIM DUTIES.**

69.18 The commissioner or a designee shall examine every receipt and claim, and if proper,
 69.19 approve them, name the account to be charged or credited, and issue ~~warrants~~ payments to
 69.20 pay claims.

69.21 Sec. 15. Minnesota Statutes 2016, section 16A.671, subdivision 1, is amended to read:

69.22 Subdivision 1. **Authority; advisory recommendation.** To ensure that cash is available
 69.23 when needed to ~~pay warrants~~ make payments drawn on the general fund under appropriations
 69.24 and allotments, the commissioner may (1) issue certificates of indebtedness in anticipation
 69.25 of the collection of taxes levied for and other revenues appropriated to the general fund for
 69.26 expenditure during each biennium; and (2) issue additional certificates to refund outstanding
 69.27 certificates and interest on them, under the Constitution, article XI, section 6.

70.1 Sec. 16. Minnesota Statutes 2016, section 16B.37, subdivision 4, is amended to read:

70.2 Subd. 4. **Work of department for another.** To avoid duplication and improve efficiency,
70.3 the commissioner may direct an agency to do work for another agency or may direct a
70.4 division or section of an agency to do work for another division or section within the same
70.5 agency and shall require reimbursement for the work. Reimbursements received by an
70.6 agency are reappropriated to the account making the original expenditure in accordance
70.7 with the transfer ~~warrant~~ procedure established by the commissioner of management and
70.8 budget.

70.9 Sec. 17. Minnesota Statutes 2016, section 16D.03, subdivision 2, is amended to read:

70.10 Subd. 2. **State agency reports.** State agencies shall report quarterly to the commissioner
70.11 of management and budget the debts owed to them. The commissioner of management and
70.12 budget, ~~in consultation with the commissioners of revenue and human services, and the~~
70.13 ~~attorney general,~~ shall establish internal guidelines for the recognition, tracking, and
70.14 ~~reporting, and collection~~ of debts owed the state. The internal guidelines must include
70.15 accounting standards, performance measurements, and uniform reporting requirements
70.16 applicable to all state agencies. The commissioner of management and budget shall require
70.17 a state agency to recognize, track, report, and attempt to collect debts according to the
70.18 internal guidelines. The commissioner, in consultation with the commissioner of management
70.19 and budget and the attorney general, shall establish internal guidelines for the collection of
70.20 debt owed to the state.

70.21 Sec. 18. Minnesota Statutes 2016, section 16D.09, subdivision 1, is amended to read:

70.22 Subdivision 1. **Generally.** When a debt is determined by a state agency to be
70.23 uncollectible, the debt may be written off by the state agency from the state agency's financial
70.24 accounting records and no longer recognized as an account receivable for financial reporting
70.25 purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts
70.26 have been exhausted, (2) the cost of further collection action will exceed the amount
70.27 recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence,
70.28 (4) the debtor cannot be located, (5) the available assets or income, current or anticipated,
70.29 that may be available for payment of the debt are insufficient, (6) the debt has been
70.30 discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt
70.31 has expired, or (8) it is not in the public interest to pursue collection of the debt. ~~The~~
70.32 ~~determination of the uncollectibility of a~~ Uncollectible debt must be reported by the state
70.33 agency ~~along with the basis for that decision~~ as part of its quarterly reports to the

71.1 commissioner of management and budget. The basis for the determination of the
 71.2 uncollectibility of the debt must be maintained by the state agency. Determining that the
 71.3 debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.

71.4 Sec. 19. Minnesota Statutes 2016, section 21.116, is amended to read:

71.5 **21.116 EXPENSES.**

71.6 All necessary expenses incurred in carrying out the provisions of sections 21.111 to
 71.7 21.122 and the compensation of officers, inspectors, and employees appointed, designated,
 71.8 or employed by the commissioner, as provided in such sections, together with their necessary
 71.9 traveling expenses, together with the traveling expenses of the members of the advisory
 71.10 seed potato certification committee, and other expenses necessary in attending committee
 71.11 meetings, shall be paid from, and only from, the seed potato inspection account, on order
 71.12 of the commissioner and commissioner of management and ~~budget's voucher warrant~~ budget.

71.13 Sec. 20. Minnesota Statutes 2016, section 43A.30, subdivision 2, is amended to read:

71.14 Subd. 2. **Payroll deduction.** If an eligible person who is on any payroll of the state or
 71.15 an eligible person's dependents is enrolled for any of the optional coverages made available
 71.16 by the commissioner pursuant to section 43A.26 the commissioner of management and
 71.17 budget, upon the person's written order, shall deduct from the salary or wages of the person
 71.18 those amounts required from time to time to maintain the optional coverages in force, and
 71.19 issue a ~~warrant~~ payment therefor to the appropriate carrier.

71.20 Sec. 21. Minnesota Statutes 2016, section 43A.49, is amended to read:

71.21 **43A.49 VOLUNTARY UNPAID LEAVE OF ABSENCE.**

71.22 (a) Appointing authorities in state government may allow each employee to take unpaid
 71.23 leaves of absence for up to 1,040 hours in each two-year period beginning July 1 of each
 71.24 odd-numbered year. Each appointing authority approving such a leave shall allow the
 71.25 employee to continue accruing vacation and sick leave, be eligible for paid holidays and
 71.26 insurance benefits, accrue seniority, and accrue service credit and credited salary in retirement
 71.27 plans as if the employee had actually been employed during the time of leave. An employee
 71.28 covered by the unclassified plan may voluntarily make the employee contributions to the
 71.29 unclassified plan during the leave of absence. If the employee makes these contributions,
 71.30 the appointing authority must make the employer contribution. If the leave of absence is
 71.31 for one full pay period or longer, any holiday pay shall be included in the first payroll ~~warrant~~
 71.32 payment after return from the leave of absence. The appointing authority shall attempt to

72.1 grant requests for the unpaid leaves of absence consistent with the need to continue efficient
72.2 operation of the agency. However, each appointing authority shall retain discretion to grant
72.3 or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject
72.4 to the applicable provisions of collective bargaining agreements and compensation plans.

72.5 (b) To receive eligible service credit and credited salary in a defined benefit plan, the
72.6 member shall pay an amount equal to the applicable employee contribution rates. If an
72.7 employee pays the employee contribution for the period of the leave under this section, the
72.8 appointing authority must pay the employer contribution. The appointing authority may, at
72.9 its discretion, pay the employee contributions. Contributions must be made in a time and
72.10 manner prescribed by the executive director of the applicable retirement system.

72.11 Sec. 22. Minnesota Statutes 2016, section 49.24, subdivision 13, is amended to read:

72.12 Subd. 13. **Disposition of unclaimed dividends.** Upon the liquidation of any financial
72.13 institution liquidated by the commissioner as statutory liquidator, if any dividends or other
72.14 moneys set apart for the payment of claims remain unpaid, and the places of residence of
72.15 the owners thereof are unknown to the commissioner, the commissioner may pay same into
72.16 the state treasury as hereinafter provided. Whenever the commissioner shall be satisfied
72.17 that the process of liquidation should not be further continued the commissioner may make
72.18 and certify triplicate lists of any such unclaimed dividends or other moneys, specifying the
72.19 name of each owner, the amount due, and the last known address. Upon one of such lists,
72.20 to be retained by the commissioner shall be endorsed the commissioner's order that such
72.21 unclaimed moneys be forthwith deposited in the state treasury. When so deposited, one of
72.22 said lists shall be delivered to the commissioner of management and budget and the
72.23 commissioner shall retain in the commissioner's office such records and proofs concerning
72.24 said claims as the commissioner may have, which shall thereafter remain on file in the
72.25 office. The commissioner of management and budget shall execute upon the list retained
72.26 by the commissioner a receipt for such money, which shall operate as a full discharge of
72.27 the commissioner on account of such claims. At any time within six years after such receipt,
72.28 but not afterward, the claimant may apply to the commissioner for the amount so deposited
72.29 for the claimant's benefit, and upon proof satisfactory to the governor, the attorney general
72.30 and the commissioner, or to a majority of them, they shall give an order to the commissioner
72.31 of management and budget to issue a ~~warrant~~ payment for such amount, and such ~~warrant~~
72.32 payment shall thereupon be issued. If no such claim be presented within six years, the
72.33 commissioner shall so note upon the commissioner's copy of said list and certify the fact
72.34 to the commissioner of management and budget who shall make like entries upon the
72.35 commissioner of management and budget's corresponding lists; and all further claims to

73.1 said money shall be barred. Provided, that the commissioner of management and budget
73.2 shall transfer to the commissioner of commerce's liquidation fund created by this section
73.3 not to exceed 50 percent of the amount so turned over by the commissioner, to be used to
73.4 partially defray expenses in connection with the liquidation of closed banks and the conduct
73.5 of the liquidation division, in such amounts and at such times as the commissioner shall
73.6 request.

73.7 There is hereby appropriated to the persons entitled to such amounts, from such moneys
73.8 in the state treasury not otherwise appropriated, an amount sufficient to make such payment.

73.9 Sec. 23. Minnesota Statutes 2016, section 49.24, subdivision 16, is amended to read:

73.10 Subd. 16. **Transfers to liquidation fund.** The following moneys shall be transferred to
73.11 and deposited in the commissioner of commerce's liquidation fund:

73.12 (1) All moneys paid to the commissioner of management and budget by the commissioner
73.13 out of funds of any financial institution in the commissioner's hands as reimbursement for
73.14 services and expenses pursuant to the provisions of subdivision 7.

73.15 (2) All moneys in the possession of the commissioner set aside for the purpose of meeting
73.16 unforeseen and contingent expenses incident to the liquidation of closed financial institutions,
73.17 which funds have been or shall be hereafter established by withholding portions of final
73.18 liquidating dividends in such cases.

73.19 (3) All moneys which the commissioner shall request the commissioner of management
73.20 and budget to transfer to such fund pursuant to the provisions of subdivision 13.

73.21 (4) All moneys in the possession of the commissioner now carried on the commissioner's
73.22 books in "stamp account," "suspense account," and "unclaimed deposit account."

73.23 (5) All moneys in the possession of the commissioner which the commissioner may be
73.24 authorized by order of any district court having jurisdiction of any liquidation proceedings
73.25 to transfer to such fund, or to use for any of the purposes for which the fund is established.

73.26 (6) All moneys in the possession of the commissioner carried on the commissioner's
73.27 books in the "unclaimed bonds account." At any time within six years after any bond the
73.28 proceeds of the sale of which constitute a portion of the moneys in this paragraph referred
73.29 to came into the possession of the commissioner as liquidator of any financial institution,
73.30 any claimant thereto may apply to the commissioner for the proceeds of the sale of such
73.31 bond, and, upon proof satisfactory to the governor, the attorney general, and the
73.32 commissioner, or a majority of them, they shall give an order to the commissioner of
73.33 management and budget to issue a ~~warrant~~ warrant payment for such amount, without interest, and

74.1 such ~~warrant~~ payment shall thereupon be issued and the amount thereof paid out of the
 74.2 commissioner of commerce's liquidation fund. If no such claim be presented within such
 74.3 period, all further claims to the proceeds of any such bond shall be barred.

74.4 (7) All sums which the commissioner may receive from the sale of personal property of
 74.5 liquidated financial institutions where the final dividend has been paid and no disposition
 74.6 of said property made by any order of the court, and the proceeds of sales of any personal
 74.7 property used by the liquidation division which have been purchased with funds of financial
 74.8 institutions in liquidation.

74.9 Sec. 24. Minnesota Statutes 2016, section 69.031, subdivision 1, is amended to read:

74.10 Subdivision 1. **Commissioner's ~~warrant~~ payment.** (a) The commissioner of management
 74.11 and budget shall issue to the Public Employees Retirement Association on behalf of a
 74.12 municipality or independent nonprofit firefighting corporation that is a member of the
 74.13 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to
 74.14 the Department of Natural Resources, the Department of Public Safety, or the county,
 74.15 municipality, or independent nonprofit firefighting corporation certified to the commissioner
 74.16 of management and budget by the commissioner a ~~warrant~~ payment for an amount equal
 74.17 to the amount of fire state aid or police state aid, whichever applies, certified for the
 74.18 applicable state aid recipient by the commissioner under section 69.021.

74.19 (b) Fire state aid and police state aid is payable on October 1 annually. The amount of
 74.20 state aid due and not paid by October 1 accrues interest payable to the state aid recipient at
 74.21 the rate of one percent for each month or part of a month that the amount remains unpaid
 74.22 after October 1.

74.23 Sec. 25. Minnesota Statutes 2016, section 80A.65, subdivision 9, is amended to read:

74.24 Subd. 9. **Generally.** No filing for which a fee is required shall be deemed to be filed or
 74.25 given any effect until the proper fee is paid. All fees and charges collected by the
 74.26 administrator shall be covered into the state treasury. When any person is entitled to a refund
 74.27 under this section, the administrator shall certify to the commissioner of management and
 74.28 budget the amount of the fee to be refunded to the applicant, and the commissioner of
 74.29 management and budget shall issue a ~~warrant~~ in payment thereof out of the fund to which
 74.30 such fee was credited in the manner provided by law. There is hereby appropriated to the
 74.31 person entitled to such refunds from the fund in the state treasury to which such fees were
 74.32 credited an amount to make such refunds and payments.

75.1 Sec. 26. Minnesota Statutes 2016, section 84A.23, subdivision 4, is amended to read:

75.2 Subd. 4. **Drainage ditch bonds; reports.** (a) Immediately after a project is approved
75.3 and accepted and then after each distribution of the tax collections on the June and November
75.4 tax settlements, the county auditor shall certify to the commissioner of management and
75.5 budget the following information relating to bonds issued to finance or refinance public
75.6 drainage ditches wholly or partly within the projects, and the collection of assessments
75.7 levied on account of the ditches:

75.8 (1) the amount of principal and interest to become due on the bonds before the next tax
75.9 settlement and distribution;

75.10 (2) the amount of money collected from the drainage assessments and credited to the
75.11 funds of the ditches; and

75.12 (3) the amount of the deficit in the ditch fund of the county chargeable to the ditches.

75.13 (b) On approving the certificate, the commissioner of management and budget shall
75.14 ~~draw a warrant~~ issue a payment, payable out of the fund pertaining to the project, for the
75.15 amount of the deficit in favor of the county.

75.16 (c) As to public drainage ditches wholly within a project, the amount of money paid to
75.17 or for the benefit of the county under paragraph (b) must never exceed the principal and
75.18 interest of the bonds issued to finance or refinance the ditches outstanding at the time of
75.19 the passage and approval of sections 84A.20 to 84A.30, less money on hand in the county
75.20 ditch fund to the credit of the ditches. The liabilities must be reduced from time to time by
75.21 the amount of all payments of assessments after April 25, 1931, made by the owners of
75.22 lands assessed before that date for benefits on account of the ditches.

75.23 (d) As to public drainage ditches partly within and partly outside a project, the amount
75.24 paid from the fund pertaining to the project to or for the benefit of the county must never
75.25 exceed a certain percentage of bonds issued to finance and refinance the ditches so
75.26 outstanding, less money on hand in the county ditch fund to the credit of the ditches on
75.27 April 25, 1931. The percentage must bear the same proportion to the whole amount of these
75.28 bonds as the original benefits assessed against lands within the project bear to the original
75.29 total benefits assessed to the entire system of the ditches. This liability shall be reduced
75.30 from time to time by the payments of all assessments extended after April 25, 1931, made
75.31 by the owners of lands within the project of assessments for benefits assessed before that
75.32 date on account of a ditch.

76.1 (e) The commissioner of management and budget may provide and prescribe forms for
 76.2 reports required by sections 84A.20 to 84A.30 and require any additional information from
 76.3 county officials that the commissioner of management and budget considers necessary for
 76.4 the proper administration of sections 84A.20 to 84A.30.

76.5 Sec. 27. Minnesota Statutes 2016, section 84A.33, subdivision 4, is amended to read:

76.6 Subd. 4. **Ditch bonds; funds; payments to counties.** (a) Upon the approval and
 76.7 acceptance of a project and after each distribution of the tax collections for the June and
 76.8 November tax settlements, the county auditor shall certify to the commissioner of
 76.9 management and budget the following information about bonds issued to finance or refinance
 76.10 public drainage ditches wholly or partly within the projects, and the collection of assessments
 76.11 levied for the ditches:

76.12 (1) the amount of principal and interest to become due on the bonds before the next tax
 76.13 settlement and distribution;

76.14 (2) the amount of money collected from the drainage assessments and credited to the
 76.15 funds of the ditches, not already sent to the commissioner of management and budget as
 76.16 provided in sections 84A.31 to 84A.42; and

76.17 (3) the amount of the deficit in the ditch fund of the county chargeable to the ditches.

76.18 (b) On approving this certificate of the county auditor, the commissioner of management
 76.19 and budget shall ~~draw a warrant~~ issue a payment, payable out of the fund provided for in
 76.20 sections 84A.31 to 84A.42, and send it to the county treasurer of the county. These funds
 76.21 must be credited to the proper ditch of the county and placed in the ditch bond fund of the
 76.22 county, which is created, and used only to pay the ditch bonded indebtedness of the county
 76.23 assumed by the state under sections 84A.31 to 84A.42. The total amount of ~~warrants drawn~~
 76.24 payments issued must not exceed in any one year the total amount of the deficit provided
 76.25 for under this section.

76.26 (c) The state is subrogated to all title, right, interest, or lien of the county in or on the
 76.27 lands so certified within these projects.

76.28 (d) As to public drainage ditches wholly within a project, the amount paid to, or for the
 76.29 benefit of, the county under this subdivision must never exceed the principal and interest
 76.30 of the bonds issued to finance or refinance a ditch outstanding on April 22, 1933, less money
 76.31 on hand in the county ditch fund to the credit of a ditch. These liabilities must be reduced
 76.32 from time to time by the amount of any payments of assessments extended after April 22,

77.1 1933, made by the owners of lands assessed before that date for benefits on account of the
77.2 ditches.

77.3 As to public drainage ditches partly within and partly outside a project the amount paid
77.4 from the fund pertaining to the project to or for the benefit of the county must never exceed
77.5 a certain percentage of bonds issued to finance and refinance a ditch so outstanding, less
77.6 money on hand in the county ditch fund to the credit of a ditch on April 22, 1932. The
77.7 percentage must bear the same proportion to the whole amount of the bonds as the original
77.8 benefits assessed against these lands within the project bear to the original total benefits
77.9 assessed to the entire system for a ditch. This liability must be reduced from time to time
77.10 by the payments of all assessments extended after April 22, 1933, made by the owners of
77.11 lands within the project of assessments for benefits assessed before that date on account of
77.12 a ditch.

77.13 Sec. 28. Minnesota Statutes 2016, section 84A.40, is amended to read:

77.14 **84A.40 COUNTY MAY ASSUME BONDS.**

77.15 Any county where a project or portion of it is located may voluntarily assume, in the
77.16 manner specified in this section, the obligation to pay a portion of the principal and interest
77.17 of the bonds issued before the approval and acceptance of the project and remaining unpaid
77.18 at maturity, of any school district or town in the county and wholly or partly within the
77.19 project. The portion must bear the same proportion to the whole of the unpaid principal and
77.20 interest as the last net tax capacity, before the acceptance of the project, of lands then
77.21 acquired by the state under sections 84A.31 to 84A.42 in the school districts or towns bears
77.22 to the total net tax capacity for the same year of the school district or town. This assumption
77.23 must be evidenced by a resolution of the county board of the county. A copy of the resolution
77.24 must be certified to the commissioner of management and budget within one year after the
77.25 acceptance of the project.

77.26 Later, if any of the bonds remains unpaid at maturity, the county board shall, upon
77.27 demand of the governing body of the school district or town or of a bondholder, provide
77.28 for the payment of the portion assumed. The county shall levy general taxes on all the taxable
77.29 property of the county for that purpose, or issue its bonds to raise the sum needed, conforming
77.30 to law respecting the issuance of county refunding bonds. The proceeds of taxes or bonds
77.31 must be paid by the county treasurer to the treasurer of the school district or town. No
77.32 payments shall be made by the county to the school district or town until the money in the
77.33 treasury of the school district or town, together with the money to be paid by the county, is
77.34 sufficient to pay in full each of the bonds as it becomes due.

78.1 If a county fails to adopt and certify the resolution, the commissioner of management
 78.2 and budget shall withhold from the payments to be made to the county under section 84A.32
 78.3 a sum equal to that portion of the principal and interest of the outstanding bonds that bears
 78.4 the same proportion to the whole of the bonds as the above determined net tax capacity of
 78.5 lands acquired by the state within the project bears to the total net tax capacity for the same
 78.6 year of the school district or town. Money withheld from the county must be set aside in
 78.7 the state treasury and not paid to the county until the full principal and interest of the school
 78.8 district and town bonds have been paid.

78.9 If any bonds remain unpaid at maturity, upon the demand of the governing body of the
 78.10 school district or town, or a bondholder, the commissioner of management and budget shall
 78.11 issue to the treasurer of the school district or town a ~~warrant~~ payment for that portion of the
 78.12 past due principal and interest computed as in the case of the county's liability authorized
 78.13 in this section to be voluntarily assumed. Money received by a school district or town under
 78.14 this section must be applied to the payment of past-due bonds and interest.

78.15 Sec. 29. Minnesota Statutes 2016, section 84A.52, is amended to read:

78.16 **84A.52 ACCOUNTS; EXAMINATION, APPROPRIATION, PAYMENT.**

78.17 As a part of the examination provided for by section 6.481, of the accounts of the several
 78.18 counties within a game preserve, area, or project established under section 84A.01, 84A.20,
 78.19 or 84A.31, the state auditor shall segregate the audit of the accounts reflecting the receipt
 78.20 and disbursement of money collected or disbursed under this chapter or from the sale of
 78.21 tax-forfeited lands held by the state under section 84A.07, 84A.26, or 84A.36. The auditor
 78.22 shall also include in the reports required by section 6.481 summary statements as of
 78.23 December 31 before the examination that set forth the proportionate amount of principal
 78.24 and interest due from the state to the individual county and any money due the state from
 78.25 the county remaining unpaid under this chapter, or from the sale of any tax-forfeited lands
 78.26 referred to in this section, and other information required by the commissioner of management
 78.27 and budget. On receiving a report, the commissioner of management and budget shall
 78.28 determine the net amount due to the county for the period covered by the report and shall
 78.29 ~~draw a warrant~~ issue a payment upon the state treasury payable out of the consolidated fund
 78.30 for that amount. It must be paid to and received by the county as payment in full of all
 78.31 amounts due for the period stated on the ~~warrants~~ payments from the state under any
 78.32 provision of this chapter.

78.33 Money to ~~pay the warrants~~ make the payments is appropriated to the counties entitled
 78.34 to payment from the consolidated fund in the state treasury.

79.1 Sec. 30. Minnesota Statutes 2016, section 88.12, subdivision 1, is amended to read:

79.2 Subdivision 1. **Limitation.** The compensation and expenses of persons temporarily
 79.3 employed in emergencies in suppression or control of wildfires shall be fixed by the
 79.4 commissioner of natural resources or an authorized agent and paid as provided by law. Such
 79.5 compensation shall not exceed the maximum rate for comparable labor established as
 79.6 provided by law or rules, but shall not be subject to any minimum rate so established. The
 79.7 commissioner is authorized to draw and expend from money appropriated for the purposes
 79.8 of sections 88.03 to 88.22 a reasonable sum and through forest officers or other authorized
 79.9 agent be used in paying emergency expenses, including just compensation for services
 79.10 rendered by persons summoned and for private property used, damaged, or appropriated
 79.11 under sections 88.03 to 88.22. The commissioner of management and budget is authorized
 79.12 to ~~draw a warrant~~ issue a payment for this sum when duly approved by the commissioner.
 79.13 The commissioner or agent in charge shall take proper subvouchers or receipts from all
 79.14 persons to whom these moneys are paid, and after these subvouchers have been approved
 79.15 they shall be filed with the commissioner of management and budget. Authorized funds as
 79.16 herein provided at any time shall be deposited, subject to withdrawal or disbursement by
 79.17 check or otherwise for the purposes herein prescribed, in a bank authorized and bonded to
 79.18 receive state deposits; and the bond of this bank to the state shall cover and include this
 79.19 deposit.

79.20 Sec. 31. Minnesota Statutes 2016, section 94.522, is amended to read:

79.21 **94.522 TRANSMISSION OF ~~WARRANTS~~ PAYMENTS TO COUNTY**
 79.22 **TREASURERS; USE OF PROCEEDS.**

79.23 It shall be the duty of the commissioner of management and budget to transmit ~~warrants~~
 79.24 ~~on~~ payments from the state treasury to the county treasurer of the respective counties for
 79.25 the sums that may be due in accordance with section 94.521, which sums are hereby
 79.26 appropriated out of the state treasury from the amounts received from the United States
 79.27 government pursuant to the aforesaid acts of Congress, and such money shall be used by
 79.28 the counties receiving the same for the purposes and in the proportions herein provided.

79.29 Sec. 32. Minnesota Statutes 2016, section 94.53, is amended to read:

79.30 **94.53 ~~WARRANT~~ PAYMENT TO COUNTY TREASURERS; FEDERAL LOANS**
 79.31 **TO COUNTIES.**

79.32 It shall be the duty of the commissioner of management and budget to transmit ~~warrants~~
 79.33 ~~on~~ payments from the state treasury to the county treasurers of the respective counties for

80.1 the sum that may be due in accordance with sections 94.52 to 94.54, which sum or sums
 80.2 are hereby appropriated out of the state treasury from the amounts received from the United
 80.3 States government pursuant to the aforesaid act of Congress. The commissioner of
 80.4 management and budget, upon being notified by the federal government or any agencies
 80.5 thereof that a loan has been made to any such county the repayment of which is to be made
 80.6 from such fund, is authorized to transmit a ~~warrant or warrants~~ payment to the federal
 80.7 government or any agency thereof sufficient to repay such loan out of any money apportioned
 80.8 or due to such county under the provisions of such act of Congress, approved May 23, 1908
 80.9 (Statutes at Large, volume 35, page 260).

80.10 Sec. 33. Minnesota Statutes 2016, section 116J.64, subdivision 7, is amended to read:

80.11 Subd. 7. **Processing.** (a) An Indian desiring a loan for the purpose of starting a business
 80.12 enterprise or expanding an existing business shall make application to the appropriate tribal
 80.13 government. The application shall be forwarded to the appropriate eligible organization, if
 80.14 it is participating in the program, for consideration in conformity with the plans submitted
 80.15 by said tribal governments. The tribal government may approve the application if it
 80.16 determines that the loan would advance the goals of the Indian business loan program. If
 80.17 the tribal government is not participating in the program, the agency may directly approve
 80.18 or deny the loan application.

80.19 (b) If the application is approved, the tribal government shall forward the application,
 80.20 together with all relevant documents pertinent thereto, to the commissioner of the agency,
 80.21 who shall ~~cause a warrant~~ request a payment to be drawn in favor of issued to the applicant
 80.22 or the applicable tribal government, or the agency, if it is administering the loan, with
 80.23 appropriate notations identifying the borrower.

80.24 (c) The tribal government, eligible organization, or the agency, if it is administering the
 80.25 loan, shall maintain records of transactions for each borrower in a manner consistent with
 80.26 good accounting practice. The interest rate on a loan shall be established by the tribal
 80.27 government or the agency, but may be no less than two percent per annum nor more than
 80.28 ten percent per annum. When any portion of a debt is repaid, the tribal government, eligible
 80.29 organization, or the agency, if it is administering the loan, shall remit the amount so received
 80.30 plus interest paid thereon to the commissioner of management and budget through the
 80.31 agency. The amount so received shall be credited to the Indian business loan account.

80.32 (d) On the placing of a loan, additional money equal to ten percent of the total amount
 80.33 made available to any tribal government, eligible organization, or the agency, if it is
 80.34 administering the loan, for loans during the fiscal year shall be paid to the tribal government,

81.1 eligible organization, or the agency, prior to December 31 for the purpose of financing
81.2 administrative costs.

81.3 Sec. 34. Minnesota Statutes 2016, section 126C.55, subdivision 2, is amended to read:

81.4 Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate
81.5 school district believes that it may be unable to make a principal or interest payment on any
81.6 outstanding debt obligation on the date that payment is due, it must notify the commissioner
81.7 as soon as possible, but not less than 15 working days before the date that principal or
81.8 interest payment is due. The notice must include the name of the school district or
81.9 intermediate school district, an identification of the debt obligation issue in question, the
81.10 date the payment is due, the amount of principal and interest due on the payment date, the
81.11 amount of principal or interest that the school district or intermediate school district will be
81.12 unable to repay on that date, the paying agent for the debt obligation, the wire transfer
81.13 instructions to transfer funds to that paying agent, and an indication as to whether a payment
81.14 is being requested by the school district or intermediate school district under this section.
81.15 If a paying agent becomes aware of a potential default, it shall inform the commissioner of
81.16 that fact. After receipt of a notice which requests a payment under this section, after
81.17 consultation with the school district or intermediate school district and the paying agent,
81.18 and after verification of the accuracy of the information provided, the commissioner shall
81.19 notify the commissioner of management and budget of the potential default. The notice
81.20 must include a final figure as to the amount due that the school district or intermediate
81.21 school district will be unable to repay on the date due.

81.22 (b) Except as provided in subdivision 9, upon receipt of this notice from the
81.23 commissioner, the commissioner of management and budget shall issue a ~~warrant~~ payment
81.24 and authorize the commissioner of education to pay to the paying agent for the debt obligation
81.25 the specified amount on or before the date due. The amounts needed for the purposes of
81.26 this subdivision are annually appropriated to the department from the state general fund.

81.27 (c) The Departments of Education and Management and Budget must jointly develop
81.28 detailed procedures for school districts and intermediate school districts to notify the state
81.29 that they have obligated themselves to be bound by the provisions of this section, procedures
81.30 for school districts or intermediate school districts and paying agents to notify the state of
81.31 potential defaults and to request state payment under this section, and procedures for the
81.32 state to expedite payments to prevent defaults. The procedures are not subject to chapter
81.33 14.

82.1 Sec. 35. Minnesota Statutes 2016, section 126C.55, subdivision 9, is amended to read:

82.2 Subd. 9. **State bond rating.** If the commissioner of management and budget determines
82.3 that the credit rating of the state would be adversely affected thereby, the commissioner of
82.4 management and budget shall not issue ~~warrants~~ payments under subdivision 2 for the
82.5 payment of principal or interest on any debt obligations for which a district did not, prior
82.6 to their issuance, obligate itself to be bound by the provisions of this section.

82.7 Sec. 36. Minnesota Statutes 2016, section 126C.68, subdivision 3, is amended to read:

82.8 Subd. 3. **Warrant Payment.** The commissioner shall issue to each district whose note
82.9 has been so received a ~~warrant~~ payment on the debt service loan account of the maximum
82.10 effort school loan fund, payable on presentation to the commissioner of management and
82.11 budget out of any money in such account. The ~~warrant~~ payment shall be issued by the
82.12 commissioner in sufficient time to coincide with the next date on which the district is
82.13 obligated to make principal or interest payments on its bonded debt in the ensuing year.
82.14 Interest must accrue from the date such ~~warrant~~ payment is issued. The proceeds thereof
82.15 must be used by the district to pay principal or interest on its bonded debt falling due in the
82.16 ensuing year.

