CHAPTER 114--S.F.No. 4097

An act relating to commerce; adding, modifying, or eliminating various provisions governing insurance, financial institutions, commercial regulations and consumer protection, and telecommunications; modifying and authorizing certain on-sale liquor licenses; delaying medical supplement implementation; making technical changes; establishing penalties; authorizing administrative rulemaking; requiring reports; amending Minnesota Statutes 2022, sections 45.011, subdivision 1; 47.20, subdivision 2; 47.54, subdivisions 2, 6; 48.24, subdivision 2; 58.02, subdivisions 18, 21, by adding a subdivision; 58.04, subdivisions 1, 2; 58.05, subdivisions 1, 3; 58.06, by adding subdivisions; 58.08, subdivisions 1a, 2; 58.10, subdivision 3; 58.115; 58.13, subdivision 1; 58B.02, subdivision 8, by adding a subdivision; 58B.03, by adding subdivisions; 58B.06, subdivisions 4, 5; 58B.07, subdivisions 1, 3, 9, by adding subdivisions; 58B.09, by adding a subdivision; 60A.201, by adding a subdivision; 65A.29, by adding a subdivision; 67A.01, subdivision 2; 67A.14, subdivision 1; 72A.20, subdivision 13; 80A.61; 80A.66; 80C.05, subdivision 3; 82B.021, subdivision 26; 82B.095, subdivision 3; 82B.19, subdivision 1; 115C.08, subdivision 2; 176.175, subdivision 2; 237.121; 237.19; 239.791, by adding a subdivision; 270C.63, subdivision 8; 270C.65, subdivision 1; 270C.67, subdivisions 1a, 11; 270C.69, subdivision 1; 325E.66, subdivision 1; 325F.03; 325F.04; 325F.05; 325F.56, subdivision 2; 325F.62, subdivision 3; 325G.24; 325G.25, subdivision 1; 340A.101, subdivision 13; 340A.404, subdivisions 1, 2, 6; 429.021, subdivision 1; 471.6161, subdivision 8; 471.617, subdivision 2; 519.05; 550.37, subdivisions 2, 4, 12a, 14, 22, 23, by adding subdivisions; 550.39; 571.72, subdivisions 6, 9; 571.914, subdivision 1; 571.92; 571.921; 571.922; 571.927; Minnesota Statutes 2023 Supplement, sections 53B.28, subdivisions 18, 25; 53B.29; 53B.69, by adding subdivisions; 61A.031; 62Q.522, subdivision 1; 62Q.523, subdivision 1; 80A.50; 144.587, subdivision 4; 239.791, subdivision 8; 325E.21, subdivisions 1b, 11; 325E.80, subdivisions 1, 5, 6, 7; 332.71, subdivisions 2, 4, 5, 7; 332.72; 332.73, subdivision 1; 332.74, subdivisions 3, 5; Laws 2022, chapter 86, article 2, sections 3; 5; Laws 2023, chapter 57, article 2, sections 7; 8; 9; 10; 11; 12; 13; 14; 15; proposing coding for new law in Minnesota Statutes, chapters 53B; 58; 60A; 61A; 62J; 62Q; 65A; 325F; 325G; 332; 513; proposing coding for new law as Minnesota Statutes, chapters 46A; 60M; 325O; 332C; repealing Minnesota Statutes 2022, sections 45.014; 58.08, subdivision 3; 82B.25; 239.791, subdivision 3; 325G.25, subdivision 1a; 332.3351; Minnesota Statutes 2023 Supplement, sections 53B.58; 62Q.522, subdivisions 3, 4; 332.71, subdivision 8.

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

ARTICLE 1

INSURANCE

Section 1. Minnesota Statutes 2022, section 60A.201, is amended by adding a subdivision to read:

Subd. 6. **Coverage deemed unavailable.** Coverage for a risk that was referred to a surplus lines broker by a Minnesota licensed insurance producer who is not affiliated with the surplus lines broker is deemed unavailable from a licensed insurer.