82.17 Sec. 37. Minnesota Statutes 2016, section 126C.69, subdivision 14, is amended to read:

82.18 Subd. 14. **Participation by county auditor; record of contract; payment of loan.** The
82.19 district must file a copy of the capital loan contract with the county auditor of each county
82.20 in which any part of the district is situated. The county auditor shall enter the capital loan,
82.21 evidenced by the contract, in the auditor's bond register. The commissioner shall keep a
82.22 record of each capital loan and contract showing the name and address of the district, the
82.23 date of the contract, and the amount of the loan initially approved. On receipt of the resolution
82.24 required in subdivision 12, the commissioner shall issue ~~warrants~~ payments, which may be
82.25 dispersed in accordance with the schedule in the contract, on the capital loan account for
82.26 the amount that may be disbursed under subdivision 1. Interest on each disbursement of the
82.27 capital loan amount accrues from the date on which the commissioner of management and
82.28 budget issues the ~~warrant~~ payment.

82.29 Sec. 38. Minnesota Statutes 2016, section 127A.34, subdivision 1, is amended to read:

82.30 Subdivision 1. **Copy to commissioner of management and budget; appropriation.**
82.31 The commissioner shall furnish a copy of the apportionment of the school endowment fund
82.32 to the commissioner of management and budget, who thereupon shall ~~draw warrants on~~

83.1 issue payments from the state treasury, payable to the several districts, for the amount due
 83.2 each district. There is hereby annually appropriated from the school endowment fund the
 83.3 amount of such apportionments.

83.4 Sec. 39. Minnesota Statutes 2016, section 127A.40, is amended to read:

83.5 **127A.40 MANNER OF PAYMENT OF STATE AIDS.**

83.6 It shall be the duty of the commissioner to deliver to the commissioner of management
 83.7 and budget a certificate for each district entitled to receive state aid under the provisions of
 83.8 this chapter. Upon the receipt of such certificate, it shall be the duty of the commissioner
 83.9 of management and budget to ~~draw a warrant in favor of~~ issue a payment to the district for
 83.10 the amount shown by each certificate to be due to the district. The commissioner of
 83.11 management and budget shall transmit such ~~warrants~~ payments to the district together with
 83.12 a copy of the certificate prepared by the commissioner.

83.13 Sec. 40. Minnesota Statutes 2016, section 136F.46, subdivision 1, is amended to read:

83.14 Subdivision 1. **Request; ~~warrant~~ payment.** The commissioner of management and
 83.15 budget, upon the written request of an employee of the board, may deduct from an employee's
 83.16 salary or wages the amount requested for payment to a nonprofit state college or university
 83.17 foundation meeting the requirements in subdivision 2. The commissioner shall issue a
 83.18 ~~warrant~~ payment for the deducted amount to the nonprofit foundation. The Penny Fellowship
 83.19 and the Nellie Stone Johnson Scholarship Program of the Minnesota State University Student
 83.20 Association shall be considered nonprofit state college and university foundations for
 83.21 purposes of this section.

83.22 Sec. 41. Minnesota Statutes 2016, section 136F.70, subdivision 3, is amended to read:

83.23 Subd. 3. **Refunds.** The board may make refunds to students for tuition, activity fees,
 83.24 union fees, and any other fees from imprest cash funds. The imprest cash fund shall be
 83.25 reimbursed periodically by ~~checks or warrants drawn on~~ payments issued from the funds
 83.26 and accounts to which the refund should ultimately be charged. The amounts necessary to
 83.27 pay the refunds are appropriated from the funds and accounts to which they are charged.

83.28 Sec. 42. Minnesota Statutes 2016, section 162.08, subdivision 10, is amended to read:

83.29 Subd. 10. **Project approval, reports.** When the county board of any county determines
 83.30 to do any construction work on a county state-aid highway or other road eligible for the
 83.31 expenditure of state aid funds within the county, and desires to expend on such work a

84.1 portion of the money apportioned or allocated to it out of the county state-aid highway fund,
 84.2 the county shall first obtain approval of the project by the commissioner. Thereafter the
 84.3 county engineer shall make such reports in such manner as the commissioner requires under
 84.4 rules of the commissioner. Upon receipt of satisfactory reports, the commissioner shall
 84.5 certify to the commissioner of management and budget the amount of money that is eligible
 84.6 to be paid from the county's apportionment or allocation for the work under contract or
 84.7 actually completed. The commissioner of management and budget shall thereupon issue a
 84.8 ~~warrant~~ payment in that amount payable to the county treasurer. In no event shall the ~~warrant~~
 84.9 payment with all other ~~warrants~~ payments issued exceed the amount apportioned and
 84.10 allocated to the county.

84.11 Sec. 43. Minnesota Statutes 2016, section 162.08, subdivision 11, is amended to read:

84.12 Subd. 11. **Certification required to issue ~~warrants~~ payment.** The commissioner of
 84.13 management and budget shall not issue any ~~warrants~~ payments without the certification of
 84.14 the commissioner.

84.15 Sec. 44. Minnesota Statutes 2016, section 162.14, subdivision 4, is amended to read:

84.16 Subd. 4. **Project approval and reports.** When the governing body of any such city
 84.17 determines to do any construction work on any municipal state-aid street or other streets
 84.18 within the city upon which money apportioned out of the municipal state-aid street fund
 84.19 may be used as provided in subdivision 2, the governing body shall first obtain the approval
 84.20 of the commissioner. Thereafter, the engineer of the city shall make reports in such manner
 84.21 as the commissioner requires in accordance with the commissioner's rules. Upon receipt of
 84.22 satisfactory reports the commissioner shall certify to the commissioner of management and
 84.23 budget the amount of money that is eligible to be paid from the city's apportionment for the
 84.24 work under contract or actually completed. The commissioner of management and budget
 84.25 shall thereupon issue a ~~warrant~~ payment in that amount payable to the fiscal officers of the
 84.26 city. In no event shall the ~~warrant~~ payment with all other ~~warrants~~ payments issued exceed
 84.27 the amount apportioned to the city.

84.28 Sec. 45. Minnesota Statutes 2016, section 162.14, subdivision 5, is amended to read:

84.29 Subd. 5. **Certification required to issue ~~warrant~~ payment.** The commissioner of
 84.30 management and budget shall not issue any ~~warrants~~ payments as provided for in subdivision
 84.31 4 without the prior certification of the commissioner.

85.1 Sec. 46. Minnesota Statutes 2016, section 162.18, subdivision 4, is amended to read:

85.2 Subd. 4. **Certification to commissioner of money required.** Any municipality issuing
85.3 and selling bonds pursuant to this section shall certify to the commissioner the amount of
85.4 money required annually for the payment of principal and interest on the obligation. Upon
85.5 receipt thereof, the commissioner shall certify to the commissioner of management and
85.6 budget the sum of money needed annually by the municipality for the principal and interest,
85.7 provided that the amount certified by the commissioner shall not exceed the limit heretofore
85.8 specified. The commissioner of management and budget shall thereafter, until said bonds
85.9 are retired, issue a ~~warrant~~ payment annually in the amount certified payable to the fiscal
85.10 officer of the municipality, and the amount thereof shall be deposited by the fiscal officer
85.11 in the sinking fund from which the obligations are payable.

85.12 Sec. 47. Minnesota Statutes 2016, section 162.181, subdivision 4, is amended to read:

85.13 Subd. 4. **Certification to commissioner of money required.** Any county issuing and
85.14 selling bonds pursuant to this section shall certify to the commissioner the amount of money
85.15 required annually for the payment of principal and interest on the obligation. Upon receipt
85.16 thereof, the commissioner shall certify to the commissioner of management and budget the
85.17 sum of money needed annually by the county for the principal and interest, provided that
85.18 the amount certified by the commissioner shall not exceed the limit heretofore specified.
85.19 The commissioner of management and budget shall thereafter, until said bonds are retired,
85.20 issue a ~~warrant~~ payment annually in the amount certified payable to the county treasurer of
85.21 the county, and the amount thereof shall be deposited by the county treasurer in the sinking
85.22 fund from which the obligations are payable.

85.23 Sec. 48. Minnesota Statutes 2016, section 163.051, subdivision 3, is amended to read:

85.24 Subd. 3. **Distribution to county; appropriation.** On a monthly basis, the registrar of
85.25 motor vehicles shall issue a ~~warrant~~ payment in favor of the treasurer of each county for
85.26 which the registrar has collected a wheelage tax in the amount of such tax then on hand in
85.27 the county wheelage tax account. There is hereby appropriated from the county wheelage
85.28 tax account each year, to each county entitled to payments authorized by this section,
85.29 sufficient moneys to make such payments.

85.30 Sec. 49. Minnesota Statutes 2016, section 176.181, subdivision 2, is amended to read:

85.31 Subd. 2. **Compulsory insurance; self-insurers.** (a) Every employer, except the state
85.32 and its municipal subdivisions, liable under this chapter to pay compensation shall insure

86.1 payment of compensation with some insurance carrier authorized to insure workers'
86.2 compensation liability in this state, or obtain a written order from the commissioner of
86.3 commerce exempting the employer from insuring liability for compensation and permitting
86.4 self-insurance of the liability. The terms, conditions and requirements governing
86.5 self-insurance shall be established by the commissioner pursuant to chapter 14. The
86.6 commissioner of commerce shall also adopt, pursuant to paragraph (d), rules permitting
86.7 two or more employers, whether or not they are in the same industry, to enter into agreements
86.8 to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers.
86.9 With the approval of the commissioner of commerce, any employer may exclude medical,
86.10 chiropractic and hospital benefits as required by this chapter. An employer conducting
86.11 distinct operations at different locations may either insure or self-insure the other portion
86.12 of operations as a distinct and separate risk. An employer desiring to be exempted from
86.13 insuring liability for compensation shall make application to the commissioner of commerce,
86.14 showing financial ability to pay the compensation, whereupon by written order the
86.15 commissioner of commerce, on deeming it proper, may make an exemption. An employer
86.16 may establish financial ability to pay compensation by providing financial statements of
86.17 the employer to the commissioner of commerce. Upon ten days' written notice the
86.18 commissioner of commerce may revoke the order granting an exemption, in which event
86.19 the employer shall immediately insure the liability. As a condition for the granting of an
86.20 exemption the commissioner of commerce may require the employer to furnish security the
86.21 commissioner of commerce considers sufficient to insure payment of all claims under this
86.22 chapter, consistent with subdivision 2b. If the required security is in the form of currency
86.23 or negotiable bonds, the commissioner of commerce shall deposit it with the commissioner
86.24 of management and budget. In the event of any default upon the part of a self-insurer to
86.25 abide by any final order or decision of the commissioner of labor and industry directing and
86.26 awarding payment of compensation and benefits to any employee or the dependents of any
86.27 deceased employee, then upon at least ten days' notice to the self-insurer, the commissioner
86.28 of commerce may by written order to the commissioner of management and budget require
86.29 the commissioner of management and budget to sell the pledged and assigned securities or
86.30 a part thereof necessary to pay the full amount of any such claim or award with interest
86.31 thereon. This authority to sell may be exercised from time to time to satisfy any order or
86.32 award of the commissioner of labor and industry or any judgment obtained thereon. When
86.33 securities are sold the money obtained shall be deposited in the state treasury to the credit
86.34 of the commissioner of commerce and awards made against any such self-insurer by the
86.35 commissioner of commerce shall be paid to the persons entitled thereto by the commissioner
86.36 of management and budget upon ~~warrants prepared~~ payments requested by the commissioner

87.1 of commerce out of the proceeds of the sale of securities. Where the security is in the form
87.2 of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at
87.3 least ten days' notice and opportunity to be heard, may require the surety to pay the amount
87.4 of the award, the payments to be enforced in like manner as the award may be enforced.

87.5 (b) No association, corporation, partnership, sole proprietorship, trust or other business
87.6 entity shall provide services in the design, establishment or administration of a group
87.7 self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed, or
87.8 exempt from licensure, pursuant to section 60A.23, subdivision 8, to do so by the
87.9 commissioner of commerce. An applicant for a license shall state in writing the type of
87.10 activities it seeks authorization to engage in and the type of services it seeks authorization
87.11 to provide. The license shall be granted only when the commissioner of commerce is satisfied
87.12 that the entity possesses the necessary organization, background, expertise, and financial
87.13 integrity to supply the services sought to be offered. The commissioner of commerce may
87.14 issue a license subject to restrictions or limitations, including restrictions or limitations on
87.15 the type of services which may be supplied or the activities which may be engaged in. The
87.16 license is for a two-year period.

87.17 (c) To assure that group self-insurance plans are financially solvent, administered in a
87.18 fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and
87.19 equitable manner, entities licensed to engage in such business are subject to supervision
87.20 and examination by the commissioner of commerce.

87.21 (d) To carry out the purposes of this subdivision, the commissioner of commerce may
87.22 promulgate administrative rules pursuant to sections 14.001 to 14.69. These rules may:

87.23 (1) establish reporting requirements for administrators of group self-insurance plans;

87.24 (2) establish standards and guidelines consistent with subdivision 2b to assure the
87.25 adequacy of the financing and administration of group self-insurance plans;

87.26 (3) establish bonding requirements or other provisions assuring the financial integrity
87.27 of entities administering group self-insurance plans;

87.28 (4) establish standards, including but not limited to minimum terms of membership in
87.29 self-insurance plans, as necessary to provide stability for those plans;

87.30 (5) establish standards or guidelines governing the formation, operation, administration,
87.31 and dissolution of self-insurance plans; and

87.32 (6) establish other reasonable requirements to further the purposes of this subdivision.

88.1 Sec. 50. Minnesota Statutes 2016, section 176.581, is amended to read:

88.2 **176.581 PAYMENT TO STATE EMPLOYEES.**

88.3 Upon a ~~warrant~~ request prepared by the commissioner of administration, and in
88.4 accordance with the terms of the order awarding compensation, the commissioner of
88.5 management and budget shall pay compensation to the employee or the employee's
88.6 dependent. These payments shall be made from money appropriated for this purpose.

88.7 Sec. 51. Minnesota Statutes 2016, section 176.591, subdivision 3, is amended to read:

88.8 Subd. 3. **Compensation payments upon ~~warrants~~ request.** The commissioner of
88.9 management and budget shall make compensation payments from the fund only as authorized
88.10 by this chapter upon ~~warrants~~ request of the commissioner of administration.

88.11 Sec. 52. Minnesota Statutes 2016, section 192.55, is amended to read:

88.12 **192.55 PAYMENTS TO BE MADE THROUGH ADJUTANT GENERAL.**

88.13 All pay and allowances and necessary expenses for any of the military forces shall, when
88.14 approved by the adjutant general, be paid by the commissioner of management and ~~budget's~~
88.15 ~~warrants issued~~ budget to the several officers and enlisted members entitled thereto; provided,
88.16 that upon the request of the adjutant general, approved by the governor, the sum required
88.17 for any such pay or allowances and necessary expenses shall be paid by the commissioner
88.18 of management and ~~budget's warrant~~ budget to the adjutant general, who shall immediately
88.19 pay and distribute the same to the several officers or enlisted members entitled thereto or
88.20 to their commanding officers or to a finance officer designated by the adjutant general. The
88.21 receipt of any such commanding officer or finance officer for any such payment shall
88.22 discharge the adjutant general from liability therefor. Every commanding officer or finance
88.23 officer receiving any such payment shall, as soon as practicable, pay and distribute the same
88.24 to the several officers or enlisted members entitled thereto. The officer making final payment
88.25 shall, as evidence thereof, secure the signature of the person receiving the same upon a
88.26 payroll or other proper voucher.

88.27 Sec. 53. Minnesota Statutes 2016, section 196.052, is amended to read:

88.28 **196.052 GIFT ACCEPTANCE AND INVESTMENT.**

88.29 On the behalf of the state, the commissioner may accept any gift, grant, bequest, or
88.30 devise made for the purposes of this chapter and chapter 197. The commissioner must
88.31 administer the funds as directed by the donor. All funds must be deposited in the state

89.1 treasury and credited to the veterans affairs endowment, bequest, and devises fund. The
 89.2 balance of the fund is annually appropriated to the commissioner of veterans affairs to
 89.3 accomplish the purposes of this chapter and chapter 197. Funds received by the commissioner
 89.4 under this section in excess of current needs must be invested by the State Board of
 89.5 Investment in accordance with section 11A.24. Disbursements from this fund must be in
 89.6 the manner provided for the issuance of other state ~~warrants~~ payments. The commissioner
 89.7 may refuse to accept any gift, grant, bequest, or devise if acceptance would not be in the
 89.8 best interest of the state or Minnesota's veterans.

89.9 Sec. 54. Minnesota Statutes 2016, section 198.16, is amended to read:

89.10 **198.16 PLANNED GIVING.**

89.11 The commissioner is authorized to accept on behalf of the state any gift, grant, bequest,
 89.12 or devise made for the purposes of this chapter, and administer the same as directed by the
 89.13 donor. All proceeds therefrom including money derived from the sale of any real or personal
 89.14 property must be deposited in the state treasury, invested by the State Board of Investment
 89.15 in accordance with sections 11A.24 and 11A.25, and credited to the Minnesota veterans
 89.16 home endowment, bequest, and devises fund. That fund consists of separate accounts for
 89.17 investing general and restricted gifts, money, and donations received and for any currently
 89.18 expendable proceeds.

89.19 The commissioner shall maintain records of all gifts received, clearly showing the identity
 89.20 of the donor, the purpose of the donation, and the ultimate disposition of the donation. Each
 89.21 donation must be duly receipted and must be expended or used by the commissioner as
 89.22 nearly in accordance with the condition of the gift or donation as is compatible with the
 89.23 best interests of the residents of the homes. Money in the fund is appropriated to the
 89.24 commissioner for the purposes for which it was received. Disbursements from this fund
 89.25 shall be made in the manner provided for the issuance of other state ~~warrants~~ payments.

89.26 Whenever the commissioner shall deem it advisable, in accordance with law, to sell or
 89.27 otherwise dispose of any real or personal property thus acquired, the commissioner of
 89.28 administration upon the request of the commissioner shall sell or otherwise dispose of said
 89.29 property in the manner provided by law for the sale or disposition of other state property
 89.30 by the commissioner of administration.

89.31 Sec. 55. Minnesota Statutes 2016, section 237.30, is amended to read:

89.32 **237.30 TELEPHONE INVESTIGATION FUND; APPROPRIATION.**

90.1 A Minnesota Telephone Investigation Fund shall exist for the use of the Department of
90.2 Commerce and of the attorney general in investigations, valuations, and revaluations under
90.3 section 237.295. All sums paid by the telephone companies to reimburse the department
90.4 for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall
90.5 be deposited in a separate bank account and not commingled with any other state funds or
90.6 moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal
90.7 year shall be paid into the state treasury and credited to the general fund. All subsequent
90.8 credits to said revolving fund shall be paid ~~upon the warrant of~~ by the commissioner of
90.9 management and budget upon application of the department or of the attorney general to
90.10 an aggregate amount of not more than one-half of such sums to each of them, which
90.11 proportion shall be constantly maintained in all credits and withdrawals from the revolving
90.12 fund.

90.13 Sec. 56. Minnesota Statutes 2016, section 241.13, subdivision 1, is amended to read:

90.14 Subdivision 1. **Contingent account.** The commissioner of corrections may permit a
90.15 contingent account to remain in the hands of the accounting officer of any such institution
90.16 from which expenditures may be made in case of actual emergency requiring immediate
90.17 payment to prevent loss or danger to the institution or its inmates and for the purpose of
90.18 paying freight, purchasing produce, livestock and other commodities requiring a cash
90.19 settlement, and for the purpose of discounting bills incurred, but in all cases subject to
90.20 revision by the commissioner of corrections. An itemized statement of every expenditure
90.21 made during the month from such account shall be submitted to the commissioner under
90.22 rules established by the commissioner. If necessary, the commissioner shall make proper
90.23 requisition upon the commissioner of management and budget for a ~~warrant~~ payment to
90.24 secure the contingent account for each institution.

90.25 Sec. 57. Minnesota Statutes 2016, section 244.19, subdivision 7, is amended to read:

90.26 Subd. 7. **Certificate of counties entitled to state aid.** On or before January 1 of each
90.27 year, until 1970 and on or before April 1 thereafter, the commissioner of corrections shall
90.28 deliver to the commissioner of management and budget a certificate in duplicate for each
90.29 county of the state entitled to receive state aid under the provisions of this section. Upon
90.30 the receipt of such certificate, the commissioner of management and budget shall ~~draw a~~
90.31 ~~warrant in favor of~~ issue a payment to the county treasurer for the amount shown by each
90.32 certificate to be due to the county specified. The commissioner of management and budget
90.33 shall transmit such ~~warrant~~ payment to the county treasurer together with a copy of the
90.34 certificate prepared by the commissioner of corrections.

91.1 Sec. 58. Minnesota Statutes 2016, section 256B.20, is amended to read:

91.2 **256B.20 COUNTY APPROPRIATIONS.**

91.3 The providing of funds necessary to carry out the provisions hereof on the part of the
91.4 counties and the manner of administering the funds of the counties and the state shall be as
91.5 follows:

91.6 (1) The board of county commissioners of each county shall annually set up in its budget
91.7 an item designated as the county medical assistance fund and levy taxes and fix a rate
91.8 therefor sufficient to produce the full amount of such item, in addition to all other tax levies
91.9 and tax rate, however fixed or determined, sufficient to carry out the provisions hereof and
91.10 sufficient to pay in full the county share of assistance and administrative expense for the
91.11 ensuing year; and annually on or before October 10 shall certify the same to the county
91.12 auditor to be entered by the auditor on the tax rolls. Such tax levy and tax rate shall make
91.13 proper allowance and provision for shortage in tax collections.

91.14 (2) Any county may transfer surplus funds from any county fund, except the sinking or
91.15 ditch fund, to the general fund or to the county medical assistance fund in order to provide
91.16 money necessary to pay medical assistance awarded hereunder. The money so transferred
91.17 shall be used for no other purpose, but any portion thereof no longer needed for such purpose
91.18 shall be transferred back to the fund from which taken.

91.19 (3) Upon the order of the county agency the county auditor shall draw a warrant on the
91.20 proper fund in accordance with the order, and the county treasurer shall pay out the amounts
91.21 ordered to be paid out as medical assistance hereunder. When necessary by reason of failure
91.22 to levy sufficient taxes for the payment of the medical assistance in the county, the county
91.23 auditor shall carry any such payments as an overdraft on the medical assistance funds of
91.24 the county until sufficient tax funds shall be provided for such assistance payments. The
91.25 board of county commissioners shall include in the tax levy and tax rate in the year following
91.26 the year in which such overdraft occurred, an amount sufficient to liquidate such overdraft
91.27 in full.

91.28 (4) Claims for reimbursement and reports shall be presented to the state agency by the
91.29 respective counties as required under section 256.01, subdivision 2, paragraph (p). The state
91.30 agency shall audit such claims and certify to the commissioner of management and budget
91.31 the amounts due the respective counties without delay. The amounts so certified shall be
91.32 paid within ten days after such certification, from the state treasury upon ~~warrant~~ payment
91.33 of the commissioner of management and budget from any money available therefor. The
91.34 money available to the state agency to carry out the provisions hereof, including all federal

92.1 funds available to the state, shall be kept and deposited by the commissioner of management
92.2 and budget in the revenue fund and disbursed ~~upon warrants~~ in the same manner as other
92.3 state funds.

92.4 Sec. 59. Minnesota Statutes 2016, section 260B.331, subdivision 2, is amended to read:

92.5 Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care
92.6 facility as provided in section 260B.198, subdivision 1, clause (2) or (3), item (v), the cost
92.7 of providing the care shall, upon certification by the juvenile court, be paid from the welfare
92.8 fund of the county in which the proceedings were held. To reimburse the counties for the
92.9 costs of providing group foster care for delinquent children and to promote the establishment
92.10 of suitable group foster homes, the state shall quarterly, from funds appropriated for that
92.11 purpose, reimburse counties 50 percent of the costs not paid by federal and other available
92.12 state aids and grants. Reimbursement shall be prorated if the appropriation is insufficient.

92.13 The commissioner of corrections shall establish procedures for reimbursement and certify
92.14 to the commissioner of management and budget each county entitled to receive state aid
92.15 under the provisions of this subdivision. Upon receipt of a certificate the commissioner of
92.16 management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the
92.17 amount due, together with a copy of the certificate prepared by the commissioner of
92.18 corrections.

92.19 Sec. 60. Minnesota Statutes 2016, section 260C.331, subdivision 2, is amended to read:

92.20 Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care
92.21 facility as provided in section 260C.201, subdivision 1, paragraph (b), clause (2) or (3), the
92.22 cost of providing the care shall, upon certification by the juvenile court, be paid from the
92.23 welfare fund of the county in which the proceedings were held. To reimburse the counties
92.24 for the costs of promoting the establishment of suitable group foster homes, the state shall
92.25 quarterly, from funds appropriated for that purpose, reimburse counties 50 percent of the
92.26 costs not paid by federal and other available state aids and grants. Reimbursement shall be
92.27 prorated if the appropriation is insufficient.

92.28 The commissioner of corrections shall establish procedures for reimbursement and certify
92.29 to the commissioner of management and budget each county entitled to receive state aid
92.30 under the provisions of this subdivision. Upon receipt of a certificate the commissioner of
92.31 management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the
92.32 amount due, together with a copy of the certificate prepared by the commissioner of
92.33 corrections.

93.1 Sec. 61. Minnesota Statutes 2016, section 273.121, subdivision 1, is amended to read:

93.2 Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a
 93.3 county assessor, valuing or classifying taxable real property shall in each year notify those
 93.4 persons whose property is to be included on the assessment roll that year if the person's
 93.5 address is known to the assessor, otherwise the occupant of the property. The notice shall
 93.6 be in writing and shall be sent by ordinary mail at least ten days before the meeting of the
 93.7 local board of appeal and equalization under section 274.01 or the review process established
 93.8 under section 274.13, subdivision 1c. Upon written request by the owner of the property,
 93.9 the assessor may send the notice in electronic form or by electronic mail instead of on paper
 93.10 or by ordinary mail. It shall contain: (1) the market value for the current and prior assessment,
 93.11 (2) the qualifying amount of any improvements under section 273.11, subdivision 16, for
 93.12 the current assessment, (3) the market value subject to taxation after subtracting the amount
 93.13 of any qualifying improvements for the current assessment, (4) the classification of the
 93.14 property for the current and prior assessment, (5) the assessor's office address, and (6) the
 93.15 dates, places, and times set for the meetings of the local board of appeal and equalization,
 93.16 the review process established under section 274.13, subdivision 1c, and the county board
 93.17 of appeal and equalization. If the classification of the property has changed between the
 93.18 current and prior assessments, a specific note to that effect shall be prominently listed on
 93.19 the statement. The commissioner of revenue shall specify the form of the notice. The assessor
 93.20 shall attach to the assessment roll a statement that the notices required by this section have
 93.21 been mailed. Any assessor who is not provided sufficient funds from the assessor's governing
 93.22 body to provide such notices, may make application to the commissioner of revenue to
 93.23 finance such notices. The commissioner of revenue shall conduct an investigation and, if
 93.24 satisfied that the assessor does not have the necessary funds, issue a certification to the
 93.25 commissioner of management and budget of the amount necessary to provide such notices.
 93.26 The commissioner of management and budget shall issue a ~~warrant~~ payment for such amount
 93.27 and shall deduct such amount from any state payment to such county or municipality. The
 93.28 necessary funds to make such payments are hereby appropriated. Failure to receive the
 93.29 notice shall in no way affect the validity of the assessment, the resulting tax, the procedures
 93.30 of any board of review or equalization, or the enforcement of delinquent taxes by statutory
 93.31 means.

93.32 Sec. 62. Minnesota Statutes 2016, section 287.08, is amended to read:

93.33 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

94.1 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any
94.2 county in this state in which the real property or some part is located at or before the time
94.3 of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and
94.4 the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes
94.5 any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall
94.6 be "registration tax hereon of dollars paid." If the mortgage is exempt from
94.7 taxation the endorsement shall, in substance, be "exempt from registration tax." In either
94.8 case the receipt must be signed by the treasurer. In case the treasurer is unable to determine
94.9 whether a claim of exemption should be allowed, the tax must be paid as in the case of a
94.10 taxable mortgage. For documents submitted electronically, the endorsements and tax amount
94.11 shall be affixed electronically and no signature by the treasurer will be required. The actual
94.12 payment method must be arranged in advance between the submitter and the receiving
94.13 county.

94.14 (b) The county treasurer may refund in whole or in part any mortgage registry tax
94.15 overpayment if a written application by the taxpayer is submitted to the county treasurer
94.16 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
94.17 of the application, the taxpayer may bring an action in Tax Court in the county in which
94.18 the tax was paid at any time after the expiration of six months from the time that the
94.19 application was submitted. A denial of refund may be appealed within 60 days from the
94.20 date of the denial by bringing an action in Tax Court in the county in which the tax was
94.21 paid. The action is commenced by the serving of a petition for relief on the county treasurer,
94.22 and by filing a copy with the court. The county attorney shall defend the action. The county
94.23 treasurer shall notify the treasurer of each county that has or would receive a portion of the
94.24 tax as paid.

94.25 (c) If the county treasurer determines a refund should be paid, or if a refund is ordered
94.26 by the court, the county treasurer of each county that actually received a portion of the tax
94.27 shall immediately pay a proportionate share of three percent of the refund using any available
94.28 county funds. The county treasurer of each county that received, or would have received,
94.29 a portion of the tax shall also pay their county's proportionate share of the remaining 97
94.30 percent of the court-ordered refund on or before the 20th day of the following month using
94.31 solely the mortgage registry tax funds that would be paid to the commissioner of revenue
94.32 on that date under section 287.12. If the funds on hand under this procedure are insufficient
94.33 to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in
94.34 which the action was brought shall file a claim with the commissioner of revenue under
94.35 section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the

95.1 remaining portion upon receipt of a ~~warrant~~ warrant payment from the state issued pursuant to the
95.2 claim.

95.3 (d) When any mortgage covers real property located in more than one county in this
95.4 state the total tax must be paid to the treasurer of the county where the mortgage is first
95.5 presented for recording, and the payment must be receipted as provided in paragraph (a).
95.6 If the principal debt or obligation secured by such a multiple county mortgage exceeds
95.7 \$10,000,000, the nonstate portion of the tax must be divided and paid over by the county
95.8 treasurer receiving it, on or before the 20th day of each month after receipt, to the county
95.9 or counties entitled in the ratio that the estimated market value of the real property covered
95.10 by the mortgage in each county bears to the estimated market value of all the real property
95.11 in this state described in the mortgage. In making the division and payment the county
95.12 treasurer shall send a statement giving the description of the real property described in the
95.13 mortgage and the estimated market value of the part located in each county. For this purpose,
95.14 the treasurer of any county may require the treasurer of any other county to certify to the
95.15 former the estimated market value of any tract of real property in any mortgage.

95.16 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee
95.17 may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee
95.18 collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee
95.19 has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax
95.20 collected for that purpose and the mortgagor is relieved of any further obligation to pay the
95.21 tax as to the amount collected by the mortgagee for this purpose.

95.22 Sec. 63. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

95.23 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a
95.24 surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross
95.25 premiums, less return premiums, on all direct business received by any licensed foreign or
95.26 domestic fire insurance company on property in a city of the first class, or by its agents for
95.27 it, in cash or otherwise.

95.28 (b) By July 31 and December 31 of each year, the commissioner of management and
95.29 budget shall ~~pay~~ issue to each city of the first class a ~~warrant~~ warrant payment for an amount equal
95.30 to the total amount of the surcharge on the premiums collected within that city since the
95.31 previous payment.

95.32 (c) The treasurer of the city shall place the money received under this subdivision in a
95.33 special account or fund to defray all or a portion of the employer contribution requirement
95.34 of public employees police and fire plan coverage for city firefighters.

96.1 Sec. 64. Minnesota Statutes 2016, section 299C.21, is amended to read:

96.2 **299C.21 PENALTY ON LOCAL OFFICER REFUSING INFORMATION.**

96.3 If any public official charged with the duty of furnishing to the bureau fingerprint records,
 96.4 biological specimens, reports, or other information required by sections 299C.06, 299C.10,
 96.5 299C.105, 299C.11, 299C.17, shall neglect or refuse to comply with such requirement, the
 96.6 bureau, in writing, shall notify the state, county, or city officer charged with the issuance
 96.7 of ~~a warrant~~ for the payment of the salary of such official. Upon the receipt of the notice
 96.8 the state, county, or city official shall withhold the issuance of ~~a warrant~~ for the payment
 96.9 of the salary or other compensation accruing to such officer for the period of 30 days
 96.10 thereafter until notified by the bureau that such suspension has been released by the
 96.11 performance of the required duty.

96.12 Sec. 65. Minnesota Statutes 2016, section 348.05, is amended to read:

96.13 **348.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO ISSUE**
 96.14 **WARRANT PAYMENT.**

96.15 The commissioner of management and budget shall audit all such claims, and, on the
 96.16 first Monday of October, in each year, shall issue a ~~warrant~~ warrant payment to the several claimants
 96.17 for the amount to which each is entitled; but, if the aggregate of compensation due to all
 96.18 such claimants shall exceed the appropriation therefor, the commissioner shall distribute
 96.19 the available amount amongst them pro rata, which distribution shall relieve the state from
 96.20 further obligation to such claimants for the year.

96.21 Sec. 66. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

96.22 Subd. 9. **Erroneous deductions, canceled ~~warrants~~ payments.** (a) Deductions taken
 96.23 from the salary of an employee for the retirement fund in excess of required amounts must,
 96.24 upon discovery and verification by the department making the deduction, be refunded to
 96.25 the employee.

96.26 (b) If a deduction for the retirement fund is taken from a salary ~~warrant or check~~ payment,
 96.27 and the ~~check~~ payment is canceled or the amount of the ~~warrant or check~~ payment returned
 96.28 to the funds of the department making the payment, the sum deducted, or the part of it
 96.29 required to adjust the deductions, must be refunded to the department or institution if the
 96.30 department applies for the refund on a form furnished by the director. The department's
 96.31 payments must likewise be refunded to the department.

97.1 (c) If erroneous employee deductions and employer contributions are caused by an error
 97.2 in plan coverage involving the plan and any other plans specified in section 356.99, that
 97.3 section applies. If the employee should have been covered by the plan governed by chapter
 97.4 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken
 97.5 in error must be directly transferred to the applicable employee's account in the correct
 97.6 retirement plan, with interest at the rate of 0.71 percent per month until June 30, 2015, and
 97.7 0.667 percent per month thereafter, compounded annually, from the first day of the month
 97.8 following the month in which coverage should have commenced in the correct defined
 97.9 contribution plan until the end of the month in which the transfer occurs.

97.10 Sec. 67. Minnesota Statutes 2016, section 352.05, is amended to read:

97.11 **352.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO BE**
 97.12 **TREASURER OF SYSTEM.**

97.13 The commissioner of management and budget is ex officio treasurer of the retirement
 97.14 funds of the system. The general bond to the state shall cover all liability for actions as
 97.15 treasurer of these funds. Funds of the system received by the commissioner of management
 97.16 and budget must be set aside in the state treasury to the credit of the proper fund. The
 97.17 commissioner of management and budget shall deliver to the director copies of all payroll
 97.18 abstracts of the state together with the commissioner of management and budget's ~~warrants~~
 97.19 payments covering the deductions made on these payroll abstracts for the retirement fund.
 97.20 The director shall have a list made of the commissioner of management and budget's ~~warrants~~
 97.21 payments. These ~~warrants~~ payments must then be credited to the retirement fund. The
 97.22 commissioner of management and budget shall pay out of this fund only upon abstracts
 97.23 signed by the director, or by the finance officer designated by the director during the disability
 97.24 or the absence of the director from the city of St. Paul, Minnesota. Abstracts for investments
 97.25 may be signed by the executive director of the State Board of Investment.

97.26 Sec. 68. Minnesota Statutes 2016, section 352.115, subdivision 12, is amended to read:

97.27 Subd. 12. **Death, return of ~~warrants~~ payments.** If at the time of death a retired
 97.28 employee, a disabled employee, or a survivor has in possession the commissioner of
 97.29 management and budget's ~~warrants~~ payments covering a retirement annuity, disability
 97.30 benefit, or survivor benefit from the retirement fund, in the absence of probate proceedings,
 97.31 and upon the return of the ~~warrants~~ payments for cancellation, payment of the accrued
 97.32 annuity or benefit, shall be made as provided in subdivision 11, or 352.12, subdivision 4.

98.1 Payments made under this subdivision shall be a bar to recovery by any other person or
98.2 persons.

98.3 Sec. 69. Minnesota Statutes 2016, section 352.12, subdivision 13, is amended to read:

98.4 Subd. 13. **Refund, beneficiary.** If upon death a former employee has in possession a
98.5 commissioner of management and budget's ~~warrant~~ payment which does not exceed \$1,000
98.6 covering a refund of accumulated contributions in the retirement fund, in the absence of
98.7 probate proceedings the commissioner of management and budget's ~~warrant~~ payment may
98.8 be returned for cancellation, and then upon application made by the last designated
98.9 beneficiary of the deceased former employee, refund of the accumulated contributions must
98.10 be paid to the last designated beneficiary. Payments made under this subdivision are a bar
98.11 to recovery by any other person or persons.

98.12 Sec. 70. Minnesota Statutes 2016, section 353.05, is amended to read:

98.13 **353.05 CUSTODIAN OF FUNDS.**

98.14 The commissioner of management and budget shall be ex officio treasurer of the
98.15 retirement funds of the association and the general bond of the commissioner of management
98.16 and budget to the state must be so conditioned as to cover all liability for acts as treasurer
98.17 of these funds. All money of the association received by the commissioner of management
98.18 and budget must be set aside in the state treasury to the credit of the proper fund or account.
98.19 The commissioner of management and budget shall transmit monthly to the executive
98.20 director a detailed statement of all amounts so received and credited to the funds. Payments
98.21 out of the funds may only be made ~~on warrants~~ as payments issued by the commissioner of
98.22 management and budget, upon abstracts signed by the executive director; provided that
98.23 abstracts for investment may be signed by the executive director of the State Board of
98.24 Investment.

98.25 Sec. 71. Minnesota Statutes 2016, section 353.27, subdivision 7, is amended to read:

98.26 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided
98.27 in paragraph (b), erroneous employee deductions and erroneous employer contributions and
98.28 additional employer contributions to the general employees retirement plan of the Public
98.29 Employees Retirement Association or to the public employees police and fire retirement
98.30 plan for a person who otherwise does not qualify for membership under this chapter, are
98.31 considered:

99.1 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
99.2 determination of the error by the association, the person may continue membership in the
99.3 association while employed in the same position for which erroneous deductions were taken,
99.4 or file a written election to terminate membership and apply for a refund upon termination
99.5 of public service or defer an annuity under section 353.34; or

99.6 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
99.7 1990. Upon determination of the error, the association shall refund all erroneous employee
99.8 deductions and all erroneous employer contributions as specified in paragraph (e). No person
99.9 may claim a right to continued or past membership in the association based on erroneous
99.10 deductions which began on or after January 1, 1990.

99.11 (b) Erroneous deductions taken from the salary of a person who did not qualify for
99.12 membership in the general employees retirement plan of the Public Employees Retirement
99.13 Association or in the public employees police and fire retirement plan by virtue of concurrent
99.14 employment before July 1, 1978, which required contributions to another retirement fund
99.15 or relief association established for the benefit of officers and employees of a governmental
99.16 subdivision, are invalid. Upon discovery of the error, allowable service credit for all invalid
99.17 service is forfeited and, upon termination of public service, the association shall refund all
99.18 erroneous employee deductions to the person, with interest as determined under section
99.19 353.34, subdivision 2, and all erroneous employer contributions without interest to the
99.20 employer. This paragraph has both retroactive and prospective application.

99.21 (c) Adjustments to correct employer contributions and employee deductions taken in
99.22 error from amounts which are not salary under section 353.01, subdivision 10, must be
99.23 made as specified in paragraph (e). The period of adjustment must be limited to the fiscal
99.24 year in which the error is discovered by the association and the immediate two preceding
99.25 fiscal years.

99.26 (d) If there is evidence of fraud or other misconduct on the part of the employee or the
99.27 employer, the board of trustees may authorize adjustments to the account of a member or
99.28 former member to correct erroneous employee deductions and employer contributions on
99.29 invalid salary and the recovery of any overpayments for a period longer than provided for
99.30 under paragraph (c).

99.31 (e) Upon discovery of the receipt of erroneous employee deductions and employer
99.32 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
99.33 the employer to discontinue the erroneous employee deductions and erroneous employer
99.34 contributions reported on behalf of a member. Upon discontinuation, the association must:

100.1 (1) for a member, provide a refund in the amount of the invalid employee deductions
100.2 with interest on the invalid employee deductions at the rate specified under section 353.34,
100.3 subdivision 2, from the received date of each invalid salary transaction through the date the
100.4 credit or refund is made;

100.5 (2) for a former member who:

100.6 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
100.7 deductions to the former member through a refund with interest at the rate specified under
100.8 section 353.34, subdivision 2, from the received date of each invalid salary transaction
100.9 through the date the credit or refund is made; or

100.10 (ii) is receiving a retirement annuity or disability benefit, or a person who is receiving
100.11 an optional annuity or survivor benefit, for whom it has been determined an overpayment
100.12 must be recovered, adjust the payment amount and recover the overpayments as provided
100.13 under this section; and

100.14 (3) return the invalid employer contributions reported on behalf of a member or former
100.15 member to the employer by providing a credit against future contributions payable by the
100.16 employer.

100.17 (f) In the event that a salary ~~warrant or check~~ payment from which a deduction for the
100.18 retirement fund was taken has been canceled or the amount of the ~~warrant or check~~ payment
100.19 returned to the funds of the department making the payment, a refund of the sum deducted,
100.20 or any portion of it that is required to adjust the deductions, must be made to the department
100.21 or institution.

100.22 (g) If the association discovers that a retirement annuity, survivor benefit, or disability
100.23 benefit has been incorrectly calculated by using invalid service or salary, or due to any
100.24 erroneous calculation procedure, the association must recalculate the annuity or benefit
100.25 payable and begin payment of the corrected annuity or benefit effective the first of the month
100.26 following discovery of the error. Any overpayment resulting from the incorrect calculation
100.27 must be recovered as provided under subdivision 7b, if the accrual date, or any adjustment
100.28 in the amount of the annuity or benefit calculated after the accrual date, except adjustments
100.29 required under section 353.656, subdivision 4, falls within the current fiscal year and the
100.30 two immediate previous fiscal years.

100.31 (h) Notwithstanding the provisions of this subdivision, the association may apply the
100.32 Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
100.33 Compliance Resolution System and not issue a refund of erroneous employee deductions

101.1 and employer contributions or not recover a small overpayment of benefits if the cost to
101.2 correct the error would exceed the amount of the member refund or overpayment.

101.3 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any failure
101.4 by an employer to follow the statutory requirements for reporting eligible members and
101.5 salary must be paid by the employer.

101.6 Sec. 72. Minnesota Statutes 2016, section 354.42, subdivision 7, is amended to read:

101.7 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions taken
101.8 from the salary of an employee for the retirement fund in excess of amounts required must
101.9 be refunded to the employee upon the discovery of the error and after the verification of
101.10 the error by the employing unit making the deduction. The corresponding excess employer
101.11 contribution and excess additional employer contribution amounts attributable to the
101.12 erroneous salary deduction must be refunded to the employing unit.

101.13 (b) If salary deductions and employer contributions were erroneously transmitted to the
101.14 retirement fund and should have been transmitted to the plan covered by chapter 352D,
101.15 353D, 354B, or 354D, the executive director must transfer these salary deductions and
101.16 employer contributions to the account of the appropriate person under the applicable plan.
101.17 The transfer to the applicable defined contribution plan account must include interest at the
101.18 rate of 0.71 percent per month, compounded annually, from the first day of the month
101.19 following the month in which coverage should have commenced in the defined contribution
101.20 plan until the end of the month in which the transfer occurs.

101.21 (c) A potential transfer under paragraph (b) that would cause the plan to fail to be a
101.22 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
101.23 made by the executive director. Within 30 days after being notified by the Teachers
101.24 Retirement Association of an unmade potential transfer under this paragraph, the employer
101.25 of the affected person must transmit an amount representing the applicable salary deductions
101.26 and employer contributions, without interest, to the account of the applicable person under
101.27 the appropriate plan. The retirement association must provide a credit for the amount of the
101.28 erroneous salary deductions and employer contributions against future contributions from
101.29 the employer.

101.30 (d) If a salary ~~warrant or check~~ payment from which a deduction for the retirement fund
101.31 was taken has been canceled or the amount of the ~~warrant or if a check~~ payment has been
101.32 returned to the funds of the employing unit making the payment, a refund of the amount
101.33 deducted, or any portion of it that is required to adjust the salary deductions, must be made
101.34 to the employing unit.

102.1 (e) Erroneous direct payments of member-paid contributions or erroneous salary
102.2 deductions that were not refunded during the regular payroll cycle processing must be
102.3 refunded to the member, plus interest computed using the rate and method specified in
102.4 section 354.49, subdivision 2.

102.5 (f) Any refund under this subdivision that would cause the plan to fail to be a qualified
102.6 plan under section 401(a) of the Internal Revenue Code, as amended, may not be refunded
102.7 and instead must be credited against future contributions payable by the employer. The
102.8 employer is responsible for refunding to the applicable employee any amount that was
102.9 erroneously deducted from the salary of the employee, with interest as specified in paragraph
102.10 (e).

102.11 (g) If erroneous employee deductions and employer contributions are caused by an error
102.12 in plan coverage involving the plan and any other plan specified in section 356.99, that
102.13 section applies.

102.14 Sec. 73. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

102.15 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
102.16 due to the association and furnish a statement indicating the amount due and transmitted
102.17 with any other information required by the executive director. If an amount due is not
102.18 received by the association within 14 calendar days of the payroll ~~warrant~~ payment, the
102.19 amount accrues interest at an annual rate of 8.5 percent compounded annually from the due
102.20 date until the amount is received by the association. All amounts due and other employer
102.21 obligations not remitted within 60 days of notification by the association must be certified
102.22 to the commissioner of management and budget who shall deduct the amount from any state
102.23 aid or appropriation amount applicable to the employing unit.

102.24 Sec. 74. Minnesota Statutes 2016, section 354.52, subdivision 4b, is amended to read:

102.25 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide the
102.26 following data to the association for payroll ~~warrants~~ payments on an ongoing basis within
102.27 14 calendar days after the date of the payroll ~~warrant~~ payments in a format prescribed by
102.28 the executive director:

102.29 (1) association member number;

102.30 (2) employer-assigned employee number;

102.31 (3) Social Security number;

102.32 (4) amount of each salary deduction;

103.1 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
 103.2 deduction was made;

103.3 (6) reason for payment;

103.4 (7) the beginning and ending dates of the payroll period covered and the date of actual
 103.5 payment;

103.6 (8) fiscal year of salary earnings;

103.7 (9) total remittance amount including employee, employer, and additional employer
 103.8 contributions;

103.9 (10) reemployed annuitant salary under section 354.44, subdivision 5; and

103.10 (11) other information as may be required by the executive director.

103.11 Sec. 75. Minnesota Statutes 2016, section 401.15, subdivision 1, is amended to read:

103.12 Subdivision 1. **Certified statements; determinations; adjustments.** Within 60 days
 103.13 of the end of each calendar quarter, participating counties which have received the payments
 103.14 authorized by section 401.14 shall submit to the commissioner certified statements detailing
 103.15 the amounts expended and costs incurred in furnishing the correctional services provided
 103.16 in sections 401.01 to 401.16. Upon receipt of certified statements, the commissioner shall,
 103.17 in the manner provided in sections 401.10 and 401.12, determine the amount each
 103.18 participating county is entitled to receive, making any adjustments necessary to rectify any
 103.19 disparity between the amounts received pursuant to the estimate provided in section 401.14
 103.20 and the amounts actually expended. If the amount received pursuant to the estimate is greater
 103.21 than the amount actually expended during the quarter, the commissioner may withhold the
 103.22 difference from any subsequent monthly payments made pursuant to section 401.14. Upon
 103.23 certification by the commissioner of the amount a participating county is entitled to receive
 103.24 under the provisions of section 401.14 or of this subdivision the commissioner of
 103.25 management and budget shall thereupon issue a ~~state warrant~~ payment to the chief fiscal
 103.26 officer of each participating county for the amount due together with a copy of the certificate
 103.27 prepared by the commissioner.

103.28 Sec. 76. Minnesota Statutes 2016, section 446A.086, subdivision 4, is amended to read:

103.29 Subd. 4. **Notifications; payment; appropriation.** (a) After receipt of a notice of a
 103.30 default or potential default in payment of principal or interest in debt obligations covered
 103.31 by this section or an agreement under this section, and after consultation with the
 103.32 governmental unit and the paying agent, and after verification of the accuracy of the

104.1 information provided, the authority shall notify the commissioner of the potential default.
 104.2 The notice must include a final figure as to the amount due that the governmental unit will
 104.3 be unable to repay on the date due.

104.4 (b) Upon receipt of this notice from the authority, the commissioner shall issue a ~~warrant~~
 104.5 payment and authorize the authority to pay to the bond holders or paying agent for the debt
 104.6 obligation the specified amount on or before the date due. The amounts needed for the
 104.7 purposes of this subdivision are annually appropriated to the authority from the general
 104.8 fund.

104.9 Sec. 77. Minnesota Statutes 2016, section 446A.16, subdivision 1, is amended to read:

104.10 Subdivision 1. **Functions of commissioner of management and budget.** Except as
 104.11 otherwise provided in this section, money of the authority must be paid to the commissioner
 104.12 of management and budget as agent of the authority and the commissioner shall not
 104.13 commingle the money with other money. The money in the accounts of the authority must
 104.14 be paid out only ~~on warrants drawn~~ by the commissioner of management and budget on
 104.15 requisition of the chair of the authority or of another officer or employee as the authority
 104.16 authorizes. Deposits of the authority's money must, if required by the commissioner or the
 104.17 authority, be secured by obligations of the United States or of the state of a market value
 104.18 equal at all times to the amount of the deposit and all banks and trust companies are
 104.19 authorized to give security for the deposits.

104.20 Sec. 78. Minnesota Statutes 2016, section 462A.18, subdivision 1, is amended to read:

104.21 Subdivision 1. **Functions of commissioner of management and budget.** All moneys
 104.22 of the agency, except as otherwise authorized or provided in this section, shall be paid to
 104.23 the commissioner of management and budget as agent of the agency, who shall not
 104.24 commingle such moneys with any other moneys. The moneys in such accounts shall be
 104.25 paid out ~~on warrants drawn~~ by the commissioner on requisition of the chair of the agency
 104.26 or of such other officer or employee as the agency shall authorize to make such requisition.
 104.27 All deposits of such moneys shall, if required by the commissioner or the agency, be secured
 104.28 by obligations of the United States or of the state of a market value equal at all times to the
 104.29 amount of the deposit and all banks and trust companies are authorized to give such security
 104.30 for such deposits.

105.1 Sec. 79. Minnesota Statutes 2016, section 475A.04, subdivision 1, is amended to read:

105.2 Subdivision 1. **Procedure.** In the event that funds sufficient to pay all of the principal
105.3 and interest due on any guaranteed bond are not in the hands of the municipal treasurer or
105.4 the paying agent at least 15 days before the due date, the treasurer or agent shall report the
105.5 amount of the deficiency to the paying agent and the auditor who shall grant a loan to the
105.6 issuer in this amount and shall certify to the issuer, the paying agent, and the auditor and
105.7 treasurer of each county in which property subject to taxation by the issuer is situated, the
105.8 amount of the loan and interest to accrue thereon to the due date of the loan, and the
105.9 commissioner of management and budget shall issue a ~~warrant~~ payment for the principal
105.10 amount and shall remit it to the paying agent on or before the due date. If the municipal
105.11 treasurer fails to deposit funds with the paying agent sufficient to pay all principal and
105.12 interest due on any guaranteed bond on any date, without having previously given the notice
105.13 herein required, the paying agent may report the amount of the deficiency to the
105.14 commissioner of management and budget, who shall forthwith grant a loan to the issuer for
105.15 this amount plus interest to accrue thereon for one month at the rate represented by the
105.16 coupons then due, and the loan shall be certified and remitted as provided above. The paying
105.17 agent may advance its own funds for the payment of any guaranteed bonds and interest due
105.18 for which it has not received sufficient funds from the municipality, and may contract with
105.19 the municipality to make such advances, and shall be entitled to reimbursement therefor
105.20 from the proceeds of the loan, with interest at the rate represented by the coupons due. The
105.21 issuing municipality shall give a receipt to the commissioner of management and budget
105.22 for the amount of the loan and interest.

105.23 Sec. 80. Minnesota Statutes 2016, section 525.841, is amended to read:

105.24 **525.841 ESCHEAT RETURNED.**

105.25 In all such cases the commissioner of management and budget shall be furnished with
105.26 a certified copy of the court's order assigning the escheated property to the persons entitled
105.27 thereto, and upon notification of payment of the estate tax, the commissioner of management
105.28 and budget shall ~~draw a warrant~~ issue a payment or execute a proper conveyance to the
105.29 persons designated in such order. In the event any escheated property has been sold pursuant
105.30 to sections 11A.04, clause (9), and 11A.10, subdivision 2, or 16B.281 to 16B.287, then the
105.31 ~~warrant~~ payment shall be for the appraised value as established during the administration
105.32 of the decedent's estate. There is hereby annually appropriated from any moneys in the state
105.33 treasury not otherwise appropriated an amount sufficient to make payment to all such
105.34 designated persons. No interest shall be allowed on any amount paid to such persons.

106.1

ARTICLE 4

106.2

ADMINISTRATIVE RULEMAKING

106.3

Section 1. Minnesota Statutes 2016, section 3.842, subdivision 4a, is amended to read:

106.4

Subd. 4a. **Objections to rules or proposed rules.** (a) For purposes of this subdivision,

106.5

"committee" means the house of representatives policy committee or senate policy committee

106.6

with primary jurisdiction over state governmental operations. The commission or a committee

106.7

may object to a rule or proposed rule as provided in this subdivision. ~~If the commission or~~

106.8

~~a committee objects to all or some portion of a rule because the commission or committee~~

106.9

~~considers it to be~~ on the grounds that the rule or proposed rule:

106.10

(1) is beyond the procedural or substantive authority delegated to the agency, including

106.11

~~a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3,~~

106.12

~~paragraph (c);~~

106.13

(2) is inconsistent with the enabling statute;

106.14

(3) is unnecessary or redundant;

106.15

(4) has a substantial economic impact as defined in section 14.02, subdivision 5;

106.16

(5) is not based on sound, reasonably available scientific, technical, economic, or other

106.17

information;

106.18

(6) is not cost-effective;

106.19

(7) is unduly burdensome; or

106.20

(8) is more restrictive than the standard, limitation, or requirement imposed by federal

106.21

law or rule pertaining to the same subject matter.

106.22

If the commission or committee objects to all or some portion of a rule or proposed rule,

106.23

the commission or committee may shall file that objection in the Office of the Secretary of

106.24

State. The filed objection must contain a concise statement of the commission's or

106.25

committee's reasons for its action. ~~An objection to a proposed rule submitted by the~~

106.26

~~commission or a committee under section 14.15, subdivision 4, or 14.26, subdivision 3,~~

106.27

~~paragraph (c), may not be filed before the rule is adopted~~ For a proposed rule, the objection

106.28

must be filed within 30 days of receipt of the notice under section 14.14, 14.22, 14.386,

106.29

14.388, 14.389, or 14.3895.

106.30

(b) The secretary of state shall affix to each objection a certification of the date and time

106.31

of its filing and as soon after the objection is filed as practicable shall electronically transmit

106.32

a ~~certified~~ copy of it to the agency issuing the rule in question and to the revisor of statutes.

107.1 The secretary of state shall also maintain a permanent register open to public inspection of
107.2 all objections by the commission or committee.

107.3 (c) The commission or committee shall publish and index an objection filed under this
107.4 section in the next issue of the State Register. The revisor of statutes shall indicate the
107.5 existence of the objection adjacent to the rule in question when that rule is published in
107.6 Minnesota Rules.

107.7 (d) Within 14 days after the filing of an objection by the commission or committee to a
107.8 rule or proposed rule, the issuing agency shall respond in writing to the objecting entity.
107.9 After receipt of the response, the commission or committee may withdraw or modify its
107.10 objection. After the filing of an objection that is not subsequently withdrawn, the agency
107.11 may not adopt the rule until the legislature adjourns the annual legislative session that began
107.12 after the objection was filed. If the commission files an objection that is not subsequently
107.13 withdrawn, the commission may, as soon as practical, make a recommendation on a bill
107.14 that approves the proposed rule, prohibits adoption of the proposed rule, or amends or repeals
107.15 the law governing a previously adopted rule for which an objection was filed.

107.16 (e) After the filing of an objection by the commission or committee that is not
107.17 subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review
107.18 or for enforcement of the rule to establish that the whole or portion of the rule objected to
107.19 is valid and demonstrates that the objection raised under paragraph (a) is not justified, based
107.20 on the criteria for objecting to a rule under paragraph (a).

107.21 (f) The failure of the commission or a committee to object to a rule is not an implied
107.22 legislative authorization of its validity.

107.23 (g) In accordance with sections 14.44 and 14.45, the commission or a committee may
107.24 petition for a declaratory judgment to determine the validity of a rule objected to by the
107.25 commission or committee. The action must be started within two years after an objection
107.26 is filed in the Office of the Secretary of State.

107.27 (h) The commission or a committee may intervene in litigation arising from agency
107.28 action. For purposes of this paragraph, agency action means the whole or part of a rule, or
107.29 the failure to issue a rule.

107.30 Sec. 2. Minnesota Statutes 2016, section 14.002, is amended to read:

107.31 **14.002 STATE REGULATORY POLICY.**

107.32 The legislature recognizes the important and sensitive role for administrative rules in
107.33 implementing policies and programs created by the legislature. However, the legislature

108.1 finds that some regulatory rules and programs have become overly prescriptive and inflexible,
 108.2 thereby increasing costs to the state, local governments, and the regulated community and
 108.3 decreasing the effectiveness of the regulatory program. Therefore, ~~whenever feasible~~, state
 108.4 agencies must develop rules and regulatory programs that emphasize superior achievement
 108.5 in meeting the agency's regulatory objectives and maximum flexibility for the regulated
 108.6 party and the agency in meeting those goals.

108.7 Sec. 3. Minnesota Statutes 2016, section 14.02, is amended by adding a subdivision to
 108.8 read:

108.9 Subd. 5. **Substantial economic impact.** A rule has a "substantial economic impact" if
 108.10 the rule would result in, or likely result in:

108.11 (1) an adverse effect or impact on the private-sector economy of the state of Minnesota
 108.12 of \$5,000,000 or more in a single year;

108.13 (2) a significant increase in costs or prices for consumers, individual private-sector
 108.14 industries, state agencies, local governments, individuals, or private-sector enterprises within
 108.15 certain geographic regions inside the state of Minnesota;

108.16 (3) significant adverse impacts on the competitiveness of private-sector Minnesota-based
 108.17 enterprises, or on private-sector employment, investment, productivity, or innovation within
 108.18 the state of Minnesota; or

108.19 (4) compliance costs, in the first year after the rule takes effect, of more than \$25,000
 108.20 for any one business that has fewer than 50 full-time employees, or for any one statutory
 108.21 or home rule charter city that has fewer than ten full-time employees.

108.22 Sec. 4. Minnesota Statutes 2016, section 14.05, subdivision 1, is amended to read:

108.23 Subdivision 1. **Authority to adopt original rules restricted.** (a) Each agency shall
 108.24 adopt, amend, suspend, or repeal its rules:

108.25 (1) in accordance with the procedures specified in sections 14.001 to 14.69, ~~and~~;

108.26 (2) only pursuant to authority delegated by law; and

108.27 (3) in full compliance with its duties and obligations.

108.28 (b) If a law authorizing rules is repealed, the rules adopted pursuant to that law are
 108.29 automatically repealed on the effective date of the law's repeal unless there is another law
 108.30 authorizing the rules.

109.1 (c) Except as provided in ~~section~~ sections 14.055, 14.06, 14.388, 14.389, and 14.3895,
109.2 sections 14.001 to 14.69 shall not be authority for an agency to adopt, amend, suspend, or
109.3 repeal rules.

109.4 Sec. 5. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
109.5 read:

109.6 **Subd. 1a. Limitation regarding certain policies, guidelines, and other interpretive**
109.7 **statements.** An agency shall not seek to implement or enforce against any person a policy,
109.8 guideline, or other interpretive statement that meets the definition of a rule under this chapter
109.9 if the policy, guideline, or other interpretive statement has not been adopted as a rule in
109.10 accordance with this chapter including but not limited to solid waste policy plan revisions
109.11 authorized by other law. In any proceeding under chapter 14 challenging an agency action
109.12 prohibited by this subdivision, the reviewing authority must independently and without
109.13 deference to the agency determine if the agency has violated this subdivision. The agency
109.14 must overcome the presumption that its action may not be enforced as a rule.

109.15 Sec. 6. Minnesota Statutes 2016, section 14.05, subdivision 2, is amended to read:

109.16 **Subd. 2. Authority to modify proposed rule.** (a) An agency may modify a proposed
109.17 rule in accordance with the procedures of the Administrative Procedure Act. However, an
109.18 agency may not modify a proposed rule so that it is substantially different from the proposed
109.19 rule in the notice of intent to adopt rules or notice of hearing.

109.20 (b) A modification does not make a proposed rule substantially different if:

109.21 (1) the differences are within the scope of the matter announced in the notice of intent
109.22 to adopt or notice of hearing and are in character with the issues raised in that notice;

109.23 (2) the differences are a logical outgrowth of the contents of the notice of intent to adopt
109.24 or notice of hearing and the comments submitted in response to the notice; and

109.25 (3) the notice of intent to adopt or notice of hearing provided fair warning that the
109.26 outcome of that rulemaking proceeding could be the rule in question.

109.27 (c) In determining whether the notice of intent to adopt or notice of hearing provided
109.28 fair warning that the outcome of that rulemaking proceeding could be the rule in question
109.29 the following factors must be considered:

109.30 (1) the extent to which persons who will be affected by the rule should have understood
109.31 that the rulemaking proceeding on which it is based could affect their interests;

110.1 (2) the extent to which the subject matter of the rule or issues determined by the rule are
110.2 different from the subject matter or issues contained in the notice of intent to adopt or notice
110.3 of hearing; and

110.4 (3) the extent to which the effects of the rule differ from the effects of the proposed rule
110.5 contained in the notice of intent to adopt or notice of hearing.

110.6 (d) A modification makes a proposed rule substantially different if the modification
110.7 causes a rule that did not previously have a substantial economic impact to have a substantial
110.8 economic impact.