Sec. 2. **[60A.43] DISABILITY INCOME COVERAGE; DISCLOSURE.**

(a) No contract or policy of long-term disability insurance that limits the duration of coverage for mental health or substance use disorders shall be offered in this state without a disclosure, provided at the time of application, that includes the following:

(1) a notification that the long-term disability coverage selected by the potential policyholder or plan sponsor limits the duration of coverage for mental health or substance use disorders; and

(2) that the potential policyholder or plan sponsor has the right to request more information about the limitation and other coverage options that include an unlimited duration, if available.

(b) Receipt of the disclosure described in paragraph (a) must be acknowledged by the potential policyholder or plan sponsor and evidence of the disclosure and acknowledgment must be retained by the insurance company offering the coverage for a period of no less than two years.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 3. **[61A.012] ANNUAL NOTICE REQUIRED.**

Subdivision 1. **Annual notice required.** For each policy of individual life insurance issued or delivered in Minnesota, a life insurance company must provide a written notice to the policyholder that contains the following information, as applicable:

(1) the policyholder;

(2) the policy number;

(3) the insured life; and

(4) the current contact information for the life insurance company.

Subd. 2. **Notice requirements.** The notice required under this section must be provided by the life insurance company to the policyholder at least once per calendar year, sent via United States mail to the policyholder's last known address or electronically to the policyholder's last known email address.

Subd. 3. **Compliance with other law.** This section's annual notice requirement is satisfied by an annual report provided by a life insurance company to a policyholder pursuant to and in compliance with section 61A.735.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to policies offered, issued, or renewed on or after that date.

Sec. 4. Minnesota Statutes 2023 Supplement, section 61A.031, is amended to read:

61A.031 SUICIDE PROVISIONS.

(a) The ~~sanity or insanity~~ mental competency of a person shall not be a factor in determining whether a person ~~committed~~ completed suicide within the terms of an individual or group life insurance policy regulating the payment of benefits in the event of the insured's suicide. This paragraph shall not be construed to alter present law but is intended to clarify present law.

(b) A life insurance policy or certificate issued or delivered in this state may exclude or restrict liability for any death benefit in the event the insured dies as a result of suicide within one year from the date of the

issue of the policy or certificate. Any exclusion or restriction shall be clearly stated in the policy or certificate. Any life insurance policy or certificate which contains any exclusion or restriction under this paragraph shall also provide that in the event any death benefit is denied because the insured dies as a result of suicide within one year from the date of issue of the policy or certificate, the insurer shall refund all premiums paid for coverage providing the denied death benefit on the insured.

Sec. 5. Minnesota Statutes 2023 Supplement, section 62Q.522, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

~~(b) "Closely held for-profit entity" means an entity that:~~

~~(1) is not a nonprofit entity;~~

~~(2) has more than 50 percent of the value of its ownership interest owned directly or indirectly by five or fewer owners; and~~

~~(3) has no publicly traded ownership interest.~~

~~For purposes of this paragraph:~~

~~(i) ownership interests owned by a corporation, partnership, limited liability company, estate, trust, or similar entity are considered owned by that entity's shareholders, partners, members, or beneficiaries in proportion to their interest held in the corporation, partnership, limited liability company, estate, trust, or similar entity;~~

~~(ii) ownership interests owned by a nonprofit entity are considered owned by a single owner;~~

~~(iii) ownership interests owned by all individuals in a family are considered held by a single owner. For purposes of this item, "family" means brothers and sisters, including half-brothers and half-sisters, a spouse, ancestors, and lineal descendants; and~~

~~(iv) if an individual or entity holds an option, warrant, or similar right to purchase an ownership interest, the individual or entity is considered to be the owner of those ownership interests.~~

~~(c)~~ (b) "Contraceptive method" means a drug, device, or other product approved by the Food and Drug Administration to prevent unintended pregnancy.

~~(d)~~ (c) "Contraceptive service" means consultation, examination, procedures, and medical services related to the prevention of unintended pregnancy, excluding vasectomies. This includes but is not limited to voluntary sterilization procedures, patient education, counseling on contraceptives, and follow-up services related to contraceptive methods or services, management of side effects, counseling for continued adherence, and device insertion or removal.