110.9 Sec. 7. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
110.10 read:

110.11 Subd. 5a. **Review and repeal of rules.** By December 1 of each odd-numbered year,
110.12 beginning December 1, 2017, an agency must submit to the governor, the Legislative
110.13 Coordinating Commission, the policy and funding committees and divisions with jurisdiction
110.14 over the agency, and the revisor of statutes, a list of any rules or portions of rules that are
110.15 obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The list must
110.16 also include an explanation of why the rule or portion of the rule is obsolete, unnecessary,
110.17 or duplicative of other state or federal statutes or rules. The agency must either report a
110.18 timetable for repeal of the rule or portion of the rule, or must develop a bill for submission
110.19 to the appropriate policy committee to repeal the obsolete, unnecessary, or duplicative rule.
110.20 A report submitted under this subdivision must be signed by the person in the agency who
110.21 is responsible for identifying and initiating repeal of obsolete rules. The report also must
110.22 identify the status of any rules identified in the prior report as obsolete, unnecessary, or
110.23 duplicative. If none of an agency's rules are obsolete, unnecessary, or duplicative, an agency's
110.24 report must state that conclusion.

110.25 Sec. 8. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
110.26 read:

110.27 Subd. 5b. **Review and repeal of environmental assessment worksheets and impact**
110.28 statements. By December 1, 2017, and each odd-numbered year thereafter, the
110.29 Environmental Quality Board, Pollution Control Agency, Department of Natural Resources,
110.30 and Department of Transportation, after consultation with political subdivisions, shall submit
110.31 to the governor, the Legislative Coordinating Commission, the chairs and ranking minority
110.32 members of the house of representatives and senate committees having jurisdiction over
110.33 environment and natural resources, and the revisor of statutes a list of mandatory

111.1 environmental assessment worksheets or mandatory environmental impact statements for
 111.2 which the agency or a political subdivision is designated as the responsible government
 111.3 unit, and for each worksheet or statement, a document including:

111.4 (1) intended outcomes of the specific worksheet or statement;

111.5 (2) the cost to state and local government and the private sector;

111.6 (3) the relationship of the worksheet or statement to other local, state, and federal permits;
 111.7 and

111.8 (4) a justification for why the mandatory worksheet or statement should not be eliminated
 111.9 and its intended outcomes achieved through an existing permit or other federal, state, or
 111.10 local law.

111.11 Sec. 9. Minnesota Statutes 2016, section 14.05, subdivision 6, is amended to read:

111.12 Subd. 6. **Veto of adopted rules.** The governor may veto all or a severable portion of a
 111.13 rule of an agency as defined in section 14.02, subdivisions 2 and 4, by submitting notice of
 111.14 the veto to the State Register within 14 days of receiving a copy of the rule from the secretary
 111.15 of state under section 14.16, subdivision 3, 14.26, subdivision ~~3~~ 5, ~~or 14.386~~₂, or the agency
 111.16 under section 14.389, subdivision 3, or section 14.3895. The veto is effective when the veto
 111.17 notice is submitted to the State Register. This authority applies only to the extent that the
 111.18 agency itself would have authority, through rulemaking, to take such action. If the governor
 111.19 vetoes a rule or portion of a rule under this section, the governor shall notify the chairs of
 111.20 the legislative committees having jurisdiction over the agency whose rule was vetoed.

111.21 Sec. 10. Minnesota Statutes 2016, section 14.05, subdivision 7, is amended to read:

111.22 Subd. 7. **Electronic documents permitted.** (a) If sections 14.05 to 14.3895 require an
 111.23 agency to provide notice or documents to the public, the legislature, or other state agency,
 111.24 the agency may send the notice or document, or a link to the notice or document, using any
 111.25 reliable method of electronic transmission.

111.26 (b) The agency must also send a paper copy of the notice or document if requested to
 111.27 do so by a member of the public, legislature, or other state agency.

111.28 (c) An agency may file rule-related documents with the Office of Administrative Hearings
 111.29 by electronic transmission in the manner approved by that office and the Office of the
 111.30 Revisor of Statutes by electronic transmission in the manner approved by that office.

112.1 Sec. 11. Minnesota Statutes 2016, section 14.101, subdivision 1, is amended to read:

112.2 Subdivision 1. **Required notice.** In addition to seeking information by other methods
112.3 designed to reach persons or ~~classes~~ categories of persons who might be affected by the
112.4 proposal, an agency, at least 60 days before publication of a notice of intent to adopt or a
112.5 notice of hearing, shall solicit comments from the public on the subject matter of a possible
112.6 rulemaking proposal under active consideration within the agency by causing notice to be
112.7 published in the State Register. The notice must include a description of the subject matter
112.8 of the proposal and the types of groups and individuals likely to be affected, and must
112.9 indicate where, when, and how persons may comment on the proposal and whether and
112.10 how drafts of any proposal may be obtained from the agency.

112.11 This notice must be published within 60 days of the effective date of any new or
112.12 amendatory law requiring rules to be adopted, amended, or repealed.

112.13 An agency intending to adopt an expedited rule under section 14.389 is exempt from
112.14 the requirements of this section.

112.15 Sec. 12. **[14.105] RULE NOTIFICATION.**

112.16 Subdivision 1. **Rule notification list.** (a) Each agency shall maintain a list of all persons
112.17 who have registered with the agency for the purpose of receiving notice of rule proceedings.
112.18 A person may register to receive notice of rule proceedings by submitting to the agency:

112.19 (1) the person's electronic mail address; or

112.20 (2) the person's name and United States mail address, along with a request to receive
112.21 copies of the notices by mail.

112.22 (b) The agency shall post information on its Web site describing the registration process.

112.23 (c) The agency may inquire as to whether those persons on the list in paragraph (a) wish
112.24 to remain on it and may remove persons for whom there is a negative reply or no reply
112.25 within 60 days.

112.26 Subd. 2. **Additional notice.** (a) Each agency shall make reasonable efforts to notify
112.27 persons or categories of persons who may be significantly affected by the rule being proposed
112.28 by giving notice of its rule proceedings in newsletters, newspapers, or other publications,
112.29 or through other means of communication.

112.30 (b) For each rulemaking, the agency shall develop an additional notice plan describing
112.31 its efforts to provide additional notification to persons or categories of persons who may be
112.32 affected by the proposed rule or must explain why these efforts were not made. The additional

113.1 notice plan must be submitted to the administrative law judge with the other submissions
 113.2 required by section 14.14, subdivision 2a, or 14.26. The agency also may seek prior approval
 113.3 of the additional notice plan under the rules of the Office of Administrative Hearings.

113.4 Sec. 13. Minnesota Statutes 2016, section 14.116, is amended to read:

113.5 **14.116 NOTICE TO LEGISLATURE.**

113.6 (a) By January 15 each year, each agency must submit its current rulemaking docket
 113.7 maintained under section 14.366, ~~and the official rulemaking record required under section~~
 113.8 ~~14.365 for any rule adopted during the preceding calendar year,~~ to the chairs and ranking
 113.9 minority members of the legislative policy and budget committees with jurisdiction over
 113.10 the subject matter of the proposed rule and to the Legislative Coordinating Commission.
 113.11 Each agency must post a link to its rulemaking docket on the agency Web site home page.

113.12 (b) When an agency ~~mails~~ sends a notice of ~~intent to adopt rules~~ hearing under section
 113.13 14.14 or a notice of intent to adopt rules or dual notice under section 14.22, the agency must
 113.14 send a copy of the same notice ~~and a copy of the statement of need and reasonableness~~ to
 113.15 the chairs and ranking minority party members of the legislative policy and budget
 113.16 committees with jurisdiction over the subject matter of the proposed rules and to the
 113.17 Legislative Coordinating Commission.

113.18 ~~(e) In addition, if the mailing of the notice is within two years of the effective date of~~
 113.19 ~~the law granting the agency authority to adopt the proposed rules, the agency shall make~~
 113.20 ~~reasonable efforts to send a copy of the notice and the statement to all sitting legislators~~
 113.21 ~~who were chief house of representatives and senate authors of the bill granting the rulemaking~~
 113.22 ~~authority. If the bill was amended to include this rulemaking authority, the agency shall~~
 113.23 ~~make reasonable efforts to send the notice and the statement to the chief house of~~
 113.24 ~~representatives and senate authors of the amendment granting rulemaking authority, rather~~
 113.25 ~~than to the chief authors of the bill.~~

113.26 Sec. 14. Minnesota Statutes 2016, section 14.125, is amended to read:

113.27 **14.125 TIME LIMIT ON AUTHORITY TO ADOPT, AMEND, OR REPEAL**
 113.28 **RULES.**

113.29 An agency shall publish a ~~notice of intent to adopt rules or a notice of hearing under~~
 113.30 section 14.14, or a notice of intent to adopt rules or dual notice under section 14.22, within
 113.31 18 months of the effective date of the law authorizing or requiring rules to be adopted,
 113.32 amended, or repealed. If the notice is not published within the time limit imposed by this

114.1 section, the authority for the rules expires. The agency shall not use other law in existence
 114.2 at the time of the expiration of rulemaking authority under this section as authority to adopt,
 114.3 amend, or repeal these rules agency shall report to the Legislative Coordinating Commission,
 114.4 other appropriate committees of the legislature, and the governor its failure to publish a
 114.5 notice and the reasons for that failure.

114.6 ~~An agency that publishes a notice of intent to adopt rules or a notice of hearing within~~
 114.7 ~~the time limit specified in this section may subsequently amend or repeal the rules without~~
 114.8 ~~additional legislative authorization.~~

114.9 Sec. 15. Minnesota Statutes 2016, section 14.127, is amended to read:

114.10 **14.127 LEGISLATIVE APPROVAL REQUIRED.**

114.11 Subdivision 1. ~~Cost thresholds~~ **Substantial economic impact.** An agency must
 114.12 determine if the cost of complying with a proposed rule in the first year after the rule takes
 114.13 effect will exceed \$25,000 for: (1) any one business that has less than 50 full-time employees;
 114.14 or (2) any one statutory or home rule charter city that has less than ten full-time employees.
 114.15 For purposes of this section, "business" means a business entity organized for profit or as
 114.16 a nonprofit, and includes an individual, partnership, corporation, joint venture, association,
 114.17 or cooperative has a substantial economic impact, as defined in section 14.02, subdivision
 114.18 5.

114.19 Subd. 2. **Agency determination.** An agency must make the determination required by
 114.20 subdivision 1 before the close of the hearing record, or before the agency submits the record
 114.21 to the administrative law judge if there is no hearing. ~~The administrative law judge must~~
 114.22 ~~review and approve or disapprove the agency determination under this section~~ agency gives
 114.23 notice under section 14.14, 14.22, 14.225, or 14.389.

114.24 Subd. 3. **Legislative approval required.** (a) If the agency determines that a proposed
 114.25 rule has a substantial economic impact, the agency must request the legislative auditor to
 114.26 convene a five-person peer review advisory panel to conduct an impact analysis of the
 114.27 proposed rule. Within 30 days of receipt of the agency's request, the legislative auditor shall
 114.28 convene a peer review advisory panel. The advisory panel must be made up of individuals
 114.29 who have not directly or indirectly been involved in the work conducted or contracted by
 114.30 the agency and who are not employed by the agency. The agency must pay each panel
 114.31 member for the costs of the person's service on the panel, as determined by the legislative
 114.32 auditor. The agency shall transfer an amount from the agency's operating budget to the
 114.33 legislative auditor to pay for costs for convening the peer review advisory panel process.
 114.34 The panel may receive written and oral comments from the public during its review. The

115.1 panel must submit its report within 60 days of being convened. The agency must receive a
 115.2 final report from the panel before the agency conducts a public hearing on a proposed rule
 115.3 or, if no hearing is held, before the rule is submitted to the administrative law judge. The
 115.4 panel's report must include its conclusions on the extent to which the proposed rule:

115.5 (1) is based on sound, reasonably available scientific, technical, economic, or other
 115.6 information or rationale; and

115.7 (2) is more restrictive than a standard, limitation, or requirement imposed by federal law
 115.8 or rule pertaining to the same subject matter, and a justification based on sound, reasonably
 115.9 available scientific, technical, economic, or other information and rationale that the more
 115.10 stringent standard is necessary to protect the public's health, safety, or welfare.

115.11 (b) If the agency determines that a rule does not have a substantial economic impact,
 115.12 the administrative law judge must review this determination. If the administrative law judge
 115.13 determines that a rule may have a substantial economic impact, the agency must have the
 115.14 legislative auditor arrange for the analysis required by paragraph (a), and the agency must
 115.15 give new notice of intent to adopt the proposed rule after receiving this analysis. The
 115.16 administrative law judge may make this determination as part of the administrative law
 115.17 judge's report on the proposed rule, or at any earlier time after the administrative law judge
 115.18 is assigned to the rule proceeding.

115.19 (c) If the agency determines that the ~~cost exceeds the threshold in subdivision 1~~ proposed
 115.20 rule has a substantial economic impact, or if the administrative law judge disapproves the
 115.21 agency's determination that the ~~cost rule~~ does not ~~exceed the threshold in subdivision 1,~~
 115.22 ~~any business that has less than 50 full-time employees or any statutory or home rule charter~~
 115.23 ~~city that has less than ten full-time employees may file a written statement with the agency~~
 115.24 ~~claiming a temporary exemption from the rules. Upon filing of such a statement with the~~
 115.25 ~~agency, the rules do not apply to that business or that city until the rules are~~ have a substantial
 115.26 economic impact, the agency or the administrative law judge shall deliver the determination
 115.27 and peer review advisory panel report to the Legislative Coordinating Commission and to
 115.28 the chairs and ranking minority members of the house of representatives and senate
 115.29 committees and divisions with jurisdiction over the subject matter of the rule, and the
 115.30 proposed rule does not take effect until the rule is approved by a law enacted after the agency
 115.31 determination or administrative law judge disapproval.

115.32 Subd. 4. **Exceptions.** ~~(a) Subdivision 3 does not apply if the administrative law judge~~
 115.33 ~~approves an agency's determination that the legislature has appropriated money to sufficiently~~

116.1 ~~fund the expected cost of the rule upon the business or city proposed to be regulated by the~~
 116.2 ~~rule.~~

116.3 ~~(b)~~ (a) Subdivision 3 does not apply if the administrative law judge approves an agency's
 116.4 determination that the rule has been proposed pursuant to a specific federal statutory or
 116.5 regulatory mandate.

116.6 ~~(e)~~ (b) This section does not apply if the rule is adopted under section 14.388 or under
 116.7 another law specifying that the rulemaking procedures of this chapter do not apply.

116.8 ~~(d)~~ (c) This section does not apply to a rule adopted by the Public Utilities Commission.

116.9 ~~(e) Subdivision 3 does not apply if the governor waives application of subdivision 3.~~
 116.10 ~~The governor may issue a waiver at any time, either before or after the rule would take~~
 116.11 ~~effect, but for the requirement of legislative approval. As soon as possible after issuing a~~
 116.12 ~~waiver under this paragraph, the governor must send notice of the waiver to the speaker of~~
 116.13 ~~the house and the president of the senate and must publish notice of this determination in~~
 116.14 ~~the State Register.~~

116.15 Subd. 5. **Severability.** If an administrative law judge determines that part of a proposed
 116.16 rule ~~exceeds the threshold specified in subdivision 1~~ has a substantial economic impact, but
 116.17 that a severable portion of a proposed rule does not ~~exceed the threshold in subdivision 1~~
 116.18 have a substantial economic impact, the administrative law judge may provide that the
 116.19 severable portion of the rule that does not ~~exceed the threshold~~ have a substantial economic
 116.20 impact may take effect without legislative approval.

116.21 Sec. 16. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR**
 116.22 **REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

116.23 Subdivision 1. **Definition.** As used in this section, "residential construction" means the
 116.24 new construction or remodeling of any building subject to the Minnesota Residential Code.

116.25 Subd. 2. **Impact on housing cost; agency determination.** An agency must determine
 116.26 if implementation of a proposed rule, or any portion of a proposed rule, will, on average,
 116.27 increase the cost of residential construction or remodeling by \$1,000 or more per unit. The
 116.28 agency must make this determination before the close of the hearing record. Upon request
 116.29 of a party affected by the proposed rule, an administrative law judge must review and
 116.30 approve or disapprove an agency's determination that any portion of a proposed rule will
 116.31 increase the cost of a dwelling unit by \$1,000 or more.

116.32 Subd. 3. **Notice to legislature; legislative approval.** (a) If the agency determines that
 116.33 the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision

117.1 2, or if the administrative law judge separately confirms the cost of any portion of a rule
 117.2 exceeds the cost threshold provided in subdivision 2, the agency must notify, in writing,
 117.3 the chairs and ranking minority members of the policy committees of the house of
 117.4 representatives and the senate with jurisdiction over the subject matter of the proposed rule
 117.5 within ten days of the determination.

117.6 (b) If a committee of either the house of representatives or senate with jurisdiction over
 117.7 the subject matter of the proposed rule or a portion of a rule that meets or exceeds the
 117.8 threshold in subdivision 2 votes to advise an agency that the rule should not be adopted as
 117.9 proposed, the agency may not adopt the rule unless the rule is approved by a law enacted
 117.10 after the vote of the committee. Section 14.126, subdivision 2, applies to a vote of a
 117.11 committee under this subdivision.

117.12 Subd. 4. **Severability.** If the agency or an administrative law judge determines that part
 117.13 of a proposed rule meets or exceeds the threshold provided in subdivision 2, but that a
 117.14 severable portion of the proposed rule does not meet or exceed that threshold, the agency
 117.15 may proceed to adopt the severable portions of the proposed rule regardless of whether a
 117.16 legislative committee has voted under subdivision 3 to advise an agency that the rule should
 117.17 not be adopted as proposed.

117.18 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to
 117.19 administrative rules proposed on or after that date.

117.20 Sec. 17. **[14.129] IMPACT ANALYSIS OF PROPOSED RULE.**

117.21 Subdivision 1. **Analysis.** (a) Within 30 days of receipt of the notice required under
 117.22 section 14.116, paragraph (b), a standing committee with jurisdiction over the subject matter
 117.23 of a proposed rule may request the legislative auditor to conduct an impact analysis of the
 117.24 proposed rule. The request must be sent in writing to the legislative auditor and the agency.
 117.25 Upon receipt of the request, the agency may not proceed to adopt the proposed rule until it
 117.26 has received a positive declaration from the requesting standing committee. Within 60 days
 117.27 of receipt of a request, the legislative auditor shall convene a five-person peer review panel
 117.28 to review the proposed rule. The advisory panel must be made up of individuals who have
 117.29 not directly or indirectly been involved in work conducted or contracted by the agency and
 117.30 who are not employed by the agency. The panel may receive written and oral comments
 117.31 from the public during its review of the proposed rule. The panel must prepare a report that
 117.32 includes a conclusion on whether the proposed rule:

117.33 (1) is based on sound, reasonably available scientific, technical, economic, and other
 117.34 information and rationale; and

118.1 (2) if the proposed rule is more restrictive than a standard, limitation, or requirement
 118.2 imposed by federal law or rule pertaining to the same subject matter, a justification based
 118.3 on sound, reasonably available scientific, technical, economic, or other information and
 118.4 rationale that the more stringent standard is necessary to protect the public's health, safety,
 118.5 or welfare.

118.6 (b) Within 150 days of being convened, the panel must submit its report to the chairs
 118.7 and ranking minority members of the requesting committee and the legislative auditor.
 118.8 Within five days of receipt of the panel's report, the requesting standing committee shall
 118.9 send the report to the agency along with either:

118.10 (1) a positive declaration that the agency may proceed with the proposed rule; or

118.11 (2) a negative declaration that the agency may not proceed with the proposed rule in its
 118.12 current form.

118.13 (c) If the requesting standing committee issues a negative declaration to an agency under
 118.14 paragraph (b), clause (2), the agency may not adopt the rule until the legislature adjourns
 118.15 the annual legislative session that began after the issuance of the negative declaration.

118.16 Subd. 2. **Severability.** If any one or more provision, sentence, clause, phrase, or word
 118.17 in this section or the application thereof to any person or circumstance is found to be
 118.18 unconstitutional, the same is hereby declared to be severable and the balance of this section
 118.19 shall remain effective notwithstanding such unconstitutionality. The legislature hereby
 118.20 declares that it would have passed this section and each provision, sentence, clause, phrase,
 118.21 or word thereof irrespective of the fact that any one or more provision, sentence, clause,
 118.22 phrase, or word be declared unconstitutional.

118.23 Sec. 18. Minnesota Statutes 2016, section 14.131, is amended to read:

118.24 **14.131 STATEMENT OF NEED AND REASONABLENESS.**

118.25 By the date of the section 14.14, subdivision 1a, notice, the agency must prepare, review,
 118.26 and make available for public review a statement of the need for and reasonableness of the
 118.27 rule. The statement of need and reasonableness must be prepared under rules adopted by
 118.28 the chief administrative law judge and must include a citation to the most specific statutory
 118.29 authority for the rule and the following to the extent the agency, through reasonable effort,
 118.30 can ascertain this information:

118.31 ~~(1) a description of the classes of persons who probably will be affected by the proposed~~
 118.32 ~~rule, including classes that will bear the costs of the proposed rule and classes that will~~
 118.33 ~~benefit from the proposed rule;~~

119.1 ~~(2) the probable costs to the agency and to any other agency of the implementation and~~
 119.2 ~~enforcement of the proposed rule and any anticipated effect on state revenues;~~

119.3 ~~(3) a determination of whether there are less costly methods or less intrusive methods~~
 119.4 ~~for achieving the purpose of the proposed rule;~~

119.5 ~~(4) a description of any alternative methods for achieving the purpose of the proposed~~
 119.6 ~~rule that were seriously considered by the agency and the reasons why they were rejected~~
 119.7 ~~in favor of the proposed rule;~~

119.8 ~~(5) the probable costs of complying with the proposed rule, including the portion of the~~
 119.9 ~~total costs that will be borne by identifiable categories of affected parties, such as separate~~
 119.10 ~~classes of governmental units, businesses, or individuals;~~

119.11 ~~(6) the probable costs or consequences of not adopting the proposed rule, including those~~
 119.12 ~~costs or consequences borne by identifiable categories of affected parties, such as separate~~
 119.13 ~~classes of government units, businesses, or individuals;~~

119.14 (1) a description of the persons or classifications of persons who will probably be affected
 119.15 by the proposed rule;

119.16 (2) the probable costs of the rule to affected persons and the agency, including those
 119.17 costs or consequences borne by identifiable categories of affected parties, such as separate
 119.18 classes of government units, businesses, or individuals, and the probable benefits of adopting
 119.19 the rule;

119.20 ~~(7)~~ (3) an assessment of any differences between the proposed rule and existing or
 119.21 proposed federal regulations standards and similar standards in relevant states bordering
 119.22 Minnesota or within Environmental Protection Agency Region 5 and a specific analysis of
 119.23 the need for and reasonableness of each difference; and

119.24 ~~(8)~~ (4) an assessment of the cumulative effect of the rule with other federal and state
 119.25 regulations related to the specific purpose of the rule: all rules adopted by the agency or any
 119.26 other agency, and all federal regulations and local ordinances or regulations, related to the
 119.27 specific purpose for which the rule is being adopted; and

119.28 (5) the agency's findings and conclusions that support its determination that the proposed
 119.29 rule is based on sound, reasonably available scientific, technical, economic, or other
 119.30 information and rationale; and if the proposed rule is more restrictive than a standard,
 119.31 limitation, or requirement imposed by federal law or rule pertaining to the same subject
 119.32 matter, a justification based on sound, reasonably available scientific, technical, economic,

120.1 or other information and rationale that the more stringent standard is necessary to protect
 120.2 the public's health, safety, or welfare.

120.3 The statement must describe how the agency, in developing the rules, considered and
 120.4 implemented the legislative policy supporting performance-based regulatory systems set
 120.5 forth in section 14.002 in a cost-effective and timely manner.

120.6 For purposes of clause ~~(8)~~ (4), "cumulative effect" means the impact that results from
 120.7 incremental impact of the proposed rule in addition to other rules, regardless of what state
 120.8 or federal agency has adopted the other rules. Cumulative effects can result from individually
 120.9 minor but collectively significant rules adopted over a period of time.

120.10 ~~The statement must also describe the agency's efforts to provide additional notification~~
 120.11 ~~under section 14.14, subdivision 1a, to persons or classes of persons who may be affected~~
 120.12 ~~by the proposed rule or must explain why these efforts were not made.~~

120.13 The statement must describe, with reasonable particularity, the scientific, technical, and
 120.14 economic information that supports the proposed rule.

120.15 The agency must consult with the commissioner of management and budget to help
 120.16 evaluate the fiscal impact and fiscal benefits of the proposed rule on units of local
 120.17 government. The agency must send a copy of the statement of need and reasonableness to
 120.18 the Legislative Reference Library no later than when the notice of hearing is ~~mailed under~~
 120.19 ~~section 14.14, subdivision 1a~~ sent.

120.20 Sec. 19. Minnesota Statutes 2016, section 14.14, subdivision 1a, is amended to read:

120.21 Subd. 1a. **Notice of rule hearing.** (a) ~~Each agency shall maintain a list of all persons~~
 120.22 ~~who have registered with the agency for the purpose of receiving notice of rule proceedings.~~
 120.23 ~~Persons may register to receive notice of rule proceedings by submitting to the agency:~~

120.24 ~~(1) their electronic mail address; or~~

120.25 ~~(2) their name and United States mail address.~~

120.26 ~~The agency may inquire as to whether those persons on the list wish to remain on it and~~
 120.27 ~~may remove persons for whom there is a negative reply or no reply within 60 days. The~~
 120.28 ~~agency shall, at least 30 days before the date set for the hearing, give notice of its intention~~
 120.29 ~~to adopt~~ hold a hearing on the proposed rules by United States mail or electronic mail to all
 120.30 ~~persons on its list~~ who have registered with the agency under section 14.105, and by
 120.31 publication in the State Register.

121.1 ~~The mailed notice must include either a copy of the proposed rule or an easily readable~~
 121.2 ~~and understandable description of its nature and effect and an announcement that a free~~
 121.3 ~~copy of the proposed rule is available on request from the agency. In addition, each agency~~
 121.4 ~~shall make reasonable efforts to notify persons or classes of persons who may be significantly~~
 121.5 ~~affected by the rule being proposed by giving notice of its intention in newsletters,~~
 121.6 ~~newspapers, or other publications, or through other means of communication. The notice~~
 121.7 in the State Register must include the proposed rule or an amended rule in the form required
 121.8 by the revisor under section 14.07, together with an easily readable and understandable
 121.9 summary of the overall nature and effect of the proposed rule, a citation to the most specific
 121.10 statutory authority for the proposed rule, a statement of the place, date, and time of the
 121.11 public hearing, a statement that a free copy of the proposed rule and the statement of need
 121.12 and reasonableness may be requested from the agency, a statement that persons may register
 121.13 with the agency for the purpose of receiving notice of rule proceedings ~~and notice that the~~
 121.14 ~~agency intends to adopt a rule,~~ and other information required by law or rule. When an
 121.15 entire rule is proposed to be repealed, the agency need only publish that fact, along with an
 121.16 easily readable and understandable summary of the overall nature of the rules proposed for
 121.17 repeal, and a citation to the rule to be repealed.

121.18 The mailed notice of hearing must be the same as the notice published in the State
 121.19 Register, except that the mailed notice may omit the text of the proposed rule if it includes
 121.20 an announcement of where a copy of the proposed rule may be obtained.

121.21 (b) The chief administrative law judge may authorize an agency to omit from the notice
 121.22 of rule hearing the text of any proposed rule, the publication of which would be unduly
 121.23 cumbersome, expensive, or otherwise inexpedient if:

121.24 (1) knowledge of the rule is likely to be important to only a small class of persons;

121.25 (2) the notice of rule hearing states that a free copy of the entire rule is available upon
 121.26 request to the agency; and

121.27 (3) the notice of rule hearing states in detail the specific subject matter of the omitted
 121.28 rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose
 121.29 and motivation.

121.30 Sec. 20. Minnesota Statutes 2016, section 14.14, subdivision 2a, is amended to read:

121.31 Subd. 2a. **Hearing procedure.** When a hearing is held on a proposed rule, it shall be
 121.32 conducted by an administrative law judge assigned by the chief administrative law judge.
 121.33 The administrative law judge shall ensure that all persons involved in the rule hearing are

122.1 treated fairly and impartially. The agency shall submit into the record the jurisdictional
 122.2 documents, including the statement of need and reasonableness, comments and hearing
 122.3 requests received, and any written exhibits in support of the proposed rule. The agency may
 122.4 also present additional oral evidence. Interested persons may present written and oral
 122.5 evidence. The administrative law judge shall allow questioning of agency representatives
 122.6 or witnesses, or of interested persons making oral statements, in order to explain the purpose
 122.7 or intended operation of a proposed rule, or a suggested modification, or for other purposes
 122.8 if material to the evaluation or formulation of the proposed rule. The administrative law
 122.9 judge may limit repetitive or immaterial oral statements and questioning.

122.10 Sec. 21. Minnesota Statutes 2016, section 14.18, subdivision 1, is amended to read:

122.11 Subdivision 1. **Generally.** Unless a later date is required by section 14.126 or other law
 122.12 or is specified in the rule, a rule is effective after:

122.13 (1) it has been subjected to all requirements described in sections 14.131 to 14.20 and
 122.14 five working days after;

122.15 (2) the notice of adoption is published in the State Register unless a later date is required
 122.16 by section 14.126 or other law or specified in the rule; and

122.17 (3) it has been approved by a law enacted after publication of the notice of adoption- if
 122.18 any of the following applies:

122.19 (i) the rule is enacted without a specific authorization of rulemaking to enact rules to
 122.20 implement a specific statute section;

122.21 (ii) a sanction or penalty can be imposed for failure to comply with the rule; or

122.22 (iii) the regulating agency has the authority to adjudicate a dispute with a regulated entity
 122.23 about enforcement of or violation of the rule.

122.24 If the rule adopted is the same as the proposed rule, publication may be made by
 122.25 publishing notice in the State Register that the rule has been adopted as proposed and by
 122.26 citing the prior publication. If the rule adopted differs from the proposed rule, the portions
 122.27 of the adopted rule that differ from the proposed rule must be included in the notice of
 122.28 adoption together with a citation to the prior State Register publication of the remainder of
 122.29 the proposed rule. The nature of the modifications must be clear to a reasonable person
 122.30 when the notice of adoption is considered together with the State Register publication of
 122.31 the proposed rule, except that modifications may also be made that comply with the form
 122.32 requirements of section 14.07, subdivision 7.

123.1 If the agency omitted from the notice of proposed rule adoption the text of the proposed
 123.2 rule, as permitted by section 14.14, subdivision 1a, paragraph (b), the chief administrative
 123.3 law judge may provide that the notice of the adopted rule need not include the text of any
 123.4 changes from the proposed rule. However, the notice of adoption must state in detail the
 123.5 substance of the changes made from the proposed rule, and must state that a free copy of
 123.6 the portion of the adopted rule that was the subject of the rulemaking proceeding, not
 123.7 including any material adopted by reference as permitted by section 14.07, is available upon
 123.8 request to the agency.

123.9 Sec. 22. Minnesota Statutes 2016, section 14.19, is amended to read:

123.10 **14.19 DEADLINE TO COMPLETE RULEMAKING.**

123.11 Within 180 days after issuance of the administrative law judge's report or that of the
 123.12 chief administrative law judge, the agency shall submit its notice of adoption, amendment,
 123.13 or repeal to the State Register for publication. If the agency has not submitted its notice to
 123.14 the State Register within 180 days, the rule is automatically withdrawn. The agency may
 123.15 not adopt the withdrawn rules without again following the procedures of sections 14.05 to
 123.16 14.28, with the exception of section 14.101, if the noncompliance is approved by the chief
 123.17 administrative law judge. The agency shall report to the Legislative Coordinating
 123.18 Commission, other appropriate committees of the legislature, and the governor its failure
 123.19 to adopt rules and the reasons for that failure. The 180-day time limit of this section does
 123.20 not include:

123.21 (1) any days used for review by the chief administrative law judge or the commission
 123.22 if the review is required by law; or

123.23 (2) days during which the rule cannot be adopted, because of votes by legislative
 123.24 committees under section 14.126; ~~or.~~

123.25 ~~(3) days during which the rule cannot be adopted because approval of the legislature is~~
 123.26 ~~required under section 14.127.~~

123.27 Sec. 23. Minnesota Statutes 2016, section 14.22, subdivision 1, is amended to read:

123.28 Subdivision 1. **Contents.** (a) ~~Unless an agency proceeds directly to a public hearing on~~
 123.29 ~~a proposed rule and gives the notice prescribed in section 14.14, subdivision 1a, the agency~~
 123.30 ~~shall give notice of its intention to adopt a rule without public hearing. The agency shall~~
 123.31 give the notice required by this section, unless the agency gives notice of a hearing under
 123.32 section 14.14 or a notice under section 14.389, subdivision 2. The agency shall give notice

124.1 ~~must be given~~ of its intention to adopt a rule by publication in the State Register and by
 124.2 United States mail or electronic mail to persons who have registered their names with the
 124.3 agency under section ~~14.14, subdivision 1a~~ 14.105. ~~The mailed notice must include either~~
 124.4 ~~a copy of the proposed rule or an easily readable and understandable description of its nature~~
 124.5 ~~and effect and an announcement that a free copy of the proposed rule is available on request~~
 124.6 ~~from the agency. In addition, each agency shall make reasonable efforts to notify persons~~
 124.7 ~~or classes of persons who may be significantly affected by the rule by giving notice of its~~
 124.8 ~~intention in newsletters, newspapers, or other publications, or through other means of~~
 124.9 ~~communication.~~ The notice in the State Register must include the proposed rule or the
 124.10 amended rule in the form required by the revisor under section 14.07₂; an easily readable
 124.11 and understandable summary of the overall nature and effect of the proposed rule₂; a citation
 124.12 to the most specific statutory authority for the proposed rule₂; a statement that a free copy
 124.13 of the statement of need and reasonableness may be requested from the agency; a statement
 124.14 that persons may register with the agency ~~for the purpose of receiving~~ to receive notice of
 124.15 rule proceedings and ~~notice that a rule has been submitted to the chief administrative law~~
 124.16 ~~judge;~~₂ and other information required by law or rule. When an entire rule is proposed to
 124.17 be repealed, the notice need only state that fact, along with an easily readable and
 124.18 understandable summary of the overall nature of the ~~rules~~ rule proposed for repeal, and a
 124.19 citation to the rule to be repealed. The notice must include a statement advising the public:
 124.20 (1) that the public has at least 30 days in which to submit comment in support of or in
 124.21 opposition to the proposed rule and that comment is encouraged;
 124.22 (2) that each comment should identify the ~~portion~~ part and subpart, if any, of the proposed
 124.23 rule addressed, the reason for the comment, and any change proposed;
 124.24 (3) that the requester is encouraged to propose any change desired;
 124.25 ~~(3)~~ (4) that if 25 or more persons submit a written request for a public hearing within
 124.26 the ~~30-day~~ comment period, a public hearing will be held and the agency will use the process
 124.27 under section 14.14;
 124.28 ~~(4)~~ (5) of the manner in which persons must request a public hearing on the proposed
 124.29 rule, including the requirements contained in section 14.25 relating to a written request for
 124.30 a public hearing; and
 124.31 ~~(5) of the requirements contained in section 14.25 relating to a written request for a~~
 124.32 ~~public hearing, and that the requester is encouraged to propose any change desired;~~
 124.33 (6) that the agency may modify the proposed rule ~~may be modified~~ if the modifications
 124.34 are supported by the data and views submitted; ~~and.~~

125.1 ~~(7) that if a hearing is not required, notice of the date of submission of the proposed rule~~
 125.2 ~~to the chief administrative law judge for review will be mailed to any person requesting to~~
 125.3 ~~receive the notice.~~

125.4 In connection with the statements required in clauses (1) and ~~(3)~~ (4), the notice must
 125.5 also include the date on which the ~~30-day~~ comment period ends. The mailed notice of intent
 125.6 to adopt a rule must be the same as the notice published in the State Register, except that
 125.7 the mailed notice may omit the text of the proposed rule if it includes an announcement of
 125.8 where a copy of the proposed rule may be obtained.

125.9 (b) The chief administrative law judge may authorize an agency to omit from the notice
 125.10 of intent to adopt the text of any proposed rule, the publication of which would be unduly
 125.11 cumbersome, expensive, or otherwise inexpedient if:

125.12 (1) knowledge of the rule is likely to be important to only a small class of persons;

125.13 (2) the notice of intent to adopt states that a free copy of the entire rule is available upon
 125.14 request to the agency; and

125.15 (3) the notice of intent to adopt states in detail the specific subject matter of the omitted
 125.16 rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose
 125.17 and motivation.

125.18 Sec. 24. Minnesota Statutes 2016, section 14.23, is amended to read:

125.19 **14.23 STATEMENT OF NEED AND REASONABLENESS.**

125.20 By the date of the section 14.22 notice, the agency shall prepare a statement of need and
 125.21 reasonableness, which must be available to the public. The statement of need and
 125.22 reasonableness must include the analysis information required in section 14.131. ~~The~~
 125.23 ~~statement must also describe the agency's efforts to provide additional notification under~~
 125.24 ~~section 14.22 to persons or classes of persons who may be affected by the proposed rules~~
 125.25 ~~or must explain why these efforts were not made. For at least 30 days following the notice,~~
 125.26 ~~the agency shall afford the public an opportunity to request a public hearing and to submit~~
 125.27 ~~data and views on the proposed rule in writing.~~

125.28 The agency shall send a copy of the statement of need and reasonableness to the
 125.29 Legislative Reference Library no later than when the notice of intent to adopt is mailed sent.

126.1 Sec. 25. Minnesota Statutes 2016, section 14.25, subdivision 1, is amended to read:

126.2 Subdivision 1. **Requests for hearing.** If, during the ~~30-day~~ period allowed for comment
 126.3 under section 14.22, 25 or more persons submit to the agency a written request for a public
 126.4 hearing of the proposed rule, the agency shall proceed under the provisions of sections 14.14
 126.5 to 14.20. The written request must include:

126.6 (1) the name and address of the person requesting the public hearing; ~~and~~

126.7 (2) ~~the portion or portions~~ part or subpart, if any, of the rule to which the person objects
 126.8 ~~or a statement that the person opposes the entire rule. If not previously published under~~
 126.9 ~~section 14.22, subdivision 2, a notice of the public hearing must be published in the State~~
 126.10 ~~Register and mailed to those persons who submitted a written request for the public hearing.~~
 126.11 ~~Unless the agency has modified the proposed rule, the notice need not include the text of~~
 126.12 ~~the proposed rule but only a citation to the State Register pages where the text appears; and~~

126.13 (3) the reasons for the objection to each portion of the rule identified.

126.14 A written request for a public hearing that does not comply with the requirements of this
 126.15 section is invalid and may not be counted by the agency for purposes of determining whether
 126.16 a public hearing must be held. A written request for a public hearing is not invalid due to
 126.17 failure of the request to correctly identify the portion of the rule to which the person objects
 126.18 if the agency reasonably can determine which portion of the rule is the basis for the objection.

126.19 Sec. 26. Minnesota Statutes 2016, section 14.26, is amended to read:

126.20 **14.26 ADOPTION OF PROPOSED RULE; SUBMISSION TO ADMINISTRATIVE**
 126.21 **LAW JUDGE.**

126.22 Subdivision 1. **Submission.** If no hearing is required, the agency shall submit to an
 126.23 administrative law judge assigned by the chief administrative law judge the proposed rule
 126.24 and notice as published, the rule as adopted, any written comments received by the agency,
 126.25 and a statement of need and reasonableness for the rule. The agency shall give notice to all
 126.26 persons who requested to be informed that these materials have been submitted to the
 126.27 administrative law judge. This notice must be given on the same day that the record is
 126.28 submitted. If the proposed rule has been modified, the notice must state that fact, and must
 126.29 also state that a free copy of the proposed rule, as modified, is available upon request from
 126.30 the agency. The rule and these materials must be submitted to the administrative law judge
 126.31 within 180 days of the day that the comment period for the rule is over or the rule is
 126.32 automatically withdrawn. The agency may not adopt the withdrawn rules without again
 126.33 following the procedures of sections 14.05 to 14.28, with the exception of section 14.101,

127.1 if the noncompliance is approved by the chief administrative law judge. The agency shall
 127.2 report its failure to adopt the rules and the reasons for that failure to the Legislative
 127.3 Coordinating Commission, other appropriate legislative committees, and the governor.

127.4 ~~Subd. 2. **Resubmission.** Even if the 180-day period expires while the administrative~~
 127.5 ~~law judge reviews the rule, if the administrative law judge rejects the rule, the agency may~~
 127.6 ~~resubmit it after taking corrective action. The resubmission must occur within 30 days of~~
 127.7 ~~when the agency receives written notice of the disapproval. If the rule is again disapproved,~~
 127.8 ~~the rule is withdrawn. An agency may resubmit at any time before the expiration of the~~
 127.9 ~~180-day period. If the agency withholds some of the proposed rule, it may not adopt the~~
 127.10 ~~withheld portion without again following the procedures of sections 14.14 to 14.28.~~

127.11 Subd. 3. **Review.** ~~(a)~~ Within 14 days of receiving a submission under subdivision 1, the
 127.12 administrative law judge shall approve or disapprove the rule as to its legality and its form
 127.13 to the extent that the form relates to legality, including the issues of whether the rule if
 127.14 modified is substantially different, as determined under section 14.05, subdivision 2, from
 127.15 the rule as originally proposed, whether the agency has the authority to adopt the rule, and
 127.16 whether the record demonstrates a rational basis for the need for and reasonableness of the
 127.17 proposed rule. ~~If the rule is approved, the administrative law judge shall promptly file four~~
 127.18 ~~paper copies or an electronic copy of the adopted rule in the Office of the Secretary of State.~~
 127.19 ~~The secretary of state shall forward one copy of each rule to the revisor of statutes, to the~~
 127.20 ~~agency, and to the governor.~~ If the rule is disapproved, the administrative law judge shall
 127.21 state in writing the reasons for the disapproval and make recommendations to overcome
 127.22 the defects.

127.23 Subd. 3b. **Harmless error.** The administrative law judge shall disregard any error or
 127.24 defect in the proceeding due to the agency's failure to satisfy any procedural requirements
 127.25 imposed by law or rule if the administrative law judge finds:

127.26 (1) that the failure did not deprive any person or entity of an opportunity to participate
 127.27 meaningfully in the rulemaking process; or

127.28 (2) that the agency has taken corrective action to cure the error or defect so that the
 127.29 failure did not deprive any person or entity of an opportunity to participate meaningfully
 127.30 in the rulemaking process.

127.31 Subd. 3c. **Correction of defects.** ~~(b)~~ (a) The written disapproval must be submitted to
 127.32 the chief administrative law judge for approval. If the chief administrative law judge approves
 127.33 of the findings of the administrative law judge, the chief administrative law judge shall send
 127.34 the statement of the reasons for disapproval of the rule to the agency, the Legislative

128.1 Coordinating Commission, the house of representatives and senate policy committees with
 128.2 primary jurisdiction over state governmental operations, and the revisor of statutes and
 128.3 advise the agency and the revisor of statutes of actions that will correct the defects. The rule
 128.4 may not be filed in the Office of the Secretary of State, nor be published, until the chief
 128.5 administrative law judge determines that the defects have been corrected or, if applicable,
 128.6 that the agency has satisfied the rule requirements for the adoption of a substantially different
 128.7 rule.

128.8 (b) The agency may resubmit the disapproved rule under paragraph (a) to the chief
 128.9 administrative law judge after correcting the defects. If the 180-day period expires while
 128.10 the chief administrative law judge is reviewing the rule, the agency may resubmit the rule
 128.11 within 30 days of the date the agency received written notice of disapproval. In all other
 128.12 cases, the agency may resubmit the rule at any time before the expiration of the 180-day
 128.13 period in subdivision 1. If the resubmitted rule is disapproved by the chief administrative
 128.14 law judge, the rule is withdrawn. If the agency does not resubmit a portion of the rule, it
 128.15 may not adopt that portion of the rule without again following the procedures of sections
 128.16 14.14 to 14.28.

128.17 Subd. 3d. **Need or reasonableness not established.** (e) If the chief administrative law
 128.18 judge determines that the need for or reasonableness of the rule has not been established,
 128.19 and if the agency does not elect to follow the suggested actions of the chief administrative
 128.20 law judge to correct that defect, then the agency shall submit the proposed rule to the
 128.21 Legislative Coordinating Commission and to the house of representatives and senate policy
 128.22 committees with primary jurisdiction over state governmental operations for advice and
 128.23 comment. The agency may not adopt the rule until it has received and considered the advice
 128.24 of the commission and committees. However, the agency need not wait for advice for more
 128.25 than 60 days after the commission and committees have received the agency's submission.

128.26 ~~(d) The administrative law judge shall disregard any error or defect in the proceeding~~
 128.27 ~~due to the agency's failure to satisfy any procedural requirements imposed by law or rule~~
 128.28 ~~if the administrative law judge finds:~~

128.29 ~~(1) that the failure did not deprive any person or entity of an opportunity to participate~~
 128.30 ~~meaningfully in the rulemaking process; or~~

128.31 ~~(2) that the agency has taken corrective action to cure the error or defect so that the~~
 128.32 ~~failure did not deprive any person or entity of an opportunity to participate meaningfully~~
 128.33 ~~in the rulemaking process.~~

129.1 ~~Subd. 3a. **Filing.** If the rule is approved, the administrative law judge shall promptly~~
 129.2 ~~file four paper copies or an electronic copy of the adopted rule in the Office of the Secretary~~
 129.3 ~~of State. The secretary of state shall forward one copy of each rule to the revisor of statutes,~~
 129.4 ~~to the agency, and to the governor.~~

129.5 ~~Subd. 4. **Costs.** The Office of Administrative Hearings shall assess an agency for the~~
 129.6 ~~actual cost of processing rules under this section. Each agency shall include in its budget~~
 129.7 ~~money to pay the assessment. Receipts from the assessment must be deposited in the~~
 129.8 ~~administrative hearings account created in section 14.54.~~

129.9 Subd. 5. **Filing.** If the rule is approved, the chief administrative law judge shall promptly
 129.10 file four paper copies or an electronic copy of it in the Office of the Secretary of State. The
 129.11 secretary of state shall forward one copy of the rule to the revisor of statutes, one copy to
 129.12 the agency, and one copy to the governor.

129.13 Subd. 6. **Costs.** The Office of Administrative Hearings shall assess an agency for the
 129.14 actual cost of processing rules under this section. Each agency shall include in its budget
 129.15 money to pay the assessment. Receipts from the assessment must be deposited in the
 129.16 administrative hearings account created in section 14.54.

129.17 Sec. 27. Minnesota Statutes 2016, section 14.27, is amended to read:

129.18 **14.27 PUBLICATION OF ADOPTED RULE; EFFECTIVE DATE.**

129.19 (a) Except as provided in paragraph (b), the rule is effective upon after publication of
 129.20 the notice of adoption in the State Register in the same manner as provided for adopted
 129.21 rules in section 14.18.

129.22 (b) A rule is effective after publication of the notice of adoption in the State Register
 129.23 and after approval by law in the same manner as provided for adopted rules in section 14.18,
 129.24 if any of the following applies:

129.25 (1) the rule is enacted without a specific authorization of rulemaking to enact rules to
 129.26 implement a specific statute section;

129.27 (2) a sanction or penalty can be imposed for failure to comply with the rule; or

129.28 (3) the regulating agency has the authority to adjudicate a dispute with a regulated entity
 129.29 about enforcement of or violation of the rule.

129.30 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 129.31 applies to rules for which a notice of adoption is published on or after that date.

130.1 Sec. 28. Minnesota Statutes 2016, section 14.365, is amended to read:

130.2 **14.365 OFFICIAL RULEMAKING RECORD.**

130.3 The agency shall maintain the official rulemaking record for every rule adopted under
 130.4 sections 14.05 to ~~14.389~~ 14.3895. The record must be available for public inspection. The
 130.5 record required by this section constitutes the official and exclusive agency rulemaking
 130.6 record with respect to agency action on or judicial review of the rule. The record must
 130.7 contain:

130.8 (1) copies of all publications in the State Register pertaining to the rule;

130.9 (2) all written petitions, and all requests, submissions, or comments received by the
 130.10 agency or the administrative law judge after publication of the notice of intent to adopt or
 130.11 the notice of hearing in the State Register pertaining to the rule;

130.12 (3) the statement of need and reasonableness for the rule;

130.13 (4) any report prepared by the peer review panel pursuant to section 14.129;

130.14 ~~(4)~~ (5) the official transcript of the hearing if one was held, or the tape recording of the
 130.15 hearing if a transcript was not prepared;

130.16 ~~(5)~~ (6) the report of the administrative law judge, if any;

130.17 ~~(6)~~ (7) the rule in the form last submitted to the administrative law judge under sections
 130.18 14.14 to 14.20 or first submitted to the administrative law judge under sections 14.22 to
 130.19 14.28;

130.20 ~~(7)~~ (8) the administrative law judge's written statement of required modifications and
 130.21 of approval or disapproval by the chief administrative law judge, if any;

130.22 ~~(8)~~ (9) any documents required by applicable rules of the Office of Administrative
 130.23 Hearings;

130.24 ~~(9)~~ (10) the agency's order adopting the rule;

130.25 ~~(10)~~ (11) the revisor's certificate approving the form of the rule; and

130.26 ~~(11)~~ (12) a copy of the adopted rule as filed with the secretary of state.

130.27 Sec. 29. Minnesota Statutes 2016, section 14.381, subdivision 3, is amended to read:

130.28 Subd. 3. **Costs.** The agency is liable for all Office of Administrative Hearings costs
 130.29 associated with review of the petition. If the administrative law judge rules in favor of the
 130.30 agency, the agency may recover all or a portion of the costs from the petitioner unless the

131.1 petitioner is entitled to proceed in forma pauperis under section 563.01 or the administrative
 131.2 law judge determines that the petition was brought in good faith and that an assessment of
 131.3 the costs would constitute an undue hardship for the petitioner. ~~If an agency has reason to~~
 131.4 ~~believe it will prevail in the consideration of a petition, and that an effort to recover costs~~
 131.5 ~~from the petitioner will be unsuccessful, it may request the chief administrative law judge~~
 131.6 ~~to require the petitioner to provide bond or a deposit to the agency in an amount the chief~~
 131.7 ~~administrative law judge estimates will be the cost to the Office of Administrative Hearings~~
 131.8 ~~to review the petition.~~

131.9 Sec. 30. Minnesota Statutes 2016, section 14.388, subdivision 1, is amended to read:

131.10 Subdivision 1. **Requirements.** If an agency for good cause finds that the rulemaking
 131.11 provisions of this chapter are unnecessary, impracticable, or contrary to the public interest
 131.12 when adopting, amending, or repealing a rule to:

131.13 (1) address a serious and immediate threat to the public health, safety, or welfare;

131.14 (2) comply with a court order or a requirement in federal law in a manner that does not
 131.15 allow for compliance with sections 14.14 to 14.28;

131.16 (3) incorporate specific changes set forth in applicable statutes when no interpretation
 131.17 of law is required; or

131.18 (4) make changes that do not alter the sense, meaning, or effect of a rule,

131.19 the agency may adopt, amend, or repeal the rule after satisfying the requirements of
 131.20 subdivision 2 and section 14.386, paragraph (a), clauses (1) to (4). The agency shall
 131.21 incorporate its findings and a brief statement of its supporting reasons in its order adopting,
 131.22 amending, or repealing the rule.

131.23 After considering the agency's statement and any comments received, the Office of
 131.24 Administrative Hearings shall determine whether the agency has provided adequate
 131.25 justification for its use of this section.

131.26 Rules adopted, amended, or repealed under ~~clauses~~ clause (1) ~~and (2)~~ are effective for
 131.27 a period of two years from the date of publication of the rule in the State Register.

131.28 Rules adopted, amended, or repealed under clause (2), (3), or (4) are effective upon
 131.29 publication in the State Register.

132.1 Sec. 31. Minnesota Statutes 2016, section 14.388, subdivision 2, is amended to read:

132.2 Subd. 2. **Notice.** An agency proposing to adopt, amend, or repeal a rule under this section
 132.3 must give notice to the chairs and ranking minority members of the legislative policy and
 132.4 budget committees with jurisdiction over the subject matter of the proposed rules and to
 132.5 the Legislative Coordinating Commission, must give electronic notice of its intent in
 132.6 accordance with section 16E.07, subdivision 3, and must give notice by United States mail
 132.7 or electronic mail to persons who have registered their names with the agency under section
 132.8 14.14, subdivision 1a. The notice must be given no later than the date the agency submits
 132.9 the proposed rule to the Office of Administrative Hearings for review of its legality and
 132.10 must include:

132.11 (1) the proposed rule, amendment, or repeal;

132.12 (2) an explanation of why the rule meets the requirements of the good cause exemption
 132.13 under subdivision 1; and

132.14 (3) a statement that interested parties have five business days after the date of the notice
 132.15 to submit comments to the Office of Administrative Hearings.

132.16 Sec. 32. Minnesota Statutes 2016, section 14.389, subdivision 3, is amended to read:

132.17 Subd. 3. **Adoption.** (a) The agency may modify a proposed rule if the modifications do
 132.18 not result in a substantially different rule, as defined in section 14.05, subdivision 2,
 132.19 paragraphs (b) and (c). If the final rule is identical to the rule originally published in the
 132.20 State Register, the agency must publish a notice of adoption in the State Register. If the
 132.21 final rule is different from the rule originally published in the State Register, the agency
 132.22 must publish a copy of the changes in the State Register. The agency must also file a copy
 132.23 of the rule with the governor. ~~The rule is effective upon publication in the State Register.~~

132.24 (b) Except as provided in paragraph (c), the rule is effective upon publication in the
 132.25 State Register.

132.26 (c) The rule is effective upon publication of the notice of adoption if it has been approved
 132.27 by a law enacted after publication of the notice of adoption, if any of the following applies:

132.28 (1) the rule is enacted without a specific authorization of rulemaking to enact rules to
 132.29 implement a specific statute section;

132.30 (2) a sanction or penalty can be imposed for failure to comply with the rule; or

132.31 (3) the regulating agency has the authority to adjudicate a dispute with a regulated entity
 132.32 about enforcement of or violation of the rule.

133.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
133.2 applies to rules for which a notice of adoption is published on or after that date.

133.3 Sec. 33. Minnesota Statutes 2016, section 14.44, is amended to read:

133.4 **14.44 DETERMINATION OF VALIDITY OF RULE.**

133.5 (a) The validity of any rule, or the validity of any agency policy, guideline, bulletin,
133.6 criterion, manual standard, or similar pronouncement that the petitioner believes is a rule
133.7 as defined in section 14.02, subdivision 4, may be determined upon the petition for a
133.8 declaratory judgment thereon, addressed to the Court of Appeals, when it appears that the
133.9 rule or pronouncement, or its threatened application, interferes with or impairs, or threatens
133.10 to interfere with or impair the legal rights or privileges of the petitioner. The agency shall
133.11 be made a party to the proceeding. The declaratory judgment may be rendered whether or
133.12 not the petitioner has first requested the agency to pass upon the validity of the rule in
133.13 question, whether or not the petitioner has petitioned the Office of Administrative Hearings
133.14 under section 14.381, and whether or not the agency has commenced an action against the
133.15 petitioner to enforce the rule.

133.16 (b) If the subject of the petition is an agency policy, guideline, bulletin, criterion, manual
133.17 standard, or similar pronouncement, the agency must cease enforcement of the
133.18 pronouncement upon filing of the petition until the Court of Appeals rules on the matter.
133.19 The agency is liable for all costs associated with review of the petition. If the Court of
133.20 Appeals rules in favor of the agency, the agency may recover all or a portion of the cost
133.21 from the petitioner unless the petitioner is entitled to proceed in a forma pauperis under
133.22 section 563.01, or the court determines that the petition was brought in good faith or the
133.23 assessment of the costs would constitute an undue hardship for the petitioner.

133.24 Sec. 34. Minnesota Statutes 2016, section 14.45, is amended to read:

133.25 **14.45 RULE DECLARED INVALID.**

133.26 In proceedings under section 14.44, the court shall declare the rule or agency policy,
133.27 guideline, bulletin, criterion, manual standard, or similar pronouncement invalid if it finds
133.28 that it violates constitutional provisions or exceeds the statutory authority of the agency or
133.29 if the rule was adopted or the policy, guideline, bulletin, criterion, manual standard, or
133.30 similar pronouncement was improperly implemented without compliance with statutory
133.31 rulemaking procedures. Any party to proceedings under section 14.44, including the agency,
133.32 may appeal an adverse decision of the Court of Appeals to the Supreme Court as in other
133.33 civil cases.

134.1 Sec. 35. Minnesota Statutes 2016, section 14.51, is amended to read:

134.2 **14.51 PROCEDURAL RULES.**

134.3 The chief administrative law judge shall adopt rules to govern: (1) the procedural conduct
 134.4 of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings,
 134.5 contested case hearings, and workers' compensation hearings, and to govern the conduct of
 134.6 voluntary mediation sessions for rulemaking and contested cases other than those within
 134.7 the jurisdiction of the Bureau of Mediation Services; and (2) the review of rules adopted
 134.8 without a public hearing. The chief administrative law judge may adopt rules to govern the
 134.9 procedural conduct of other hearings conducted by the Office of Administrative Hearings.
 134.10 The procedural rules shall be binding upon all agencies and shall supersede any other agency
 134.11 procedural rules with which they may be in conflict. The procedural rules shall include in
 134.12 addition to normal procedural matters provisions relating to the procedure to be followed
 134.13 when the proposed final rule of an agency is substantially different, as determined under
 134.14 section 14.05, subdivision 2, from that which was proposed. The procedural rules shall
 134.15 establish a procedure whereby the proposed final rule of an agency shall be reviewed by
 134.16 the chief administrative law judge on the issue of whether the proposed final rule of the
 134.17 agency is substantially different than that which was proposed or failure of the agency to
 134.18 meet the requirements of chapter 14. The rules must also provide: (1) an expedited procedure,
 134.19 consistent with section 14.001, clauses (1) to (5), for the adoption of substantially different
 134.20 rules by agencies; and (2) a procedure to allow an agency to receive prior binding approval
 134.21 of its plan regarding the additional notice contemplated under sections 14.101, 14.131,
 134.22 14.14, 14.22, ~~and 14.23,~~ and 14.389. Upon the chief administrative law judge's own initiative
 134.23 or upon written request of an interested party, the chief administrative law judge may issue
 134.24 a subpoena for the attendance of a witness or the production of books, papers, records or
 134.25 other documents as are material to any matter being heard by the Office of Administrative
 134.26 Hearings. The subpoenas shall be enforceable through the district court in the district in
 134.27 which the subpoena is issued.

134.28 Sec. 36. Minnesota Statutes 2016, section 14.57, is amended to read:

134.29 **14.57 INITIATION; DECISION; AGREEMENT TO ARBITRATE.**

134.30 (a) An agency shall initiate a contested case proceeding when one is required by law.
 134.31 ~~Unless otherwise provided by law, An agency shall decide~~ submit a contested case ~~only to~~
 134.32 the Office of Administrative Hearings for disposition in accordance with the contested case
 134.33 procedures of the Administrative Procedure Act. Upon initiation of a contested case

135.1 proceeding, ~~an agency may, by order, provide that~~ the report or order of the administrative
 135.2 law judge constitutes the final decision in the case.

135.3 (b) As an alternative to initiating or continuing with a contested case proceeding, the
 135.4 parties, subsequent to agency approval, may enter into a written agreement to submit the
 135.5 issues raised to arbitration by an administrative law judge according to sections 572B.01
 135.6 to 572B.31.

135.7 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to contested
 135.8 cases initiated on or after that date.

135.9 Sec. 37. **[14.605] AFFIRMATIVE DEFENSE.**

135.10 In a contested case or any other action to enforce a rule or to sanction or penalize a
 135.11 person for violation of a rule, a person shall have an affirmative defense if the person shows
 135.12 by a preponderance of the evidence that the cost for the person to comply with the rule
 135.13 exceeds \$50,000.

135.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 135.15 applies to rules for which a notice of adoption is published on or after that date.

135.16 Sec. 38. **MINNESOTA ADMINISTRATIVE RULES STATUS SYSTEM (MARSS)**
 135.17 **WORKING GROUP.**

135.18 Subdivision 1. **Creation.** The MARSS working group consists of the following nine
 135.19 members:

135.20 (1) the chief judge of the Office of Administrative Hearings, or a designee;

135.21 (2) the secretary of state, or a designee;

135.22 (3) a representative from the Interagency Rules Committee (IRC) appointed by the
 135.23 committee;

135.24 (4) a representative from each of the following agencies with rulemaking experience
 135.25 appointed by the appropriate commissioner:

135.26 (i) the Department of Health;

135.27 (ii) the Minnesota Pollution Control Agency;

135.28 (iii) the Department of Transportation; and

135.29 (iv) the Department of Labor and Industry;

135.30 (5) as designated by the IRC, a representative from a health-related board; and

136.1 (6) as designated by the IRC, a representative from a non-health-related board.

136.2 Subd. 2. **MARSS description.** The Minnesota Administrative Rules Status System
136.3 (MARSS) is a concept for a new software application. The application would be built and
136.4 maintained by the Revisor's Office. Executive branch agencies and others would upload
136.5 official rulemaking record documents to the system. The goal is to improve public access,
136.6 security, preservation, and transparency of state agencies' official rulemaking records through
136.7 the creation of a single online records system. The system would serve as a single Internet
136.8 location for the public to track rulemaking progress and access the official rulemaking
136.9 record. Agencies would fulfill their requirement to maintain and preserve the official
136.10 rulemaking record by submitting required documents to the revisor for inclusion in the
136.11 online records system.

136.12 Subd. 3. **Duties.** The working group must report by February 1, 2018, to the chairs and
136.13 ranking minority members of the committees in the house of representatives and senate
136.14 with jurisdiction over policy and finance for the legislature. The report must identify the
136.15 functional and nonfunctional requirements of the MARSS system. The working group must
136.16 define a funding mechanism to share the cost to build and maintain the MARSS system
136.17 among state agencies and departments.

136.18 Subd. 4. **Administration provisions.** (a) The revisor of statutes or the revisor's designee
136.19 must convene the initial meeting of the working group by August 1, 2017. Upon request of
136.20 the working group, the revisor must provide meeting space and administrative services for
136.21 the group.

136.22 (b) The working group must elect a chair from among its members at the first meeting.