~~(e) "Eligible organization" means an organization that opposes providing coverage for some or all contraceptive methods or services on account of religious objections and that is:~~

~~(1) organized as a nonprofit entity and holds itself out to be religious; or~~

~~(2) organized and operates as a closely held for-profit entity, and the organization's owners or highest governing body has adopted, under the organization's applicable rules of governance and consistent with state law, a resolution or similar action establishing that the organization objects to covering some or all contraceptive methods or services on account of the owners' sincerely held religious beliefs.~~

~~(f) "Exempt organization" means an organization that is organized and operates as a nonprofit entity and meets the requirements of section 6033(a)(3)(A)(i) or (iii) of the Internal Revenue Code of 1986, as amended.~~

~~(g)~~ (d) "Medical necessity" includes but is not limited to considerations such as severity of side effects, difference in permanence and reversibility of a contraceptive method or service, and ability to adhere to the appropriate use of the contraceptive method or service, as determined by the attending provider.

~~(h)~~ (e) "Therapeutic equivalent version" means a drug, device, or product that can be expected to have the same clinical effect and safety profile when administered to a patient under the conditions specified in the labeling, and that:

(1) is approved as safe and effective;

(2) is a pharmaceutical equivalent: (i) containing identical amounts of the same active drug ingredient in the same dosage form and route of administration; and (ii) meeting compendial or other applicable standards of strength, quality, purity, and identity;

(3) is bioequivalent in that:

(i) the drug, device, or product does not present a known or potential bioequivalence problem and meets an acceptable in vitro standard; or

(ii) if the drug, device, or product does present a known or potential bioequivalence problem, it is shown to meet an appropriate bioequivalence standard;

(4) is adequately labeled; and

(5) is manufactured in compliance with current manufacturing practice regulations.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 6. Minnesota Statutes 2023 Supplement, section 62Q.523, subdivision 1, is amended to read:

Subdivision 1. **Scope of coverage.** Except as otherwise provided in section ~~62Q.522~~ 62Q.679, subdivisions 2 and 3 ~~and 4~~, all health plans that provide prescription coverage must comply with the requirements of this section.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 7. **[62Q.585] GENDER-AFFIRMING CARE COVERAGE; MEDICALLY NECESSARY CARE.**

Subdivision 1. **Requirement.** No health plan that covers physical or mental health services may be offered, sold, issued, or renewed in this state that:

(1) excludes coverage for medically necessary gender-affirming care; or

(2) requires gender-affirming treatments to satisfy a definition of "medically necessary care," "medical necessity," or any similar term that is more restrictive than the definition provided in subdivision 2.

Subd. 2. **Minimum definition.** "Medically necessary care" means health care services appropriate in terms of type, frequency, level, setting, and duration to the enrollee's diagnosis or condition and diagnostic testing and preventive services. Medically necessary care must be consistent with generally accepted practice parameters as determined by health care providers in the same or similar general specialty as typically manages the condition, procedure, or treatment at issue and must:

(1) help restore or maintain the enrollee's health; or

(2) prevent deterioration of the enrollee's condition.

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

(b) " Gender-affirming care" means all medical, surgical, counseling, or referral services, including telehealth services, that an individual may receive to support and affirm the individual's gender identity or gender expression and that are legal under the laws of this state.

(c) "Health plan" has the meaning given in section 62Q.01, subdivision 3, but includes the coverages listed in section 62A.011, subdivision 3, clauses (7) and (10).

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. **[62Q.679] RELIGIOUS OBJECTIONS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Closely held for-profit entity" means an entity that is not a nonprofit entity, has more than 50 percent of the value of its ownership interest owned directly or indirectly by five or fewer owners, and has no publicly traded ownership interest. For purposes of this paragraph:

(1) ownership interests owned by a corporation, partnership, limited liability company, estate, trust, or similar entity are considered owned by that entity's shareholders, partners, members, or beneficiaries in proportion to their interest held in the corporation, partnership, limited liability company, estate, trust, or similar entity;

(2) ownership interests owned by a nonprofit entity are considered owned by a single owner;

(3) ownership interests owned by all individuals in a family are considered held by a single owner. For purposes of this clause, "family" means brothers and sisters, including half-brothers and half-sisters, a spouse, ancestors, and lineal descendants; and

(4) if an individual or entity holds an option, warrant, or similar right to purchase an ownership interest, the individual or entity is considered to be the owner of those ownership interests.

(c) "Eligible organization" means an organization that opposes covering some or all health benefits under section 62Q.522 or 62Q.585 on account of religious objections and that is:

(1) organized as a nonprofit entity and holds itself out to be religious; or

(2) organized and operates as a closely held for-profit entity, and the organization's owners or highest governing body has adopted, under the organization's applicable rules of governance and consistent with state law, a resolution or similar action establishing that the organization objects to covering some or all health benefits under section 62Q.522 or 62Q.585 on account of the owners' sincerely held religious beliefs.

(d) "Exempt organization" means an organization that is organized and operates as a nonprofit entity and meets the requirements of section 6033(a)(3)(A)(i) or (iii) of the Internal Revenue Code of 1986, as amended.

Subd. 2. **Exemption.** (a) An exempt organization is not required to provide coverage under section 62Q.522 or 62Q.585 if the exempt organization has religious objections to the coverage. An exempt organization that chooses to not provide coverage pursuant to this paragraph must notify employees as part of the hiring process and must notify all employees at least 30 days before:

(1) an employee enrolls in the health plan; or

(2) the effective date of the health plan, whichever occurs first.

(b) If the exempt organization provides partial coverage under section 62Q.522 or 62Q.585, the notice required under paragraph (a) must provide a list of the portions of such coverage which the organization refuses to cover.

Subd. 3. **Accommodation for eligible organizations.** (a) A health plan established or maintained by an eligible organization complies with the coverage requirements of section 62Q.522 or 62Q.585, with respect to the health benefits identified in the notice under this paragraph, if the eligible organization provides notice to any health plan company with which the eligible organization contracts that it is an eligible organization and that the eligible organization has a religious objection to coverage for all or a subset of the health benefits under section 62Q.522 or 62Q.585.

(b) The notice from an eligible organization to a health plan company under paragraph (a) must include: (1) the name of the eligible organization; (2) a statement that it objects to coverage for some or all of the health benefits under section 62Q.522 or 62Q.585, including a list of the health benefits to which the eligible organization objects, if applicable; and (3) the health plan name. The notice must be executed by a person authorized to provide notice on behalf of the eligible organization.

(c) An eligible organization must provide a copy of the notice under paragraph (a) to prospective employees as part of the hiring process and to all employees at least 30 days before:

(1) an employee enrolls in the health plan; or

(2) the effective date of the health plan, whichever occurs first.

(d) A health plan company that receives a copy of the notice under paragraph (a) with respect to a health plan established or maintained by an eligible organization must, for all future enrollments in the health plan:

(1) expressly exclude coverage for those health benefits identified in the notice under paragraph (a) from the health plan; and

(2) provide separate payments for any health benefits required to be covered under section 62Q.522 or 62Q.585 for enrollees as long as the enrollee remains enrolled in the health plan.

(e) The health plan company must not impose any cost-sharing requirements, including co-pays, deductibles, or coinsurance, or directly or indirectly impose any premium, fee, or other charge for the health benefits under section 62Q.522 on the enrollee. The health plan company must not directly or indirectly impose any premium, fee, or other charge for the health benefits under section 62Q.522 or 62Q.585 on the eligible organization or health plan.

(f) On January 1, 2024, and every year thereafter a health plan company must notify the commissioner, in a manner determined by the commissioner, of the number of eligible organizations granted an accommodation under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 9. Minnesota Statutes 2022, section 65A.29, is amended by adding a subdivision to read:

Subd. 8a. **Losses resulting from lightning, wind, rain, or hail.** (a) An insurer may refuse to renew a policy of homeowner's insurance if the insured had three or more covered losses each over $10,000 resulting from lightning, wind, rain, or hail during the five-year period immediately preceding the refusal to renew.