136.23 (c) Members serve without compensation and without reimbursement for expenses.

136.24 (d) The working group expires on February 1, 2018, or upon submission of documents
136.25 fulfilling its duties, whichever is earlier.

136.26 Subd. 5. **Deadline for appointments and designations.** The appointments and
136.27 designations authorized by this section must be completed by July 1, 2017.

136.28 Sec. 39. **REVISOR'S INSTRUCTION.**

136.29 By January 15, 2018, the revisor of statutes shall present a bill to the legislature to make
136.30 the conforming statutory changes to incorporate changes in this article to the contested case
136.31 procedures under Minnesota Statutes, section 14.57.

137.1 Sec. 40. **REPEALER.**

137.2 Minnesota Statutes 2016, section 14.05, subdivision 5, is repealed.

137.3 Sec. 41. **EFFECTIVE DATE; APPLICATION.**

137.4 Except where otherwise provided, this article is effective August 1, 2017, and applies
 137.5 to rules for which a notice of hearing under Minnesota Statutes, section 14.14; a notice of
 137.6 intent to adopt under Minnesota Statutes, section 14.22; or a dual notice under Minnesota
 137.7 Statutes, section 14.225, is published in the State Register on or after that date.

137.8 **ARTICLE 5**

137.9 **MILITARY AFFAIRS AND VETERANS AFFAIRS**

137.10 Section 1. Minnesota Statutes 2016, section 190.19, subdivision 2, is amended to read:

137.11 Subd. 2. **Uses.** (a) Money appropriated from the Minnesota "Support Our Troops" account
 137.12 to the Department of Military Affairs may be used for:

137.13 (1) grants directly to eligible individuals;

137.14 (2) grants to one or more eligible foundations for the purpose of making grants to eligible
 137.15 individuals, as provided in this section;

137.16 (3) veterans' services; or

137.17 (4) grants to family readiness groups chartered by the adjutant general.

137.18 (b) As used in paragraph (a), the term "eligible individual" includes any person who is:

137.19 (1) a member in good standing of the Minnesota National Guard or a reserve unit based
 137.20 in Minnesota ~~who has been called to active service as defined in section 190.05, subdivision~~
 137.21 ~~5;~~

137.22 (2) a Minnesota resident who is a member of a military reserve unit not based in
 137.23 Minnesota, if the member is called to active service as defined in section 190.05, subdivision
 137.24 5;

137.25 (3) any other Minnesota resident performing active service for any branch of the military
 137.26 of the United States;

137.27 (4) a person who honorably served in one of the capacities listed in clause (1), (2), or
 137.28 (3) who has current financial needs ~~directly related to that service;~~ and

137.29 (5) a member of the immediate family of an individual identified in clause (1), (2), (3),
 137.30 or (4). For purposes of this clause, "immediate family" means the individual's spouse and

138.1 minor children and, if they are dependents of the member of the military, the member's
 138.2 parents, grandparents, siblings, stepchildren, and adult children.

138.3 (c) As used in paragraph (a), the term "eligible foundation" includes any organization
 138.4 that:

138.5 (1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;

138.6 (2) has articles of incorporation under chapter 317A specifying the purpose of the
 138.7 organization as including the provision of financial assistance to members of the Minnesota
 138.8 National Guard and other United States armed forces reserves and their families and
 138.9 survivors; and

138.10 (3) agrees in writing to distribute any grant money received from the adjutant general
 138.11 under this section to eligible individuals as defined in this section and in accordance with
 138.12 any written policies and rules the adjutant general may impose as conditions of the grant to
 138.13 the foundation.

138.14 (d) The maximum grant awarded to an eligible individual under paragraph (a) in a
 138.15 calendar year with funds from the Minnesota "Support Our Troops" account, either through
 138.16 an eligible institution or directly from the adjutant general, may not exceed ~~\$2,000~~ \$4,000.

138.17 Sec. 2. Minnesota Statutes 2016, section 190.19, subdivision 2a, is amended to read:

138.18 Subd. 2a. **Uses; veterans.** (a) Money appropriated to the Department of Veterans Affairs
 138.19 from the Minnesota "Support Our Troops" account may be used for:

138.20 (1) grants to veterans service organizations;

138.21 (2) outreach to underserved veterans;

138.22 (3) providing services and programs for veterans and their families;

138.23 (4) transfers to the vehicle services account for Gold Star license plates under section
 138.24 168.1253;

138.25 (5) grants of up to \$100,000 to any organization approved by the commissioner of
 138.26 veterans affairs for the purpose of supporting and improving the lives of veterans and their
 138.27 families; ~~and~~

138.28 (6) grants to an eligible foundation; and

138.29 (7) the agency's uncompensated burial costs for eligible dependents to whom the
 138.30 commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant
 138.31 to section 197.236, subdivision 9, paragraph (b).

139.1 (b) For purposes of this subdivision, "eligible foundation" includes any organization
139.2 that:

139.3 (1) is a tax-exempt organization under section 501(c) of the Internal Revenue Code; and

139.4 (2) is a nonprofit corporation under chapter 317A and the organization's articles of
139.5 incorporation specify that a purpose of the organization includes: (i) providing assistance
139.6 to veterans and their families; or (ii) enhancing the lives of veterans and their families.

139.7 Sec. 3. Minnesota Statutes 2016, section 196.05, subdivision 1, is amended to read:

139.8 Subdivision 1. **General duties.** The commissioner shall:

139.9 (1) act as the agent of a resident of the state having a claim against the United States for
139.10 benefits arising out of or by reason of service in the armed forces and prosecute the claim
139.11 without charge;

139.12 (2) act as custodian of veterans' bonus records;

139.13 (3) administer the laws relating to the providing of bronze flag holders at veterans' graves
139.14 for memorial purposes;

139.15 (4) administer the laws relating to recreational or rest camps for veterans so far as
139.16 applicable to state agencies;

139.17 (5) administer the state soldiers' assistance fund and veterans' relief fund and other funds
139.18 appropriated for the payment of bonuses or other benefits to veterans or for the rehabilitation
139.19 of veterans;

139.20 (6) cooperate with national, state, county, municipal, and private social agencies in
139.21 securing to veterans and their dependents the benefits provided by national, state, and county
139.22 laws, municipal ordinances, or public and private social agencies;

139.23 (7) provide necessary assistance where other adequate aid is not available to the dependent
139.24 family of a veteran while the veteran is hospitalized and after the veteran is released for as
139.25 long a period as is necessary as determined by the commissioner;

139.26 (8) cooperate with United States governmental agencies providing compensation,
139.27 pensions, insurance, or other benefits provided by federal law, by supplementing the benefits
139.28 prescribed therein, when conditions in an individual case make it necessary;

139.29 (9) assist dependent family members of military personnel who are called from reserve
139.30 status to extended federal active duty during a time of war or national emergency through
139.31 the state soldiers' assistance fund provided by section 197.03;

140.1 (10) exercise other powers as may be authorized and necessary to carry out the provisions
 140.2 of this chapter and chapter 197, consistent with that chapter; ~~and~~

140.3 (11) provide information, referral, and counseling services to those veterans who may
 140.4 have suffered adverse health conditions as a result of possible exposure to chemical agents;
 140.5 and

140.6 (12) in coordination with the Minnesota Association of County Veterans Service Officers,
 140.7 develop a written disclosure statement for use by private providers of veterans benefits
 140.8 services as required under section 197.6091. At a minimum, the written disclosure statement
 140.9 shall include a signature line, contact information for the department, and a statement that
 140.10 veterans benefits services are offered at no cost by federally chartered veterans service
 140.11 organizations and by county veterans service officers.

140.12 Sec. 4. Minnesota Statutes 2016, section 197.236, subdivision 9, is amended to read:

140.13 Subd. 9. **Burial fees.** (a) The commissioner of veterans affairs shall establish a fee
 140.14 schedule, which may be adjusted from time to time, for the interment of eligible spouses
 140.15 and dependent children. The fees shall cover as nearly as practicable the actual costs of
 140.16 interment, excluding the value of the plot.

140.17 (b) Upon application, the commissioner may waive or reduce the burial fee in the case
 140.18 of for an indigent eligible person. The commissioner shall develop a policy, eligibility
 140.19 standards, and application form for requests to waive or reduce the burial fee to indigent
 140.20 eligible applicants.

140.21 (c) No plot or interment fees may be charged for the burial of service members who die
 140.22 on active duty or eligible veterans, as defined in United States Code, title 38, section 101,
 140.23 paragraph (2).

140.24 Sec. 5. [197.6091] VETERANS BENEFITS SERVICES; DISCLOSURE
 140.25 REQUIREMENTS.

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

140.28 (b)(1) "Advertising" or "advertisement" means any of the following:

140.29 (i) any written or printed communication made for the purpose of soliciting business for
 140.30 veterans benefits appeal services, including but not limited to a brochure, letter, pamphlet,
 140.31 newspaper, telephone listing, periodical, or other writing;

141.1 (ii) any directory listing caused or permitted by a person and made available by that
141.2 person indicating that veterans benefits appeal services are being offered; or

141.3 (iii) any radio, television, computer network, or similar airwave or electronic transmission
141.4 that solicits business for or promotes a person offering veterans benefits appeal services.

141.5 (2) "Advertising" or "advertisement" does not include any of the following:

141.6 (i) any printing or writing used on buildings, uniforms, or badges, where the purpose of
141.7 the writing is for identification; or

141.8 (ii) any printing or writing in a memorandum or other communication used in the ordinary
141.9 course of business where the sole purpose of the writing is other than soliciting business
141.10 for veterans benefits appeal services.

141.11 (c) "Veterans benefits appeal services" means services that a veteran might reasonably
141.12 require in order to appeal a denial of federal or state veterans benefits, including but not
141.13 limited to denials of disability, limited income, home loan, insurance, education and training,
141.14 burial and memorial, and dependent and survivor benefits.

141.15 (d) "Veterans benefits services" means services that a veteran or a family member of a
141.16 veteran might reasonably use in order to obtain federal, state, or county veterans benefits.

141.17 (e) "Written disclosure statement" means the written disclosure statement developed by
141.18 the commissioner of veterans affairs pursuant to section 196.05, subdivision 1.

141.19 Subd. 2. **Advertising disclosure requirements.** A person advertising veterans benefits
141.20 appeal services must conspicuously disclose in the advertisement, in similar type size or
141.21 voice-over, that veterans benefits appeal services are also offered at no cost by county
141.22 veterans service officers under sections 197.603 and 197.604.

141.23 Subd. 3. **Veterans benefits services disclosure requirements.** A person who provides
141.24 veterans benefits services in exchange for compensation shall provide a written disclosure
141.25 statement to each client or prospective client. Before a person enters into an agreement to
141.26 provide veterans benefits services or accepts money or any other thing of value for the
141.27 provision of veterans benefits services, the person must obtain the signature of the client
141.28 on a written disclosure statement containing an attestation by the client that the client has
141.29 read and understands the written disclosure statement.

141.30 Subd. 4. **Violations; penalties.** A person who fails to comply with this section is subject
141.31 to a civil penalty not to exceed \$1,000 for each violation. Civil penalties shall be assessed
141.32 by the district court in an action initiated by the attorney general. For the purposes of
141.33 computing the amount of each civil penalty, each day of a continuing violation constitutes

142.1 a separate violation. Additionally, the attorney general may accept a civil penalty as
142.2 determined by the attorney general in settlement of an investigation of a violation of this
142.3 section regardless of whether an action has been filed under this section. Any civil penalty
142.4 recovered shall be deposited in the Support Our Troops account established under section
142.5 190.19.

142.6 Subd. 5. **Nonapplicability.** This section does not apply to the owner or personnel of any
142.7 medium in which an advertisement appears or through which an advertisement is
142.8 disseminated.

142.9 Sec. 6. Minnesota Statutes 2016, section 197.791, subdivision 2, is amended to read:

142.10 Subd. 2. **Program established.** The Minnesota GI Bill program is established to provide
142.11 postsecondary educational assistance, apprenticeship and on-the-job training benefits, and
142.12 other professional and educational benefits to eligible Minnesota veterans and to the children
142.13 and spouses of deceased and severely disabled Minnesota veterans.

142.14 The commissioner, in cooperation with eligible postsecondary educational institutions,
142.15 shall administer the program for the purpose of providing postsecondary educational
142.16 assistance to eligible persons in accordance with this section. Each public postsecondary
142.17 educational institution in the state must participate in the program and each private
142.18 postsecondary educational institution in the state is encouraged to participate in the program.
142.19 Any participating private institution may suspend or terminate its participation in the program
142.20 at the end of any semester or other academic term.

142.21 Sec. 7. Minnesota Statutes 2016, section 197.791, subdivision 3, is amended to read:

142.22 Subd. 3. **Duties; responsibilities.** (a) The commissioner shall establish policies and
142.23 procedures including, but not limited to, procedures for student application record keeping,
142.24 information sharing, payment of educational assistance benefits under subdivision 5, payment
142.25 of apprenticeship or on-the-job training benefits under subdivision 5a, payment of other
142.26 educational or professional benefits under subdivision 5, and other procedures the
142.27 commissioner considers appropriate and necessary for effective and efficient administration
142.28 of the program established in this section.

142.29 (b) The commissioner may delegate part or all of the administrative procedures for the
142.30 program to responsible representatives of participating eligible institutions. The commissioner
142.31 may execute an interagency agreement with the Minnesota Office of Higher Education for
142.32 services the commissioner determines necessary to administer the program.

143.1 Sec. 8. Minnesota Statutes 2016, section 197.791, subdivision 4, is amended to read:

143.2 Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under ~~this section~~
143.3 subdivisions 5 and 5a if:

143.4 (1) the person is:

143.5 (i) a veteran who is serving or has served honorably in any branch or unit of the United
143.6 States armed forces at any time;

143.7 (ii) a nonveteran who has served honorably for a total of five years or more cumulatively
143.8 as a member of the Minnesota National Guard or any other active or reserve component of
143.9 the United States armed forces, and any part of that service occurred on or after September
143.10 11, 2001;

143.11 (iii) the surviving spouse or child of a person who has served in the military and who
143.12 has died as a direct result of that military service, only if the surviving spouse or child is
143.13 eligible to receive federal education benefits under United States Code, title 38, chapter 33,
143.14 as amended, or United States Code, title 38, chapter 35, as amended; or

143.15 (iv) the spouse or child of a person who has served in the military at any time and who
143.16 has a total and permanent service-connected disability as rated by the United States Veterans
143.17 Administration, only if the spouse or child is eligible to receive federal education benefits
143.18 under United States Code, title 38, chapter 33, as amended, or United States Code, title 38,
143.19 chapter 35, as amended; and

143.20 (2) the person receiving the educational assistance is a Minnesota resident, as defined
143.21 in section 136A.101, subdivision 8; and

143.22 (3) the person receiving the educational assistance:

143.23 (i) is an undergraduate or graduate student at an eligible institution;

143.24 (ii) is maintaining satisfactory academic progress as defined by the institution for students
143.25 participating in federal Title IV programs;

143.26 (iii) is enrolled in an education program leading to a certificate, diploma, or degree at
143.27 an eligible institution;

143.28 (iv) has applied for educational assistance under this section prior to the end of the
143.29 academic term for which the assistance is being requested;

143.30 (v) is in compliance with child support payment requirements under section 136A.121,
143.31 subdivision 2, clause (5); and

144.1 (vi) has completed the Free Application for Federal Student Aid (FAFSA).

144.2 (b) A person's eligibility terminates when the person becomes eligible for benefits under
144.3 section 135A.52.

144.4 (c) To determine eligibility, the commissioner may require official documentation,
144.5 including the person's federal form DD-214 or other official military discharge papers;
144.6 correspondence from the United States Veterans Administration; birth certificate; marriage
144.7 certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency;
144.8 proof of identity; or any other official documentation the commissioner considers necessary
144.9 to determine eligibility.

144.10 (d) The commissioner may deny eligibility or terminate benefits under this section to
144.11 any person who has not provided sufficient documentation to determine eligibility for the
144.12 program. An applicant may appeal the commissioner's eligibility determination or termination
144.13 of benefits in writing to the commissioner at any time. The commissioner must rule on any
144.14 application or appeal within 30 days of receipt of all documentation that the commissioner
144.15 requires. The decision of the commissioner regarding an appeal is final. However, an
144.16 applicant whose appeal of an eligibility determination has been rejected by the commissioner
144.17 may submit an additional appeal of that determination in writing to the commissioner at
144.18 any time that the applicant is able to provide substantively significant additional information
144.19 regarding the applicant's eligibility for the program. An approval of an applicant's eligibility
144.20 by the commissioner following an appeal by the applicant is not retroactively effective for
144.21 more than one year or the semester of the person's original application, whichever is later.

144.22 (e) Upon receiving an application with insufficient documentation to determine eligibility,
144.23 the commissioner must notify the applicant within 30 days of receipt of the application that
144.24 the application is being suspended pending receipt by the commissioner of sufficient
144.25 documentation from the applicant to determine eligibility.

144.26 Sec. 9. Minnesota Statutes 2016, section 197.791, subdivision 5, is amended to read:

144.27 Subd. 5. ~~Benefit~~ **Educational assistance amount.** (a) On approval by the commissioner
144.28 of eligibility for the program, the applicant shall be awarded, on a funds-available basis,
144.29 the educational assistance under the program for use at any time according to program rules
144.30 at any eligible institution.

144.31 (b) The amount of educational assistance in any semester or term for an eligible person
144.32 must be determined by subtracting from the eligible person's cost of attendance the amount
144.33 the person received or was eligible to receive in that semester or term from:

- 145.1 (1) the federal Pell Grant;
- 145.2 (2) the state grant program under section 136A.121; and
- 145.3 (3) any federal military or veterans educational benefits including but not limited to the
- 145.4 Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational
- 145.5 rehabilitation benefits, and any other federal benefits associated with the person's status as
- 145.6 a veteran, except veterans disability payments from the United States Veterans Administration
- 145.7 and payments made under the Veterans Retraining Assistance Program (VRAP).
- 145.8 (c) The amount of educational assistance for any eligible person who is a full-time
- 145.9 student must not exceed the following:
- 145.10 ~~(1) \$1,000 per semester or term of enrollment;~~
- 145.11 ~~(2)~~ (1) \$3,000 per state fiscal year; and
- 145.12 ~~(3)~~ (2) \$10,000 in a lifetime.
- 145.13 (d) A person eligible under this subdivision may use the benefit amounts for the following
- 145.14 purposes:
- 145.15 (1) licensing or certification tests, the successful completion of which demonstrates an
- 145.16 individual's possession of the knowledge or skill required to enter into, maintain, or advance
- 145.17 in employment in a predetermined and identified vocation or profession, provided that the
- 145.18 tests and the licensing or credentialing organizations or entities that offer the tests are
- 145.19 approved by the commissioner;
- 145.20 (2) tests for admission to institutions of higher learning or graduate schools;
- 145.21 (3) national tests providing an opportunity for course credit at institutions of higher
- 145.22 learning;
- 145.23 (4) a preparatory course for a test that is required or used for admission to an institution
- 145.24 of higher education or a graduate program; and
- 145.25 (5) any fee associated with the pursuit of a professional or educational objective specified
- 145.26 in clauses (1) to (4).
- 145.27 (e) If an eligible person receives benefits under subdivision 5, the eligible person's
- 145.28 aggregate benefits under this subdivision and subdivision 5 must not exceed \$10,000 in the
- 145.29 eligible person's lifetime.

146.1 (f) If an eligible person receives benefits under subdivision 5a, the eligible person's
 146.2 aggregate benefits under this subdivision and subdivision 5a must not exceed \$10,000 in
 146.3 the eligible person's lifetime.

146.4 For a part-time student, the amount of educational assistance must not exceed \$500 per
 146.5 semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate
 146.6 student is a student taking fewer than 12 credits or the equivalent for a semester or term of
 146.7 enrollment and a part-time graduate student is a student considered part time by the eligible
 146.8 institution the graduate student is attending. The minimum award for undergraduate and
 146.9 graduate students is \$50 per term.

146.10 Sec. 10. Minnesota Statutes 2016, section 197.791, subdivision 5a, is amended to read:

146.11 Subd. 5a. **Apprenticeship and on-the-job training.** (a) The commissioner, in
 146.12 consultation with the commissioners of employment and economic development and labor
 146.13 and industry, shall develop and implement an apprenticeship and on-the-job training program
 146.14 to administer a portion of the Minnesota GI Bill program to pay benefit amounts to eligible
 146.15 ~~applicants~~ persons, as provided in this subdivision.

146.16 (b) An "eligible employer" means an employer operating a qualifying apprenticeship or
 146.17 on-the-job training program that has been approved by the commissioner.

146.18 (c) A person is eligible for apprenticeship and on-the-job training assistance under this
 146.19 subdivision if the person meets the criteria established under subdivision 4, ~~paragraphs~~
 146.20 paragraph (a), clause (1), and (e) to (e). The commissioner may determine eligibility as
 146.21 provided in subdivision 4, paragraph (c), and may deny or terminate benefits as prescribed
 146.22 under subdivision 4, paragraphs (d) and (e). The amount of assistance paid to or on behalf
 146.23 of an eligible individual under this subdivision must not exceed the following:

146.24 (1) ~~\$2,000~~ \$3,000 per fiscal year for apprenticeship expenses;

146.25 (2) ~~\$2,000~~ \$3,000 per fiscal year for on-the-job training;

146.26 (3) \$1,000 for a job placement credit payable to an eligible employer upon hiring and
 146.27 completion of six consecutive months' employment of a person receiving assistance under
 146.28 this subdivision; and

146.29 (4) \$1,000 for a job placement credit payable to an eligible employer after a person
 146.30 receiving assistance under this subdivision has been employed by the eligible employer for
 146.31 at least 12 consecutive months as a full-time employee.

147.1 No more than ~~\$3,000~~ \$5,000 in aggregate benefits under this paragraph may be paid to or
 147.2 on behalf of an individual in one fiscal year, and not more than ~~\$9,000~~ \$10,000 in aggregate
 147.3 benefits under this paragraph may be paid to or on behalf of an individual over any period
 147.4 of time.

147.5 (d) Assistance for apprenticeship expenses and on-the-job training is available for
 147.6 qualifying programs, which must, at a minimum, meet the following criteria:

147.7 (1) the training must be with an eligible employer;

147.8 (2) the training must be documented and reported;

147.9 (3) the training must reasonably be expected to lead to an entry-level position; and

147.10 (4) the position must require at least six months of training to become fully trained.

147.11

ARTICLE 6

147.12

CAMPAIGN FINANCE AND ELECTIONS

147.13 Section 1. Minnesota Statutes 2016, section 10A.01, subdivision 12, is amended to read:

147.14 Subd. 12. **Depository.** "Depository" means a bank, savings association, or credit union
 147.15 organized under federal or state law and transacting business within this state. The
 147.16 depositories of a political committee or political fund include any depository in which the
 147.17 committee or fund has a savings, checking, or similar account, or purchases a money market
 147.18 certificate or certificate of deposit.

147.19 Sec. 2. Minnesota Statutes 2016, section 10A.01, subdivision 16, is amended to read:

147.20 Subd. 16. **Election cycle.** "Election cycle" means the period from January 1 following
 147.21 a general election for an office to December 31 following the next general election for that
 147.22 office, except that "election cycle" for a special election means the period from the date the
 147.23 special election writ is issued to ~~60~~ 15 days after the special election is held. For a regular
 147.24 election, the period from January 1 of the year prior to an election year through December
 147.25 31 of the election year is the "election segment" of the election cycle. Each other two-year
 147.26 segment of an election cycle is a "nonelection segment" of the election cycle. An election
 147.27 cycle that consists of two calendar years has only an election segment. The election segment
 147.28 of a special election cycle includes the entire special election cycle.

147.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 147.30 applies to any special election cycle that starts on or after that date.

148.1 Sec. 3. Minnesota Statutes 2016, section 10A.01, subdivision 26, is amended to read:

148.2 Subd. 26. **Noncampaign disbursement.** "Noncampaign disbursement" means a purchase
 148.3 or payment of money or anything of value made, or an advance of credit incurred, or a
 148.4 donation in kind received, by a principal campaign committee for any of the following
 148.5 purposes:

148.6 (1) payment for accounting and legal services;

148.7 (2) return of a contribution to the source;

148.8 (3) repayment of a loan made to the principal campaign committee by that committee;

148.9 ~~(4) return of a public subsidy;~~

148.10 ~~(5)~~ (4) payment for food, beverages, and necessary utensils and supplies, entertainment,
 148.11 and facility rental for a fund-raising event;

148.12 ~~(6)~~ (5) services for a constituent by a member of the legislature or a constitutional officer
 148.13 in the executive branch, including the costs of preparing and distributing a suggestion or
 148.14 idea solicitation to constituents, performed from the beginning of the term of office to
 148.15 adjournment sine die of the legislature in the election year for the office held, and half the
 148.16 cost of services for a constituent by a member of the legislature or a constitutional officer
 148.17 in the executive branch performed from adjournment sine die to 60 days after adjournment
 148.18 sine die;

148.19 ~~(7)~~ (6) payment for food and beverages consumed by a candidate or volunteers while
 148.20 they are engaged in campaign activities;

148.21 ~~(8)~~ (7) payment for food or a beverage consumed while attending a reception or meeting
 148.22 directly related to legislative duties;

148.23 ~~(9)~~ (8) payment of expenses incurred by elected or appointed leaders of a legislative
 148.24 caucus in carrying out their leadership responsibilities;

148.25 ~~(10)~~ (9) payment by a principal campaign committee of the candidate's expenses for
 148.26 serving in public office, other than for personal uses;

148.27 ~~(11)~~ (10) costs of child care for the candidate's children when campaigning;

148.28 ~~(12)~~ (11) fees paid to attend a campaign school;

148.29 ~~(13)~~ (12) costs of a postelection party during the election year when a candidate's name
 148.30 will no longer appear on a ballot or the general election is concluded, whichever occurs
 148.31 first;

- 149.1 ~~(14)~~ (13) interest on loans paid by a principal campaign committee on outstanding loans;
- 149.2 ~~(15)~~ (14) filing fees;
- 149.3 ~~(16)~~ (15) post-general election holiday or seasonal cards, thank-you notes, or
- 149.4 advertisements in the news media mailed or published prior to the end of the election cycle;
- 149.5 ~~(17)~~ (16) the cost of campaign material purchased to replace defective campaign material,
- 149.6 if the defective material is destroyed without being used;
- 149.7 ~~(18)~~ (17) contributions to a party unit;
- 149.8 ~~(19)~~ (18) payments for funeral gifts or memorials;
- 149.9 ~~(20)~~ (19) the cost of a magnet less than six inches in diameter containing legislator
- 149.10 contact information and distributed to constituents;
- 149.11 ~~(21)~~ (20) costs associated with a candidate attending a political party state or national
- 149.12 convention in this state;
- 149.13 ~~(22)~~ (21) other purchases or payments specified in board rules or advisory opinions as
- 149.14 being for any purpose other than to influence the nomination or election of a candidate or
- 149.15 to promote or defeat a ballot question; and
- 149.16 ~~(23)~~ (22) costs paid to a third party for processing contributions made by a credit card,
- 149.17 debit card, or electronic check.

149.18 The board must determine whether an activity involves a noncampaign disbursement

149.19 within the meaning of this subdivision.

149.20 A noncampaign disbursement is considered to be made in the year in which the candidate

149.21 made the purchase of goods or services or incurred an obligation to pay for goods or services.

149.22 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections

149.23 held on or after that date.

149.24 Sec. 4. Minnesota Statutes 2016, section 10A.02, subdivision 13, is amended to read:

149.25 Subd. 13. **Rules.** (a) Chapter 14 applies to the board. The board may adopt rules to carry

149.26 out the purposes of this chapter, if, before June 1, 2017, the board has published a notice

149.27 of intent to adopt a rule without public hearing under section 14.22, subdivision 1, paragraph

149.28 (a); 14.389, subdivision 2; or 14.3895, subdivision 3; a dual notice under section 14.22,

149.29 subdivision 2; or a notice of hearing on a proposed rule under section 14.14.

150.1 (b) After May 31, 2017, the board may only adopt rules that (1) incorporate specific
 150.2 changes set forth in applicable statutes when no interpretation of law is required, or (2)
 150.3 make changes to rules that do not alter the sense, meaning, or effect of a rule.

150.4 (c) In addition to the notice required under chapter 14, the board shall notify the chairs
 150.5 and ranking minority members of the committees or subcommittees in the senate and house
 150.6 of representatives with primary jurisdiction over elections within seven calendar days of
 150.7 taking the following actions:

150.8 (1) publication of a notice of intent to adopt rules or a notice of hearing;

150.9 (2) publication of proposed rules in the State Register;

150.10 (3) issuance of a statement of need and reasonableness; or

150.11 (4) adoption of final rules.

150.12 **EFFECTIVE DATE.** This section is effective the day following final enactment for
 150.13 rules for which a notice of intent to adopt a rule without public hearing under Minnesota
 150.14 Statutes, section 14.22, subdivision 1, paragraph (a); 14.389, subdivision 2; or 14.3895,
 150.15 subdivision 3; a dual notice under Minnesota Statutes, section 14.22, subdivision 2; or a
 150.16 notice of hearing on a proposed rule under Minnesota Statutes, section 14.14, was published
 150.17 before June 1, 2017.

150.18 Sec. 5. Minnesota Statutes 2016, section 10A.025, subdivision 1a, is amended to read:

150.19 Subd. 1a. **Electronic filing.** (a) A report or statement required to be filed under this
 150.20 chapter may be filed electronically. The board shall adopt rules to regulate on the technical
 150.21 aspects of regulating electronic filing and to ensure ensuring that the electronic filing process
 150.22 is secure.

150.23 (b) A document filed by facsimile transmission or electronic filing system has the same
 150.24 force and effect as filing an original paper document.

150.25 (c) In order to provide a secure environment for the submission of electronic files, the
 150.26 board must require that a filer use a personal identification code when submitting an
 150.27 electronic file. The board may also request the filer to provide a valid e-mail address in
 150.28 order to receive confirmation and verification messages from the board.

150.29 (d) After an electronic file is processed by the board, the information contained in the
 150.30 electronic file becomes the property of the state subject to the terms of the Data Practices
 150.31 Act under chapter 13.

151.1 (e) In the case of a filing by facsimile transmission, the filer must retain the original of
151.2 the filed document and a record of the date and time of the transmission. If an electronic
151.3 filing system is used to submit an electronic file to the board, the filer must retain as
151.4 documentation the database and information on which the electronic submission of data is
151.5 based. The database and records are subject to audit as provided in this chapter.

151.6 (f) Within five days of a request by the board, any person filing a document by facsimile
151.7 transmission or electronic filing system shall refile the document by one of the other filing
151.8 methods provided in Minnesota Rules, part 4501.0500, subpart 1.

151.9 (g) Technical problems that prevent the successful submission of a facsimile transmission
151.10 or electronic file do not relieve the filer of the responsibility of meeting the requirements
151.11 of this chapter. An audit trail that demonstrates that the facsimile transmission or electronic
151.12 file was successfully submitted in a timely fashion may be used by the board to waive late
151.13 filing fees.

151.14 Sec. 6. Minnesota Statutes 2016, section 10A.04, is amended by adding a subdivision to
151.15 read:

151.16 Subd. 9. **Reporting by multiple lobbyists representing the same entity.** Clauses (1)
151.17 to (6) apply when a single individual, association, political subdivision, or public higher
151.18 education system is represented by more than one lobbyist.