(b) If an insurer elects to not renew a policy of homeowner's insurance under paragraph (a), the insurer must provide the insured 60 days' advance notice of the insurer's intention to make the election. The notice must specify the reason for the refusal to renew and must inform the insured of the possibility of coverage through the Minnesota FAIR plan under sections 65A.31 to 65A.42.

(c) An insurer writing homeowner's insurance for property located in Minnesota must annually report to the commissioner the number of policies not renewed under paragraph (a).

(d) An insurer may, at the end of a homeowner's insurance policy period, offer to reduce the policy's coverage by revising the policy's deductible to a percentage-based deductible solely for losses resulting from lightning, wind, rain, or hail without complying with the nonrenewal rules in Minnesota Rules, chapter 2880, provided:

(1) the percentage-based deductible only obligates the insured to pay that percentage of the cost, at the time any loss or damage occurs, to actually repair, rebuild, or replace the insured property;

(2) the insurer provides the insured at least 60 days' advance notice of the insurer's offer to revise the deductible in a manner consistent with this section;

(3) the 60 days' notice the insurer provides to the insured clearly and fully discloses in plain language all details pertaining to the revised deductible, including an example of how the deductible works in the event of an insured loss resulting from lightning, wind, rain, or hail with the percentage the consumer is obligated to pay when applied to the cost of repair; and

(4) the insurer offers the insured at least one reasonable flat-dollar deductible option that does not exceed the highest percentage deductible policy in lieu of the percentage-based deductible. The offer under this clause must be included in the 60 days' notice the insurer provides to the insured. The 60 days' notice must also clearly and conspicuously disclose that if the insured fails to elect the percentage-based deductible but renews the policy, the policy's deductible is the flat-dollar deductible.

Sec. 10. **[65A.3025] CONDOMINIUM AND TOWNHOUSE POLICIES; COORDINATION OF BENEFITS FOR LOSS ASSESSMENT.**

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

(b) "Assessable loss" means a covered loss under the terms of a policy governed by subdivision 2, paragraph (a) or (b).

(c) "Association" has the meaning given in section 515B.1-103, clause (4).

(d) "Unit owner" has the meaning given in section 515B.1-103, clause (37).

Subd. 2. **Loss assessment.** (a) If a loss assessment is charged by an association to an individual unit owner, the insurance policy in force at the time of the assessable loss must pay the loss assessment, subject to the limits provided in the policy, notwithstanding any policy provisions regarding when loss assessment coverage accrues, and subject to any other terms, conditions, and exclusions in the policy, if the following conditions are met:

(1) the unit owner at the time of the assessable loss is the owner of the property listed on the policy at the time the loss assessment is charged;

(2) the insurance policy in force at the time of the assessable loss provides loss assessment coverage; and

(3) a loss assessment and the event or occurrence which triggers a loss assessment shall be considered a single loss for underwriting and rating purposes.

(b) If a loss assessment is charged by an association to an individual unit owner, the insurance policy in force at the time the loss assessment is charged must pay the assessment, subject to the limits provided in the policy, notwithstanding any policy provisions regarding when loss assessment coverage accrues, and subject to any other terms, conditions, and exclusions in the policy, if the following conditions are met:

(1) the unit owner at the time of the loss assessment is charged is different than the unit owner at the time of the assessable loss; and

(2) the insurance policy in force at the time the loss assessment is charged provides loss assessment coverage.

(c) For a loss assessment under paragraph (b), an insurer may require evidence documenting that the transfer of ownership occurred prior to the assessment before the insurer affords coverage.