151.19 (1) The entity must appoint one designated lobbyist to report lobbyist disbursements
151.20 made by the entity. The designated lobbyist must indicate that status on the periodic reports
151.21 of lobbyist disbursements.

151.22 (2) A reporting lobbyist may consent to report on behalf of one or more other lobbyists
151.23 for the same entity, in which case, the other lobbyists are persons whose activities the
151.24 reporting lobbyist must disclose and are subject to the disclosure requirements of subdivision
151.25 3. Lobbyist disbursement reports filed by a reporting lobbyist must include the names and
151.26 registration numbers of the other lobbyists whose activities are included in the report.

151.27 (3) Lobbyists whose activities are accounted for by a reporting lobbyist are not required
151.28 to file lobbyist disbursement reports.

151.29 (4) A lobbyist whose lobbying disbursements are provided to the board through a
151.30 reporting lobbyist must supply all relevant information on disbursements to the reporting
151.31 lobbyist no later than five days before the prescribed filing date.

152.1 (5) The reporting periods and due dates for a reporting lobbyist are those provided in
 152.2 subdivision 2. The late filing provisions in subdivision 5 apply to reports required by this
 152.3 subdivision.

152.4 (6) The reporting lobbyist must indicate the names and registration numbers of any
 152.5 lobbyists who did not provide their lobbying disbursements for inclusion in a report. The
 152.6 late filing provisions in subdivision 5 apply to lobbyists who fail to report information to
 152.7 the reporting lobbyist.

152.8 Sec. 7. Minnesota Statutes 2016, section 10A.071, subdivision 1, is amended to read:

152.9 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

152.10 (b) "Gift" means money, real or personal property, a service, a loan, a forbearance or
 152.11 forgiveness of indebtedness, or a promise of future employment, that is given and received
 152.12 without the giver receiving consideration of equal or greater value in return.

152.13 (c) "Official" means a public official, an employee of the legislature, or a local official
 152.14 of a metropolitan governmental unit.

152.15 (d) "Plaque" means a decorative item with an inscription recognizing an individual for
 152.16 an accomplishment.

152.17 Sec. 8. Minnesota Statutes 2016, section 10A.09, subdivision 5, is amended to read:

152.18 Subd. 5. **Form.** (a) A statement of economic interest required by this section must be
 152.19 on a form prescribed by the board. The individual filing must provide the following
 152.20 information:

152.21 (1) name, address, occupation, and principal place of business;

152.22 (2) the name of each associated business and the nature of that association;

152.23 (3) a listing of all real property within the state, excluding homestead property, in which
 152.24 the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or
 152.25 seller, or an option to buy, whether direct or indirect, if the interest is valued in excess of
 152.26 \$2,500; or (ii) an option to buy, if the property has a fair market value of more than \$50,000;

152.27 (4) a listing of all real property within the state in which a partnership of which the
 152.28 individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as
 152.29 buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of
 152.30 the partnership interest is valued in excess of \$2,500; or (ii) an option to buy, if the property
 152.31 has a fair market value of more than \$50,000. A listing under this clause or clause (3) must

153.1 indicate the street address and the municipality or the section, township, range and
 153.2 approximate acreage, whichever applies, and the county in which the property is located;

153.3 (5) a listing of any investments, ownership, or interests in property connected with
 153.4 pari-mutuel horse racing in the United States and Canada, including a racehorse, in which
 153.5 the individual directly or indirectly holds a partial or full interest or an immediate family
 153.6 member holds a partial or full interest;

153.7 (6) a listing of the principal business or professional activity category of each business
 153.8 from which the individual receives more than \$50 in any month as an employee, if the
 153.9 individual has an ownership interest of 25 percent or more in the business; ~~and~~

153.10 (7) a listing of each principal business or professional activity category from which the
 153.11 individual received compensation of more than \$2,500 in the past 12 months as an
 153.12 independent contractor; and

153.13 (8) the full name of each security with a value of more than \$2,500 owned in part or in
 153.14 full by the public official at any time during the reporting period.

153.15 (b) The business or professional categories for purposes of paragraph (a), clauses (6)
 153.16 and (7), must be the general topic headings used by the federal Internal Revenue Service
 153.17 for purposes of reporting self-employment income on Schedule C. This paragraph does not
 153.18 require an individual to report any specific code number from that schedule. Any additional
 153.19 principal business or professional activity category may only be adopted if the category is
 153.20 enacted by law.

153.21 (c) For the purpose of an original statement of economic interest, "compensation in any
 153.22 month" includes only compensation received in the calendar month immediately preceding
 153.23 the date of appointment as a public official or filing as a candidate.

153.24 (d) For the purpose of calculating the amount of compensation received from any single
 153.25 source in a single month, the amount shall include the total amount received from the source
 153.26 during the month, whether or not the amount covers compensation for more than one month.

153.27 Sec. 9. Minnesota Statutes 2016, section 10A.09, subdivision 6, is amended to read:

153.28 Subd. 6. **Annual statement.** (a) Each individual who is required to file a statement of
 153.29 economic interest must also file an annual statement by the last Monday in January of each
 153.30 year that the individual remains in office. The annual statement must cover the period
 153.31 through December 31 of the year prior to the year when the statement is due. The annual
 153.32 statement must include the amount of each honorarium in excess of \$50 received since the
 153.33 previous statement and the name and address of the source of the honorarium. The board

154.1 must maintain each annual statement of economic interest submitted by an officeholder in
 154.2 the same file with the statement submitted as a candidate.

154.3 (b) For the purpose of annual statements of economic interest to be filed, "compensation
 154.4 in any month" includes compensation and honoraria received in any month between the
 154.5 end of the period covered in the preceding statement of economic interest and the end of
 154.6 the current period.

154.7 (c) An individual must file the annual statement of economic interest required by this
 154.8 subdivision to cover the period for which the individual served as a public official even
 154.9 though at the time the statement was filed, the individual is no longer holding that office as
 154.10 a public official.

154.11 Sec. 10. Minnesota Statutes 2016, section 10A.105, subdivision 1, is amended to read:

154.12 Subdivision 1. **Single committee.** A candidate must not accept contributions from a
 154.13 source, other than self, in aggregate in excess of \$750 ~~or accept a public subsidy~~ unless the
 154.14 candidate designates and causes to be formed a single principal campaign committee for
 154.15 each office sought. A candidate may not authorize, designate, or cause to be formed any
 154.16 other political committee bearing the candidate's name or title or otherwise operating under
 154.17 the direct or indirect control of the candidate. However, a candidate may be involved in the
 154.18 direct or indirect control of a party unit.

154.19 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections
 154.20 held on or after that date.

154.21 Sec. 11. Minnesota Statutes 2016, section 10A.15, subdivision 1, is amended to read:

154.22 Subdivision 1. **Anonymous contributions.** A political committee, political fund, principal
 154.23 campaign committee, or party unit may not retain an anonymous contribution in excess of
 154.24 \$20, but must forward it to the board for deposit in the general ~~account of the state elections~~
 154.25 ~~campaign account~~ fund.

154.26 Sec. 12. Minnesota Statutes 2016, section 10A.15, is amended by adding a subdivision to
 154.27 read:

154.28 Subd. 6. **Contributions from Hennepin County registered associations.** In lieu of
 154.29 registration with the board, an association registered with the Hennepin County filing officer
 154.30 under sections 383B.041 to 383B.058 that makes contributions of more than \$500 to a
 154.31 committee or fund in a calendar year may notify the recipient committee of its registration

155.1 with Hennepin County, including its registration number, and instruct the recipient committee
155.2 to include the notice when the recipient committee discloses receipt of the contribution.

155.3 Sec. 13. **[10A.155] VALUE OF CONTRIBUTIONS OF AUTOMOBILE USE.**

155.4 Automobile use provided to a committee by an individual may be valued at the lowest
155.5 rate used by the state to reimburse its employees for automobile use. Alternatively, the value
155.6 of the automobile may be calculated as the actual cost of fuel, maintenance, repairs, and
155.7 insurance directly related to the use of the automobile. An automobile provided by an
155.8 association must be valued at the fair market value for renting an equivalent automobile.

155.9 Sec. 14. Minnesota Statutes 2016, section 10A.20, subdivision 3, is amended to read:

155.10 Subd. 3. **Contents of report.** (a) The report required by this section must include each
155.11 of the items listed in paragraphs (b) to ~~(o)~~ (q) that are applicable to the filer. The board shall
155.12 prescribe forms based on filer type indicating which of those items must be included on the
155.13 filer's report.

155.14 (b) The report must disclose the amount of liquid assets on hand at the beginning of the
155.15 reporting period.

155.16 (c) The report must disclose the name, address, employer, or occupation if self-employed,
155.17 and registration number if registered with the board, of each individual or association that
155.18 has made one or more contributions to the reporting entity, including the purchase of tickets
155.19 for a fund-raising effort, that in aggregate within the year exceed \$200 for legislative or
155.20 statewide candidates or more than \$500 for ballot questions, together with the amount and
155.21 date of each contribution, and the aggregate amount of contributions within the year from
155.22 each source so disclosed. A donation in kind must be disclosed at its fair market value. An
155.23 approved expenditure must be listed as a donation in kind. A donation in kind is considered
155.24 consumed in the reporting period in which it is received. The names of contributors must
155.25 be listed in alphabetical order. Contributions from the same contributor must be listed under
155.26 the same name. When a contribution received from a contributor in a reporting period is
155.27 added to previously reported unitemized contributions from the same contributor and the
155.28 aggregate exceeds the disclosure threshold of this paragraph, the name, address, and
155.29 employer, or occupation if self-employed, of the contributor must then be listed on the
155.30 report.

155.31 (d) The report must disclose the sum of contributions to the reporting entity during the
155.32 reporting period.

156.1 (e) The report must disclose each loan made or received by the reporting entity within
156.2 the year in aggregate in excess of \$200, continuously reported until repaid or forgiven,
156.3 together with the name, address, occupation, principal place of business, if any, and
156.4 registration number if registered with the board of the lender and any endorser and the date
156.5 and amount of the loan. If a loan made to the principal campaign committee of a candidate
156.6 is forgiven or is repaid by an entity other than that principal campaign committee, it must
156.7 be reported as a contribution for the year in which the loan was made.

156.8 (f) The report must disclose each receipt over \$200 during the reporting period not
156.9 otherwise listed under paragraphs (c) to (e).

156.10 (g) The report must disclose the sum of all receipts of the reporting entity during the
156.11 reporting period.

156.12 (h) The report must disclose the name, address, and registration number if registered
156.13 with the board of each individual or association to whom aggregate expenditures, approved
156.14 expenditures, independent expenditures, and ballot question expenditures have been made
156.15 by or on behalf of the reporting entity within the year in excess of \$200, together with the
156.16 amount, date, and purpose of each expenditure and the name and address of, and office
156.17 sought by, each candidate on whose behalf the expenditure was made, identification of the
156.18 ballot question that the expenditure was intended to promote or defeat and an indication of
156.19 whether the expenditure was to promote or to defeat the ballot question, and in the case of
156.20 independent expenditures made in opposition to a candidate, the candidate's name, address,
156.21 and office sought. A reporting entity making an expenditure on behalf of more than one
156.22 candidate for state or legislative office must allocate the expenditure among the candidates
156.23 on a reasonable cost basis and report the allocation for each candidate.

156.24 (i) The report must disclose the sum of all expenditures made by or on behalf of the
156.25 reporting entity during the reporting period.

156.26 (j) The report must disclose the amount and nature of an advance of credit incurred by
156.27 the reporting entity, continuously reported until paid or forgiven. If an advance of credit
156.28 incurred by the principal campaign committee of a candidate is forgiven by the creditor or
156.29 paid by an entity other than that principal campaign committee, it must be reported as a
156.30 donation in kind for the year in which the advance of credit was made.

156.31 (k) The report must disclose the name, address, and registration number if registered
156.32 with the board of each political committee, political fund, principal campaign committee,
156.33 or party unit to which contributions have been made that aggregate in excess of \$200 within
156.34 the year and the amount and date of each contribution.

157.1 (l) The report must disclose the sum of all contributions made by the reporting entity
157.2 during the reporting period.

157.3 (m) The report must disclose the name, address, and registration number if registered
157.4 with the board of each individual or association to whom noncampaign disbursements have
157.5 been made that aggregate in excess of \$200 within the year by or on behalf of the reporting
157.6 entity and the amount, date, and purpose of each noncampaign disbursement.

157.7 (n) The report must disclose the sum of all noncampaign disbursements made within
157.8 the year by or on behalf of the reporting entity.

157.9 (o) The report must disclose the name and address of a nonprofit corporation that provides
157.10 administrative assistance to a political committee or political fund as authorized by section
157.11 211B.15, subdivision 17, the type of administrative assistance provided, and the aggregate
157.12 fair market value of each type of assistance provided to the political committee or political
157.13 fund during the reporting period.

157.14 (p) Legislative, statewide, and judicial candidates, party units, and political committees
157.15 and funds must itemize contributions that in aggregate within the year exceed \$200 for
157.16 legislative or statewide candidates or more than \$500 for ballot questions on reports submitted
157.17 to the board. The itemization must include the date on which the contribution was received,
157.18 the individual or association that provided the contribution, and the address of the contributor.
157.19 Additionally, the itemization for a donation in kind must provide a description of the item
157.20 or service received. Contributions that are less than the itemization amount must be reported
157.21 as an aggregate total.

157.22 (q) Legislative, statewide, and judicial candidates, party units, political committees and
157.23 funds, and committees to promote or defeat a ballot question must itemize expenditures and
157.24 noncampaign disbursements that in aggregate exceed \$200 in a calendar year on reports
157.25 submitted to the board. The itemization must include the date on which the committee made
157.26 or became obligated to make the expenditure or disbursement, the name and address of the
157.27 vendor that provided the service or item purchased, and a description of the service or item
157.28 purchased. Expenditures and noncampaign disbursements must be listed on the report
157.29 alphabetically by vendor.

157.30 Sec. 15. Minnesota Statutes 2016, section 10A.20, subdivision 15, is amended to read:

157.31 Subd. 15. **Equitable relief.** A candidate whose opponent does not timely file the report
157.32 due 15 days before the primary, or the report due ten days before the general election, or
157.33 ~~the notice required under section 10A.25, subdivision 10,~~ may petition the district court for

158.1 immediate equitable relief to enforce the filing requirement. A prevailing party under this
158.2 subdivision may be awarded attorney fees and costs by the court.

158.3 Sec. 16. Minnesota Statutes 2016, section 10A.245, subdivision 2, is amended to read:

158.4 Subd. 2. **Termination by board.** The board may terminate the registration of a principal
158.5 campaign committee, party unit, political committee, or political fund found to be inactive
158.6 under this section 60 days after sending written notice of inactivity by certified mail to the
158.7 affected association at the last address on record with the board for that association. Within
158.8 60 days after the board sends notice under this section, the affected association must dispose
158.9 of its assets as provided in this subdivision. The assets of the principal campaign committee,
158.10 party unit, or political committee must be used for the purposes authorized by this chapter
158.11 or section 211B.12 or must be liquidated and deposited in the general ~~account of the state~~
158.12 ~~elections campaign account~~ fund. The assets of an association's political fund that were
158.13 derived from the association's general treasury money revert to the association's general
158.14 treasury. Assets of a political fund that resulted from contributions to the political fund must
158.15 be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated
158.16 and deposited in the general ~~account of the state elections campaign account~~ fund.

158.17 Sec. 17. Minnesota Statutes 2016, section 10A.25, subdivision 1, is amended to read:

158.18 Subdivision 1. **Limits are voluntary.** The expenditure limits imposed by this section
158.19 apply only to a candidate who has signed ~~an agreement~~ a pledge under section 10A.322 ~~to~~
158.20 ~~be bound by them as a condition of receiving a public subsidy for the candidate's campaign.~~

158.21 Sec. 18. Minnesota Statutes 2016, section 10A.25, subdivision 2, is amended to read:

158.22 Subd. 2. **Amounts.** (a) In a segment of an election cycle, the principal campaign
158.23 committee of the candidate must not make campaign expenditures nor permit approved
158.24 expenditures to be made on behalf of the candidate that result in aggregate expenditures in
158.25 excess of the following:

158.26 (1) for governor and lieutenant governor, running together, \$3,651,200 in the election
158.27 segment and \$1,564,800 in the nonelection segment;

158.28 (2) for attorney general, \$626,000 in the election segment and \$208,700 in the nonelection
158.29 segment;

158.30 (3) for secretary of state and state auditor, separately, \$417,300 in the election segment
158.31 and \$104,400 in the nonelection segment;

159.1 (4) for state senator, \$94,700 in the election segment and \$31,600 in a nonelection
159.2 segment;

159.3 (5) for state representative, \$63,100 in the election segment.

159.4 (b) In addition to the amount in paragraph (a), clause (1), a candidate for endorsement
159.5 for the office of lieutenant governor at the convention of a political party may make campaign
159.6 expenditures and approved expenditures of five percent of that amount to seek endorsement.

159.7 (c) If a special election cycle occurs during a general election cycle, expenditures by or
159.8 on behalf of a candidate in the special election do not count as expenditures by or on behalf
159.9 of the candidate in the general election.

159.10 (d) The expenditure limits in this subdivision for an office are increased by ten percent
159.11 for a candidate who has not previously held the same office, whose name has not previously
159.12 been on the primary or general election ballot for that office, and who has not in the past
159.13 ten years raised or spent more than \$750 in a run for any other office whose territory now
159.14 includes a population that is more than one-third of the population in the territory of the
159.15 new office. Candidates who qualify for first-time candidate status receive a ten percent
159.16 increase in the campaign expenditure limit in all segments of the applicable election cycle.
159.17 In the case of a legislative candidate, the office is that of a member of the house of
159.18 representatives or senate without regard to any specific district.

159.19 Sec. 19. Minnesota Statutes 2016, section 10A.25, subdivision 10, is amended to read:

159.20 Subd. 10. **Effect of opponent's conduct.** (a) After the deadline for filing a ~~spending~~
159.21 ~~limit agreement~~ pledge under section 10A.322, a candidate who has ~~agreed~~ pledged to be
159.22 bound by the expenditure limits imposed by this section ~~as a condition of receiving a public~~
159.23 ~~subsidy~~ for the candidate's campaign may choose to be released from the expenditure limits
159.24 ~~but remain eligible to receive a public subsidy~~ if the candidate has an opponent who has
159.25 not ~~agreed~~ pledged to be bound by the limits and has received contributions or made or
159.26 become obligated to make expenditures during that election cycle in excess of the following
159.27 limits:

159.28 (1) up to the close of the reporting period before the primary election, receipts or
159.29 expenditures equal to 20 percent of the election segment expenditure limit for that office
159.30 as set forth in subdivision 2; or

159.31 (2) after the close of the reporting period before the primary election, cumulative receipts
159.32 or expenditures during that election cycle equal to 50 percent of the election cycle expenditure
159.33 limit for that office as set forth in subdivision 2.

160.1 Before the primary election, a candidate's "opponents" are only those who will appear
160.2 on the ballot of the same party in the primary election.

160.3 (b) A candidate who has not ~~agreed~~ pledged to be bound by expenditure limits, or the
160.4 candidate's principal campaign committee, must file written notice with the board and
160.5 provide written notice to any opponent of the candidate for the same office within 24 hours
160.6 of exceeding the limits in paragraph (a). The notice must state only that the candidate or
160.7 candidate's principal campaign committee has received contributions or made or become
160.8 obligated to make campaign expenditures in excess of the limits in paragraph (a).

160.9 (c) Upon receipt of the notice, a candidate who had ~~agreed~~ pledged to be bound by the
160.10 limits may file with the board a notice that the candidate chooses to be no longer bound by
160.11 the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure
160.12 limits that is based on the conduct of an opponent in the state primary election may not be
160.13 filed more than one day after the State Canvassing Board has declared the results of the
160.14 state primary.

160.15 (d) A candidate who has ~~agreed~~ pledged to be bound by the expenditure limits imposed
160.16 by this section and whose opponent in the general election has chosen, as provided in
160.17 paragraph (c), not to be bound by the expenditure limits because of the conduct of an
160.18 opponent in the primary election is no longer bound by the limits ~~but remains eligible to~~
160.19 ~~receive a public subsidy~~.

160.20 Sec. 20. Minnesota Statutes 2016, section 10A.257, subdivision 1, is amended to read:

160.21 Subdivision 1. **Unused funds.** For election cycles ending on or before December 31,
160.22 2018, after all campaign expenditures and noncampaign disbursements for an election cycle
160.23 have been made, an amount up to 25 percent of the 2016 election cycle expenditure limit
160.24 for the office may be carried forward. Any remaining amount up to the total amount of the
160.25 2016 public subsidy from the state elections campaign fund must be returned to the state
160.26 treasury for credit to the general fund under Minnesota Statutes 2016, section 10A.324. Any
160.27 remaining amount in excess of the total 2016 public subsidy must be contributed to the state
160.28 elections campaign account or a political party for multicandidate expenditures as defined
160.29 in section 10A.275.

160.30 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections
160.31 held on or after that date.

161.1 Sec. 21. Minnesota Statutes 2016, section 10A.27, subdivision 10, is amended to read:

161.2 Subd. 10. **Limited personal contributions.** A candidate who signs ~~an agreement~~ a
161.3 pledge under section 10A.322 may not contribute to the candidate's own campaign during
161.4 a segment of an election cycle more than five times the candidate's contribution limit for
161.5 that segment under subdivision 1.

161.6 Sec. 22. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to
161.7 read:

161.8 Subd. 11a. **Contributions from the sale of goods or services.** Proceeds from the sale
161.9 of goods or services by a political committee must be reported as a contribution to that
161.10 committee, as provided in section 10A.13. A political committee selling goods or services
161.11 must disclose to each purchaser, prior to a sale, that proceeds may be used to make a
161.12 contribution to an independent expenditure political committee or fund, or may be used by
161.13 the committee for other political purposes as authorized by law, and must offer the purchaser
161.14 an opportunity to review the committee's most recent report submitted to the board under
161.15 section 10A.20. A copy of the report must be clearly posted in a conspicuous location on
161.16 at least 8.5-inch by 11-inch sized paper and available for public inspection at the point of
161.17 sale.

161.18 Sec. 23. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to
161.19 read:

161.20 Subd. 16a. **Return of contributions after merger of governor and lieutenant governor**
161.21 **funds.** Funds transferred to the joint committee for candidates for governor and lieutenant
161.22 governor that result in aggregate contributions in excess of the applicable limits may be
161.23 returned to the contributor within 90 days of the transfer of funds to the joint committee.

161.24 Sec. 24. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to
161.25 read:

161.26 Subd. 16b. **Special election contribution limits.** Election segment contribution limits
161.27 set forth in this section apply to a special election cycle.

161.28 Sec. 25. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to
161.29 read:

161.30 Subd. 16c. **Contribution limits apply independently.** Contribution limits apply
161.31 independently for election segments, nonelection segments, and special election cycles.

162.1 Sec. 26. Minnesota Statutes 2016, section 10A.28, subdivision 3, is amended to read:

162.2 Subd. 3. **Conciliation agreement.** If the board finds that there is reason to believe that
 162.3 ~~excess expenditures have been made or~~ excess contributions have been accepted contrary
 162.4 to subdivision ~~1 or~~ 2, the board must make every effort for a period of at least 14 days after
 162.5 its finding to correct the matter by informal methods of conference and conciliation and to
 162.6 enter a conciliation agreement with the person involved. A conciliation agreement under
 162.7 this subdivision is a matter of public record. Unless violated, a conciliation agreement is a
 162.8 bar to any civil proceeding under subdivision 4.

162.9 Sec. 27. Minnesota Statutes 2016, section 10A.31, is amended by adding a subdivision to
 162.10 read:

162.11 Subd. 7b. **Failure to repay.** A candidate who fails to repay money required by the
 162.12 agreement cannot be paid additional public subsidy funds during the current or future election
 162.13 cycles until the entirety of the unexpended funds and any associated collection fees are
 162.14 either repaid to the board or discharged by court action.

162.15 Sec. 28. Minnesota Statutes 2016, section 10A.322, subdivision 1, is amended to read:

162.16 Subdivision 1. **Agreement Pledge by candidate.** (a) ~~As a condition of receiving a public~~
 162.17 ~~subsidy,~~ A candidate ~~must~~ may sign and file with the board a written agreement pledge in
 162.18 which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27,
 162.19 subdivision 10; ~~10A.324;~~ and 10A.38 until the dissolution of the principal campaign
 162.20 committee of the candidate or the end of the first election cycle completed after the pledge
 162.21 was filed, whichever occurs first.

162.22 (b) Before the first day of filing for office, the board must forward agreement pledge
 162.23 forms to all filing officers. The board must also provide agreement pledge forms to candidates
 162.24 on request at any time. The candidate must file the agreement pledge with the board at least
 162.25 three weeks before the candidate's state primary. ~~An agreement~~ A pledge may not be filed
 162.26 after that date. ~~An agreement~~ The board must post a copy of each pledge filed by a candidate
 162.27 on the board's Web site. For purposes of public posting, a pledge once filed may not be
 162.28 rescinded.

162.29 ~~(e) The board must notify the commissioner of revenue of any agreement signed under~~
 162.30 ~~this subdivision.~~

162.31 ~~(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of~~
 162.32 ~~a special election and the filing period does not coincide with the filing period for the general~~

163.1 ~~election, a candidate may sign and submit a spending limit agreement not later than the day~~
 163.2 ~~after the close of the filing period for the special election for which the candidate filed.~~

163.3 (c) A pledge filed by a candidate under this subdivision is a voluntary agreement by the
 163.4 candidate to comply with the sections listed in paragraph (a). Compliance with the terms
 163.5 of a pledge, or any provisions of law cited within the pledge, may not be the subject of an
 163.6 advisory opinion issued under section 10A.02, subdivision 12, and is not subject to an audit,
 163.7 investigation, or enforcement action by the board under section 10A.02, 10A.022, or any
 163.8 other applicable law.

163.9 Sec. 29. Minnesota Statutes 2016, section 10A.38, is amended to read:

163.10 **10A.38 CAPTIONING OF CAMPAIGN ADVERTISEMENTS.**

163.11 (a) This section applies to a campaign advertisement by a candidate who ~~is governed~~
 163.12 ~~by an agreement~~ has filed a pledge under section 10A.322.

163.13 (b) "Campaign advertisement" means a professionally produced visual or audio recording
 163.14 of two minutes or less produced by the candidate for the purpose of influencing the
 163.15 nomination or election of a candidate.

163.16 (c) A campaign advertisement that is disseminated as an advertisement by broadcast or
 163.17 cable television must include closed captioning for deaf and hard-of-hearing viewers, unless
 163.18 the candidate has filed with the board before the advertisement is disseminated a statement
 163.19 setting forth the reasons for not doing so. A campaign advertisement that is disseminated
 163.20 as an advertisement to the public on the candidate's Web site must include closed captioning
 163.21 for deaf and hard-of-hearing viewers, unless the candidate has posted on the Web site a
 163.22 transcript of the spoken content of the advertisement or the candidate has filed with the
 163.23 board before the advertisement is disseminated a statement setting forth the reasons for not
 163.24 doing so. A campaign advertisement must not be disseminated as an advertisement by radio
 163.25 unless the candidate has posted on the candidate's Web site a transcript of the spoken content
 163.26 of the advertisement or the candidate has filed with the board before the advertisement is
 163.27 disseminated a statement setting forth the reasons for not doing so.

163.28 Sec. 30. **VOTING EQUIPMENT GRANT.**

163.29 Subdivision 1. Voting equipment grant account. A voting equipment grant program
 163.30 is established. The secretary of state must use money appropriated for the program to provide
 163.31 grants to counties and municipalities as authorized by this section. Funds appropriated for
 163.32 the grant are available until June 30, 2020.

164.1 Subd. 2. **Authorized equipment.** (a) A county or municipality may apply to receive a
 164.2 grant under this section for the purchase or lease of the following equipment:

164.3 (1) electronic roster equipment and software that meets the technology requirements of
 164.4 Minnesota Statutes, section 201.225, subdivision 2;

164.5 (2) assistive voting technology; or

164.6 (3) automatic tabulating equipment.

164.7 A purchase or lease of equipment is eligible for a grant under this section if the purchase
 164.8 is made, or lease entered, on or after July 1, 2017. A county or municipality that has
 164.9 purchased or leased eligible equipment before July 1, 2017, may apply for reimbursement.

164.10 (b) The grant funds must not be used for maintenance or repair of voting equipment.

164.11 Subd. 3. **Amount of grant.** A county or municipal government is eligible to receive a
 164.12 grant equal to 75 percent of the total cost of the electronic roster equipment and software
 164.13 or 50 percent of the total cost for assistive voting technology or automatic tabulating
 164.14 equipment. The secretary of state must first award grants to counties and municipalities
 164.15 leasing or purchasing new equipment or software. If funds remain after awarding grants for
 164.16 new equipment or software, the secretary of state must use the remaining funds for grants
 164.17 to counties and municipalities seeking reimbursement for equipment or software already
 164.18 purchased.

164.19 Subd. 4. **Application for grant; certification of costs.** (a) To receive a grant, a county
 164.20 or municipality must submit an application to the secretary of state. The secretary of state
 164.21 shall prescribe a form for this purpose. At a minimum, the application must describe:

164.22 (1) the type of equipment or software proposed for purchase or lease;

164.23 (2) the expected total cost of the equipment or software, and sources of funding that will
 164.24 be used for the purchase or lease in addition to the grant funding provided by this section;

164.25 (3) the county's or municipality's plan to address the long-term maintenance, repair, and
 164.26 eventual replacement costs for the equipment or software without using any funds from the
 164.27 grant for these purposes; and

164.28 (4) any other information required by the secretary of state.

164.29 (b) The secretary of state must establish:

164.30 (1) a deadline for receipt of grant applications;

164.31 (2) a procedure for awarding and distributing grants;

165.1 (3) criteria for the fair, proportional distribution of grants if the funds do not completely
165.2 cover the requests for a particular type of equipment; and

165.3 (4) a process for verifying the proper use of the grants after distribution.

165.4 Subd. 5. **Report to legislature.** No later than January 15, 2018, and annually thereafter
165.5 until the appropriations provided for grants under this section have been exhausted, the
165.6 secretary of state must submit a report to the legislative committees with jurisdiction over
165.7 elections policy on grants awarded by this section. The report must detail each grant awarded,
165.8 including the jurisdiction, the amount of the grant, and the type of equipment or software
165.9 purchased.

165.10 Sec. 31. **REPEALER.**

165.11 Subdivision 1. **Campaign subsidy.** Minnesota Statutes 2016, sections 10A.28,
165.12 subdivision 1; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b,
165.13 and 11; 10A.315; 10A.321; 10A.322, subdivisions 2 and 4; 10A.323; and 10A.324,
165.14 subdivisions 1 and 3, and Minnesota Rules, parts 4503.1400, subparts 2, 3, 4, 5, 6, 7, 8, and
165.15 9; and 4503.1450, are repealed effective July 1, 2017, and apply to elections held on or after
165.16 that date. Money in the account under Minnesota Statutes, section 10A.30, on June 30,
165.17 2017, cancels to the general fund, and amounts designated under Minnesota Statutes, section
165.18 10A.31, on income tax and property tax refund returns filed after June 30, 2017, are not
165.19 effective and remain in the general fund.

165.20 Subd. 2. **Rules.** Minnesota Rules, parts 4501.0300, subpart 3; 4501.0500, subpart 2;
165.21 4503.0200, subpart 6; 4503.0300, subpart 4; 4503.0400, subpart 1; 4503.0500, subparts 5
165.22 and 8; 4503.0700, subparts 2 and 3; 4503.1300, subpart 5; 4503.1600; 4503.1700; 4503.1800;
165.23 4505.0100, subpart 3; 4505.0900, subparts 2, 3, 4, 5, 6, and 7; 4511.0500, subpart 2;
165.24 4512.0100, subparts 2, 4, and 5; and 4525.0210, subpart 1, are repealed.

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ARTICLE 1	STATE GOVERNMENT APPROPRIATIONS	Page.Ln 2.20
ARTICLE 2	STATE GOVERNMENT OPERATIONS	Page.Ln 29.13
ARTICLE 3	STATE BUDGETING TECHNICAL	Page.Ln 65.28
ARTICLE 4	ADMINISTRATIVE RULEMAKING	Page.Ln 106.1
ARTICLE 5	MILITARY AFFAIRS AND VETERANS AFFAIRS	Page.Ln 137.8
ARTICLE 6	CAMPAIGN FINANCE AND ELECTIONS	Page.Ln 147.11

4.46 WASHINGTON OFFICE.

The governor may appoint employees for the Washington, D.C., office of the state of Minnesota and may prescribe their duties. In the operation of the office, the governor may expend money appropriated by the legislature for promotional purposes in the same manner as private persons, firms, corporations, and associations expend money for promotional purposes. Promotional expenditures for food, lodging, or travel are not governed by the travel rules of the commissioner of management and budget.

6.581 STATE AUDITOR ENTERPRISE FUND.

Subdivision 1. **State auditor enterprise fund.** A state auditor enterprise fund is established in the state treasury. All amounts received for the costs and expenses of examinations performed under this chapter shall be credited to the fund. Amounts credited to the fund are annually appropriated to the state auditor to pay the costs and expenses related to the examinations performed, including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses.

10A.28 PENALTY FOR EXCEEDING LIMITS.

Subdivision 1. **Exceeding expenditure limits.** A candidate subject to the expenditure limits in section 10A.25 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25, as adjusted by section 10A.255, is subject to a civil penalty up to four times the amount by which the expenditures exceeded the limit.

10A.30 STATE ELECTIONS CAMPAIGN ACCOUNT.

Subdivision 1. **Establishment.** An account is established in the special revenue fund of the state known as the "state elections campaign account."

Subd. 2. **Separate account.** Within the state elections campaign account there must be maintained a separate political party account for the state committee and the candidates of each political party and a general account.

Subd. 3. **Special elections account.** An account is established in the special revenue fund of the state known as the "state special elections campaign account."

10A.31 DESIGNATION OF INCOME TAX PAYMENTS.

Subdivision 1. **Designation.** An individual resident of this state who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that \$5 be paid from the general fund of the state into the state elections campaign account. If a husband and wife file a joint return, each spouse may designate that \$5 be paid. No individual is allowed to designate \$5 more than once in any year. The taxpayer may designate that the amount be paid into the account of a political party or into the general account.

Subd. 3. **Form.** The commissioner of revenue must provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the individual to indicate a wish to pay \$5 (\$10 if filing a joint return) from the general fund of the state to finance election campaigns. The form must also contain language prepared by the commissioner that permits the individual to direct the state to pay the \$5 (or \$10 if filing a joint return) to: (1) one of the major political parties; (2) any minor political party that qualifies under subdivision 3a; or (3) all qualifying candidates as provided by subdivision 7. The renter and homeowner property tax refund return must include instructions that the individual filing the return may designate \$5 on the return only if the individual has not designated \$5 on the income tax return.

Subd. 3a. **Qualification of political parties.** (a) A major political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a major political party by July 1 of the taxable year.

(b) A minor political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a minor party statewide by July 1 of the taxable year.

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(c) The secretary of state shall notify each major and minor political party by the first Monday in January of each odd-numbered year of the conditions necessary for the party to participate in income tax form and property tax refund return programs.

(d) The secretary of state shall notify each political party, the commissioner of revenue, and the Campaign Finance and Public Disclosure Board by July 1 of each year and following certification of the results of each general election of the political parties that qualify for inclusion on the income tax form and property tax refund return as provided in subdivision 3.

Subd. 4. **Appropriation.** (a) The amounts designated by individuals for the state elections campaign account, less three percent, are appropriated from the general fund, must be transferred and credited to the appropriate account in the state elections campaign account, and are annually appropriated for distribution as set forth in subdivisions 5, 5a, 6, and 7. The remaining three percent must be kept in the general fund for administrative costs.

(b) In addition to the amounts in paragraph (a), \$1,020,000 for each general election is appropriated from the general fund for transfer to the general account of the state elections campaign account.

Subd. 5. **Allocation.** (a) General account. In each calendar year the money in the general account must be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 4.2 percent for the office of attorney general;
- (3) 2.4 percent each for the offices of secretary of state and state auditor;
- (4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative; and

(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative.

(b) Party account. In each calendar year the money in each party account must be allocated as follows:

- (1) 14 percent for the offices of governor and lieutenant governor together;
- (2) 2.8 percent for the office of attorney general;
- (3) 1.6 percent each for the offices of secretary of state and state auditor;
- (4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative;

(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative; and

(6) ten percent or \$50,000, whichever is less, for the state committee of a political party; one-third of any amount in excess of that allocated to the state committee of a political party under this clause must be allocated to the office of state senator and two-thirds must be allocated to the office of state representative under clause (4).

Money allocated to each state committee under clause (6) must be deposited in a separate account and must be spent for only those items enumerated in section 10A.275. Money allocated to a state committee under clause (6) must be paid to the committee by the board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the returns were processed by the Department of Revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the Department of Revenue's weekly unedited reports of income tax returns and property tax refund returns processed in the month, as notified by the Department of Revenue to the board. The amounts paid to each state committee are subject to biennial adjustment and settlement at the time of each certification required of the commissioner of revenue under subdivisions 7 and 10. If the total amount of payments received by a state committee for the period reflected on a certification by the Department of Revenue is different from the amount that should have been received during the period according to the certification, each subsequent monthly payment must be increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.

Subd. 5a. **Party account for legislative candidates.** To ensure that money will be returned to the counties from which it was collected and to ensure that the distribution of money rationally relates to the support for particular parties or for particular candidates within legislative districts, money from the party accounts for legislative candidates must be distributed as provided in this subdivision.

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election must receive money from the candidate's party account

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allocated to candidates for the state senate or state house of representatives, whichever applies, according to the following formula:

For each county within the candidate's district, the candidate's share of the dollars designated by taxpayers who resided in that county and credited to the candidate's party account and allocated to that office must be:

(1) the sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, divided by

(2) the sum of the votes cast in the entire county in the last general election for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, multiplied by

(3) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For a party under whose name no candidate's name appeared on the ballot statewide in the last general election, amounts in the party's account must be allocated based on (i) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (ii) the number of the people voting in the entire county in the last general election, multiplied by (iii) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

In the first general election after the legislature is redistricted, "the candidate's district" means the newly drawn district and voting data from the last general election must be applied to the area encompassing the newly drawn district, notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party is the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (1) and (2). The average vote must be added to the sums in clauses (1) and (2) before the calculation is made for all districts in the county.

Subd. 6. Distribution of party accounts. As soon as the board has obtained from the secretary of state the results of the primary election, but no later than one week after certification by the State Canvassing Board of the results of the primary, the board must distribute the available money in each party account, as certified by the commissioner of revenue one week before the state primary, to the candidates of that party who have signed a spending limit agreement under section 10A.322 and filed the affidavit of contributions required by section 10A.323, who were opposed in either the primary election or the general election, and whose names are to appear on the ballot in the general election, according to the allocations set forth in subdivisions 5 and 5a. The public subsidy from the party account may not be paid in an amount greater than the expenditure limit of the candidate or the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10.

Subd. 6a. Party account money not distributed. Money from a party account not distributed to candidates for state senator or representative in any election year must be returned to the general fund of the state, except that the subsidy from the party account an unopposed candidate would otherwise have been eligible to receive must be paid to the state committee of the candidate's political party to be deposited in a special account under subdivision 5, paragraph (b), clause (6), and used for only those items permitted under section 10A.275. Money from a party account not distributed to candidates for other offices in an election year must be returned to the party account for reallocation to candidates as provided in subdivision 5, paragraph (b), in the following year.

Subd. 7. Distribution of general account. (a) As soon as the board has obtained the results of the primary election from the secretary of state, but no later than one week after certification of the primary results by the State Canvassing Board, the board must distribute the available money in the general account, as certified by the commissioner of revenue one week before the state primary and according to allocations set forth in subdivision 5, in equal amounts to all candidates of a major political party whose names are to appear on the ballot in the general election and who:

(1) have signed a spending limit agreement under section 10A.322;

(2) have filed the affidavit of contributions required by section 10A.323; and

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(3) were opposed in either the primary election or the general election.

(b) The public subsidy under this subdivision may not be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account to exceed 50 percent of the expenditure limit for the candidate or 50 percent of the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.

Subd. 7a. **Withholding of public subsidy.** If a candidate who is eligible for payment of public subsidy under this section has not filed the report of receipts and expenditures required under section 10A.20 before a primary election, any public subsidy for which that candidate is eligible must be withheld by the board until the candidate complies with the filing requirements of section 10A.20 and the board has sufficient time to review or audit the report. If a candidate who is eligible for public subsidy does not file the report due before the primary election under section 10A.20 by the date that the report of receipts and expenditures filed before the general election is due, that candidate shall not be paid public subsidy for that election.

Subd. 10. **December distribution.** In the event that on the date of either certification by the commissioner of revenue as provided in subdivision 6 or 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue must certify to the board by December 1 the amount accumulated in each account since the previous certification. By December 15, the board must distribute to each candidate according to the allocations in subdivisions 5 and 5a the amounts to which the candidates are entitled.

Subd. 10a. **Form of distribution.** A distribution to a candidate must be in the form of a check made "payable to the campaign fund of(name of candidate)....."

Subd. 10b. **Remainder.** Money accumulated after the final certification must be kept in the respective accounts for distribution in the next general election year.

Subd. 11. **Write-in candidate.** For the purposes of this section, a write-in candidate is a candidate only upon complying with sections 10A.322 and 10A.323.

10A.315 SPECIAL ELECTION SUBSIDY.

(a) Each eligible candidate for a legislative office in a special election must be paid a public subsidy equal to the sum of:

- (1) the party account money at the last general election for the candidate's party for the office the candidate is seeking; and
- (2) the general account money paid to a candidate for the same office at the last general election.

(b) A candidate who wishes to receive this public subsidy must submit a signed agreement under section 10A.322 to the board and must meet the contribution requirements of section 10A.323. The special election subsidy must be distributed in the same manner as money in the party and general accounts is distributed to legislative candidates in a general election.

(c) The amount necessary to make the payments required by this section is appropriated from the general fund for transfer to the state special elections campaign account for distribution by the board as set forth in this section.

10A.321 ESTIMATES OF MINIMUM AMOUNTS TO BE RECEIVED.

Subdivision 1. **Calculation and certification of estimates.** The commissioner of revenue must calculate and certify to the board one week before the first day for filing for office in each election year an estimate of the total amount in the state general account of the state elections campaign account and the amount of money each candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7, may receive from the candidate's party account in the state elections campaign account. This estimate must be based upon the allocations and formulas in section 10A.31, subdivisions 5 and 5a, any necessary vote totals provided by the secretary of state to apply the formulas in section 10A.31, subdivisions 5 and 5a, and the amount of money expected to be available after 100 percent of the tax returns have been processed.

Subd. 2. **Publication, certification, and notification procedures.** Before the first day of filing for office, the board must publish and forward to all filing officers the estimates calculated and certified under subdivision 1 along with a copy of section 10A.25, subdivision 10. Within one week after the last day for filing for office, the secretary of state must certify to the board the name, address, office sought, and party affiliation of each candidate who has filed with that

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office an affidavit of candidacy or petition to appear on the ballot. The auditor of each county must certify to the board the same information for each candidate who has filed with that county an affidavit of candidacy or petition to appear on the ballot. Within two weeks after the last day for filing for office, the board must notify all candidates of their estimated minimum amount. The board must include with the notice a form for the agreement provided in section 10A.322 along with a copy of section 10A.25, subdivision 10.

10A.322 SPENDING LIMIT AGREEMENTS.

Subd. 2. **How long agreement is effective.** The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, and the contribution limit in section 10A.27, subdivision 10, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the end of the first election cycle completed after the agreement was filed, whichever occurs first.

Subd. 4. **Refund receipt forms; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that:

(1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

The forms must provide duplicate copies of the receipt to be attached to the contributor's claim.

(b) The willful issuance of an official refund receipt form or a facsimile of one to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

(c) The willful issuance of an official refund receipt form or a facsimile to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

(d) A violation of paragraph (b) or (c) is a misdemeanor.

10A.323 AFFIDAVIT OF CONTRIBUTIONS.

(a) In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must:

(1) between January 1 of the previous year and the cutoff date for transactions included in the report of receipts and expenditures due before the primary election, accumulate contributions from individuals eligible to vote in this state in at least the amount indicated for the office sought, counting only the first \$50 received from each contributor, excluding in-kind contributions:

(i) candidates for governor and lieutenant governor running together, \$35,000;

(ii) candidates for attorney general, \$15,000;

(iii) candidates for secretary of state and state auditor, separately, \$6,000;

(iv) candidates for the senate, \$3,000; and

(v) candidates for the house of representatives, \$1,500;

(2) file an affidavit with the board stating that the principal campaign committee has complied with this paragraph. The affidavit must state the total amount of contributions that have been received from individuals eligible to vote in this state, excluding:

(i) the portion of any contribution in excess of \$50;

(ii) any in-kind contribution; and

(iii) any contribution for which the name and address of the contributor is not known and recorded; and

(3) submit the affidavit required by this section to the board in writing by the deadline for reporting of receipts and expenditures before a primary under section 10A.20, subdivision 4.

(b) A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the filing period for the general election must accumulate the contributions specified in paragraph (a) and must submit the affidavit required by this section to the board within five days after the close of the filing period for the special election for which the candidate filed.

10A.324 RETURN OF PUBLIC SUBSIDY.

Subdivision 1. **When return required.** A candidate must return all or a portion of the public subsidy received from the state elections campaign account or the public subsidy received under section 10A.315, under the circumstances in this section or section 10A.257, subdivision 1.

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To the extent that the amount of public subsidy received exceeds the aggregate of: (1) actual expenditures made by the principal campaign committee of the candidate; and (2) approved expenditures made on behalf of the candidate, the treasurer of the candidate's principal campaign committee must return an amount equal to the difference to the board. The cost of postage that was not used during an election cycle and payments that created credit balances at vendors at the close of an election cycle are not considered expenditures for purposes of determining the amount to be returned. Expenditures in excess of the candidate's spending limit do not count in determining aggregate expenditures under this paragraph.

Subd. 3. **How return determined.** Whether or not a candidate is required under subdivision 1 to return all or a portion of the public subsidy must be determined from the report required to be filed with the board by that candidate by January 31 of the year following an election. An amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board must deposit the check or money order in the state treasury for credit to the general fund. The amount returned must not exceed the amount of public subsidy received by the candidate.

14.05 GENERAL AUTHORITY.

Subd. 5. **Review and repeal of rules.** By December 1 of each year, an agency must submit to the governor, the Legislative Coordinating Commission, the policy and funding committees and divisions with jurisdiction over the agency, and the revisor of statutes, a list of any rules or portions of rules that are obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The list must also include an explanation of why the rule or portion of the rule is obsolete, unnecessary, or duplicative of other state or federal statutes or rules. By December 1, the agency must either report a timetable for repeal of the rule or portion of the rule, or must develop a bill for submission to the appropriate policy committee to repeal the obsolete, unnecessary, or duplicative rule. Such a bill must include proposed authorization to use the expedited procedures of section 14.389 to repeal or amend the obsolete, unnecessary, or duplicative rule. A report submitted under this subdivision must be signed by the person in the agency who is responsible for identifying and initiating repeal of obsolete rules. The report also must identify the status of any rules identified in the prior year's report as obsolete, unnecessary, or duplicative. If none of an agency's rules are obsolete, unnecessary, or duplicative, an agency's December 1 report must state that conclusion.

4501.0300 CERTIFICATION, SIGNATURES, AND NOTARIZATION.

Subp. 3. **Notarization.** The only documents that must be notarized are affidavits of contributions filed pursuant to Minnesota Statutes, section 10A.323, and sworn statements relating to independent expenditures filed pursuant to Minnesota Statutes, section 10A.20, subdivision 6a.

4501.0500 FILINGS, SUBMISSIONS, AND DISCLOSURES.

Subp. 2. **Filing by facsimile transmission or electronic filing system.** A document filed by facsimile transmission or electronic filing system has the same force and effect as filing an original paper document. Facsimile transmissions and the use of an electronic filing system are subject to items A to F.

A. A facsimile transmission or electronic file received after the close of a business day is considered received at the beginning of the next business day.

B. Use of an electronic filing system is optional. In order to provide a secure environment for the submission of electronic files, the board must require that a filer use a personal identification code when submitting an electronic file. The board may also request the filer to provide a valid e-mail address in order to receive confirmation and verification messages from the board.

C. After an electronic file is processed by the board, the information contained in the electronic file becomes the property of the state subject to the terms of the Data Practices Act under Minnesota Statutes, chapter 13.

D. In the case of a filing by facsimile transmission, the filer must retain the original of the filed document and a record of the date and time of the transmission. If an electronic filing system is used to submit an electronic file to the board, the filer must retain as documentation the database and information on which the electronic submission of data is based. The database and records are subject to audit as provided in Minnesota Statutes, chapter 10A.

E. Within five days of a request by the board, any person filing a document by facsimile transmission or electronic filing system shall refile the document by one of the other filing methods provided in subpart 1.

F. Technical problems that prevent the successful submission of a facsimile transmission or electronic file do not relieve the filer of the responsibility of meeting the requirements of Minnesota Statutes, chapter 10A. An audit trail that demonstrates that the facsimile transmission or electronic file was successfully submitted in a timely fashion may be used by the board to waive late filing fees.

4503.0200 ORGANIZATION OF POLITICAL COMMITTEES AND POLITICAL FUNDS.

Subp. 6. **Depositories.** The depositories of a political committee or political fund include any depository in which the committee or fund has a savings, checking, or similar account, or purchases a money market certificate or certificate of deposit. Before registering, a political committee or political fund which expects to receive money or negotiable instruments must establish a checking, savings, or similar account in the name of "Campaign Fund of (name of candidate, committee, or fund)."

4503.0300 TERMINATION OF POLITICAL COMMITTEE OR POLITICAL FUND.

Subp. 4. **Payment plan pending dissolution of inactive political committee or political fund.** An inactive political committee or political fund that must dissolve according to Minnesota Statutes, section 10A.242, and that has liquidated its available assets to pay its debts may submit to the board a proposed payment schedule to settle any remaining debts. Upon approval of the schedule, the board may allow the committee or fund to defer dissolution until all debts are paid.

4503.0400 DISTRICT COURT JUDICIAL CANDIDATES.

Subpart 1. **Donations in kind.** Donations in kind to a candidate for district court judge which in aggregate exceed \$100 must be disclosed in accordance with Minnesota Statutes, section 10A.20, subdivision 3, paragraph (b).

4503.0500 CONTRIBUTIONS.

Subp. 5. **Contributions from Hennepin County registered associations.** In lieu of registration with the board, an association registered with the Hennepin County filing officer under Minnesota Statutes, sections 383B.041 to 383B.058, that makes contributions of more than \$100

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to a committee or fund in a calendar year may notify the recipient committee of its registration with Hennepin County, including its registration number, and instruct the recipient committee to include the notice when the recipient committee discloses receipt of the contribution.

4503.0500 CONTRIBUTIONS.

Subp. 8. **Value of contributions of automobile use.** Automobile use provided to a committee by an individual may be valued at the lowest rate used by the state to reimburse its employees for automobile use. Alternatively, the value of the automobile may be calculated as the actual cost of fuel, maintenance, repairs, and insurance directly related to the use of the automobile. The use of an automobile that exceeds \$20 in value a day is either an expenditure that must be reimbursed or a donation in kind from the individual who provided the use of the automobile. An automobile provided by an association must be valued at the fair market value for renting an equivalent automobile.

4503.0700 CONTRIBUTION LIMITS.

Subp. 2. **Special election contribution limits.** Election year contribution limits set forth in Minnesota Statutes, section 10A.27, apply to a special election cycle.

4503.0700 CONTRIBUTION LIMITS.

Subp. 3. **Independent application of limits for special election.** Contribution limits apply independently for election years, other years, and special election cycles.

4503.1300 GOVERNOR AND LIEUTENANT GOVERNOR.

Subp. 5. **Return of contributions after merger.** Funds transferred to the joint committee which result in aggregate contributions in excess of the applicable limits may be returned to the contributor within 60 days of the transfer of funds to the joint committee.

4503.1400 PUBLIC SUBSIDY AGREEMENTS.

Subp. 2. **Period covered by agreement.** A public subsidy agreement is effective for the entire election cycle regardless of when the agreement is signed.

4503.1400 PUBLIC SUBSIDY AGREEMENTS.

Subp. 3. **Effect of signing public subsidy agreement after first year of election cycle.** By signing a public subsidy agreement after the first year of an election cycle, a candidate agrees to abide by spending and contribution limits for candidates with public subsidy agreements for the entire election cycle. The candidate is subject to the same remedies for prior violations of contribution and spending limits as a candidate who signed a public subsidy agreement during the first year of the election cycle.

4503.1400 PUBLIC SUBSIDY AGREEMENTS.

Subp. 4. **Effect on right to participate in political contribution refund program.** The right to issue receipts under the political contribution refund program established in Minnesota Statutes, section 290.06, subdivision 23, arises only when the public subsidy agreement is actually signed.

4503.1400 PUBLIC SUBSIDY AGREEMENTS.

Subp. 5. **Expiration at end of special election cycle.** Public subsidy agreements for all candidates in a district in which a special election is held expire at the end of the special election cycle regardless of whether the candidate actually ran in the special election.

4503.1400 PUBLIC SUBSIDY AGREEMENTS.

Subp. 6. **Return of public subsidy.** If a candidate who has received public subsidy money fails to file a year-end report of receipts and expenditures in an election year, the board may determine the amount of public subsidy which must be returned based on the last report filed by the candidate.

4503.1400 PUBLIC SUBSIDY AGREEMENTS.

Subp. 7. **Nonreceipt of public subsidy funds.** A public subsidy agreement is binding regardless of whether the candidate actually receives funds from the state elections campaign fund.

4503.1400 PUBLIC SUBSIDY AGREEMENTS.

Subp. 8. **Affidavit of contributions for special elections.** For a special election for which the filing period does not coincide with a general election, the candidate must submit the affidavit of contributions not later than five days after filing an affidavit of candidacy or nominating petition for the office sought.

4503.1400 PUBLIC SUBSIDY AGREEMENTS.

Subp. 9. **Increase for first-time candidates.** Candidates who qualify for first-time candidate status receive a ten percent increase in the campaign expenditure limit in all years of the applicable election cycle.

4503.1450 DISTRIBUTION OF GENERAL ACCOUNT PUBLIC SUBSIDY FUNDS.

Subpart 1. **Agreement.** The general account public subsidy agreement required in Minnesota Statutes, section 10A.31, subdivision 7, may be provided to candidates on a separate form, or incorporated into the public subsidy agreement. The agreement must require that the candidate spend or be legally obligated to spend at least 50 percent of the general account public subsidy payment by the end of the reporting period prior to the general election. The agreement must also provide that if the candidate does not meet this requirement, the candidate must repay the board the difference between the candidates general account public subsidy payment and the candidates total campaign expenditures as of the end of the reporting period prior to the general election. The agreement must further provide that the candidate must reimburse the board for any reasonable collection costs incurred in securing the repayment of the unused general account public subsidy payment.

Subp. 2. **Failure to repay.** A candidate who fails to repay money required by the agreement cannot be paid additional general account public subsidy funds during the current or future election cycles until the entirety of the unexpended general account funds, and any associated collection fees, are either repaid to the board or discharged by a court action.

Subp. 3. **Estimate of general account public subsidy payment.** For purposes of determining a candidate's fulfillment of the terms of the agreement, the board must use the September 1 certification of available funds from the commissioner of the Department of Revenue to estimate the general account public subsidy payment for the candidate's office. Using first class mail, the board must inform each candidate eligible for a general account payment of the minimum amount that must be spent to comply with the terms of the agreement.

4503.1600 CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.

If the board makes a public finding that there is probable cause to believe a violation of Minnesota Statutes, section 10A.273, has occurred, in lieu of pursuing or enforcing a judgment, the board may accept payment of any fine imposed and thereafter close the matter.

4503.1700 FILING OF 48-HOUR NOTICE.

The 48-hour notice required under Minnesota Statutes, section 10A.20, subdivision 5, may be filed by facsimile transmission in addition to the other methods permitted by law.

4503.1800 REPORTING REQUIREMENTS.

Subpart 1. **Contributions.** Legislative, statewide, and judicial candidates, party units, political committees and funds, and committees and funds to promote or defeat a ballot question must itemize contributions that in aggregate exceed \$100 in a calendar year on reports submitted to the board. The itemization must include the date on which the contribution was received, the individual or association that provided the contribution, and the address of the contributor. Additionally, the itemization for a donation in kind must provide a description of the item or service received. Contributions that are less than the itemization amount must be reported as an aggregate total.

Subp. 2. **Expenditures and noncampaign disbursements.** Legislative, statewide, and judicial candidates, party units, political committees and funds, and committees to promote or defeat a ballot question must itemize expenditures and noncampaign disbursements that in aggregate exceed \$100 in a calendar year on reports submitted to the board. The itemization must include the date on which the committee made or became obligated to make the expenditure or disbursement, the name and address of the vendor that provided the service or item purchased,

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and a description of the service or item purchased. Expenditures and noncampaign disbursements must be listed on the report alphabetically by vendor.

4505.0100 DEFINITIONS.

Subp. 3. **Compensation in any month.** For the purpose of an original statement of economic interest, "compensation in any month" includes only compensation received in the calendar month immediately preceding the date of appointment as a public official or filing as a candidate.

For the purpose of supplementary statements of economic interest to be filed, "compensation in any month" includes compensation and honorariums received in any month between the end of the period covered in the preceding statement of economic interest and the end of the current period.

For the purpose of calculating the amount of compensation received from any single source in a single month, the amount shall include the total amount received from the source during the month, whether or not the amount covers compensation for more than one month.

4505.0900 FILING.

Subp. 2. **Filing of more than one statement in any year.** An individual who has filed a statement of economic interest within the calendar year shall file a supplementary statement within 14 days after filing an affidavit of candidacy or accepting employment or appointment to an office requiring the advice and consent of the senate.

4505.0900 FILING.

Subp. 3. **Statement after period when no statement required.** A public official or candidate, who previously filed a statement of economic interest and who is required to file a new statement of economic interest following a period when no statement was required, shall file an original statement.

4505.0900 FILING.

Subp. 4. **Termination as a public official.** An individual shall file a statement of economic interest to cover the period for which the individual served as a public official even though at the time the statement is filed, the individual is no longer holding that office as a public official. The statement of economic interest does not need to be filed if there have been no changes from the most recent statement of economic interest filed with the board.

4505.0900 FILING.

Subp. 5. **Option.** An individual whose term as a public official has ended after April 1 and before March 31 shall file either a supplementary statement on the next following April 15 through the last date of service or file a statement of termination as a public official through the last date of service. The latter statement may be filed at any time after the term ends and before the next following April 15.

4505.0900 FILING.

Subp. 6. **Change of public official position.** A public official who leaves one public official position and is appointed to another public official position within the year between the time when the individual filed either an original statement or a supplementary statement and April 15 of the following year shall file a termination statement for the former office within ten days after leaving that office. The individual shall file an original statement relative to the new office within the time imposed by Minnesota Statutes, section 10A.09, subdivision 1.

4505.0900 FILING.

Subp. 7. **Reporting of securities.** A public official must list the full name of each security with a value of \$2,500 or more owned in part or in full by the public official at any time during the reporting period.

4511.0500 LOBBYIST REPORTING REQUIREMENTS.

Subp. 2. **Reporting by multiple lobbyists representing the same entity.** Items A to F apply if a single individual, association, political subdivision, or public higher education system is represented by more than one lobbyist.

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A. The entity must appoint one designated lobbyist to report lobbyist disbursements made by the entity. The designated lobbyist must indicate that status on the periodic reports of lobbyist disbursements.

B. A reporting lobbyist may consent to report on behalf of one or more other lobbyists for the same entity, in which case, the other lobbyists are persons about whose activities the reporting lobbyist must disclose and are subject to the disclosure requirements of Minnesota Statutes, section 10A.04, subdivision 3. Lobbyist disbursement reports filed by a reporting lobbyist must include the names and registration numbers of the other lobbyists whose activities are included in the report.

C. Lobbyists whose activities are accounted for by a reporting lobbyist are not required to file lobbyist disbursement reports.

D. A lobbyist whose lobbying disbursements are provided to the board through a reporting lobbyist must supply all relevant information on disbursements to the reporting lobbyist no later than five days before the prescribed filing date.

E. The reporting periods and due dates for a reporting lobbyist are those provided in Minnesota Statutes, section 10A.04, subdivision 3. The board must notify by certified mail or personal service each reporting lobbyist that fails to file a required report within seven days of a statutory filing date. Additionally, the board must notify by certified mail or personal service each lobbyist listed on the registration of the reporting lobbyist of the failure of the reporting lobbyist to file in a timely manner. Within ten business days of the date on which the notice was sent, each lobbyist must report disbursements to the board. If a lobbyist fails to file a report within ten business days of the date on which the notice was sent by the board, the board may impose a late filing fee of \$5 per day, not to exceed a maximum of \$100, commencing with the 11th day after the notice was sent.

F. The reporting lobbyist must indicate the names and registration numbers of any lobbyists who did not provide their lobbying disbursements for inclusion in a report. The board must send notice by certified mail or personal service to a lobbyist who failed to provide the required disbursement information to the reporting lobbyist. The notice must require that the lobbyist file an individual lobbyist disbursement report within ten business days of the mailing of the notice. If a lobbyist fails to file a report within ten business days of the mailing of the notice, the board may impose a late filing fee of \$5 per day, not to exceed a maximum of \$100, commencing with the 11th day after receiving notice.

4512.0100 DEFINITIONS.

Subp. 2. **Field of specialty.** "Field of specialty" means a vocation, profession, trade, craft, or avocation of the individual.

4512.0100 DEFINITIONS.

Subp. 4. **Individual services.** "Individual services" means services performed by an official outside of official duties.

4512.0100 DEFINITIONS.

Subp. 5. **Plaque or similar memento.** "Plaque or similar memento" means a decorative item with an inscription recognizing an individual for an accomplishment.

4525.0210 DETERMINATIONS PRIOR TO FORMAL INVESTIGATION.

Subpart 1. **Preparation for prima facie determination.** After a complaint is filed, the executive director must follow the notice provisions in Minnesota Statutes, section 10A.022, subdivision 3, with regard to the respondent's right to submit written arguments addressing the prima facie determination.

Upon the expiration of the time provided for the respondent to submit written argument, the executive director must submit the matter to the board member who will make the determination or to all board members if the full board will make the determination. The submission must include the complaint, any response submitted by the respondent, and an analysis of the allegations of the complaint and the violations that it alleges.