Sec. 11. Minnesota Statutes 2022, section 67A.01, subdivision 2, is amended to read:

Subd. 2. **Authorized territory.** (a) A township mutual fire insurance company may be authorized to write business in up to nine adjoining counties in the aggregate at the same time. If policyholder surplus is at least $500,000 as reported in the company's last annual financial statement filed with the commissioner, the company may, if approval has been granted by the commissioner, be authorized to write business in ten or more counties in the aggregate at the same time, subject to a maximum of ~~20~~ 30 adjoining counties, in accordance with the following schedule:

Number of Counties	Surplus Requirement
10	$500,000
11	600,000
12	700,000
13	800,000
14	900,000

15	1,000,000
16	1,100,000
17	1,200,000
18	1,300,000
19	1,400,000
20	1,500,000
21	1,600,000
22	1,700,000
23	1,800,000
24	1,900,000
25	2,000,000
26	2,100,000
27	2,200,000
28	2,300,000
29	2,400,000
30	2,500,000

(b) In the case of a merger of two or more companies having contiguous territories, the surviving company in the merger may transact business in the entire territory of the merged companies; however, the territory of the surviving company in the merger ~~may not be larger than 20~~ must be approved by the commissioner and may not be in excess of 30 counties, provided the company complies with the additional reporting requirements stipulated in paragraph (g).

(c) Notwithstanding paragraph (b), a policy issued by a constituent company to the merger may remain effective, without respect to the policy being issued in a county outside the territory of the surviving company, until the policy:

(1) expires or is terminated by the policy's terms; or

(2) is terminated or annulled and canceled in accordance with section 67A.18.

The surviving company must not amend or renew a policy issued in a county outside the surviving company's territory.

~~(c)~~ (d) A township mutual fire insurance company may write new and renewal insurance on property in cities within the company's authorized territory having a population less than 25,000. A township mutual fire insurance company may continue to write new and renewal insurance once the population increases to 25,000 or greater provided that amended and restated articles are filed with the commissioner along with a certification that such city's population has increased to 25,000 or greater.

~~(d)~~ (e) A township mutual fire insurance company may write new and renewal insurance on property in cities within the company's authorized territory with a population of 25,000 or greater, but less than 150,000, if approval has been granted by the commissioner. No township mutual fire insurance company shall insure any property in cities with a population of 150,000 or greater.

~~(e)~~ (f) If a township mutual fire insurance company provides evidence to the commissioner that the company had insurance in force on December 31, 2007, in a city within the company's authorized territory with a population of 25,000 or greater, but less than 150,000, the company may write new and renewal insurance on property in that city provided that the company files amended and restated articles by July 31, 2010, naming that city.

(g) If a surviving company of a merger writes in more than 20 counties, that company must report to the commissioner the following items on a quarterly basis:

(1) income statement;

(2) balance sheet;

(3) insurance in force; and

(4) number of policies.

Sec. 12. Minnesota Statutes 2022, section 67A.14, subdivision 1, is amended to read:

Subdivision 1. **Kinds of property; property outside authorized territory.** (a) Township mutual fire insurance companies may insure qualified property. Qualified property means dwellings, household goods, appurtenant structures, farm buildings, farm personal property, churches, church personal property, county fair buildings, community and township meeting halls and their usual contents.

(b) Township mutual fire insurance companies may extend coverage to include an insured's secondary property if the township mutual fire insurance company covers qualified property belonging to the insured. Secondary property means any real or personal property that is not considered qualified property for a township mutual fire insurance company to cover under this chapter. The maximum amount of coverage that a township mutual fire insurance company may write for secondary property is 25 percent of the total limit of liability of the policy issued to an insured covering the qualified property.

(c) A township mutual fire insurance company may insure any real or personal property, including qualified or secondary property, subject to the limitations in subdivision 1, paragraph (b), located outside the limits of the territory in which the company is authorized by its certificate or articles of incorporation to transact business, if the company is already covering qualified property belonging to the insured, inside the limits of the company's territory. For purposes of this paragraph, qualified property inside the limits of the company's territory includes qualified property outside the territory of the surviving company to a merger for the duration of the policy insuring the qualified property if the qualified property was qualified property inside the territory of a constituent company to the merger.

(d) A township mutual fire insurance company may insure property temporarily outside of the authorized territory of the township mutual fire insurance company.

Sec. 13. Minnesota Statutes 2022, section 72A.20, subdivision 13, is amended to read:

Subd. 13. **Refusal to renew.** (a) Refusing to renew, declining to offer or write, or charging differential rates for an equivalent amount of homeowner's insurance coverage, as defined by section 65A.27, for property

located in a town or statutory or home rule charter city, in which the insurer offers to sell or writes homeowner's insurance, solely because:

~~(a)~~ (1) of the geographic area in which the property is located;

~~(b)~~ (2) of the age of the primary structure sought to be insured;

~~(c)~~ (3) the insured or prospective insured was denied coverage of the property by another insurer, whether by cancellation, nonrenewal or declination to offer coverage, for a reason other than those specified in section 65A.01, subdivision 3a, clauses (a) to (e);

~~(d)~~ (4) the property of the insured or prospective insured has been insured under the Minnesota FAIR Plan Act, shall constitute an unfair method of competition and an unfair and deceptive act or practice; or

~~(e)~~ (5) the insured has inquired about coverage for a hypothetical claim or has made an inquiry to the insured's agent regarding a potential claim.

~~This subdivision prohibits an insurer from filing or charging different rates for different zip code areas within the same town or statutory or home rule charter city.~~

(b) An insurer must not establish more than one geographical rating territory within the same city of the first class or city of the second class that has 60,000 or more inhabitants. For purposes of compliance with this paragraph: (1) the population of the cities subject to this paragraph is determined by the preceding United States decennial census, as reported by the Minnesota State Demographic Center; and (2) the territorial boundaries of the cities subject to this paragraph are the boundaries as the boundaries exist on December 31 in years ending in 0 or 5, whichever is more recent. Any revisions to the rating manual resulting from a change in the territorial boundaries or population must be filed with the commissioner within 120 days of the date the data are reported.

(c) This subdivision shall not prohibit the insurer from applying underwriting or rating standards which the insurer applies generally in all other locations in the state and which are not specifically prohibited by clauses (a) to (e). Such underwriting or rating standards shall specifically include but not be limited to standards based upon the proximity of the insured property to an extraordinary hazard or based upon the quality or availability of fire protection services or based upon the density or concentration of the insurer's risks. Clause (b) shall not prohibit the use of rating standards based upon the age of the insured structure's plumbing, electrical, heating or cooling system or other part of the structure, the age of which affects the risk of loss. Any insurer's failure to comply with section 65A.29, subdivisions 2 to 4, either (1) by failing to give an insured or applicant the required notice or statement or (2) by failing to state specifically a bona fide underwriting or other reason for the refusal to write shall create a presumption that the insurer has violated this subdivision.

Sec. 14. Minnesota Statutes 2022, section 325E.66, subdivision 1, is amended to read:

Subdivision 1. **~~Payment or rebate of insurance deductible~~ Residential contractor; prohibited insurance practices.** (a) A residential contractor providing home repair or improvement services to be paid by an insured from the proceeds of a property or casualty insurance policy shall not~~,~~:

(1) as an inducement to the sale or provision of goods or services to an insured, advertise or promise to pay, directly or indirectly, all or part of any applicable insurance deductible or offer to compensate an insured for providing any service to the insured. The prohibition under this clause includes but is not limited to offering compensation in exchange for:

(i) allowing the residential contractor to conduct an inspection of the covered property;

(ii) making an insurance claim for damage to the covered property; or

(iii) referring the residential contractor's services to others when insurance proceeds are payable;

(2) provide an insured with an agreement authorizing repairs without also providing a good faith estimate of the itemized and detailed cost of services and materials undertaken pursuant to a property and casualty claim; or

(3) interpret policy provisions or advise an insured regarding coverages or duties under the insured's policy, or adjust a property insurance claim on behalf of the insured, unless the contractor has a license as a public adjuster under chapter 72B.

(b) If a residential contractor violates this section, the insurer to whom the insured tendered the claim shall not be obligated to consider the estimate prepared by the residential contractor. The residential contractor must provide a written notification of the requirements of this section with its initial estimate. The adjuster or insurer must provide a written notification of the requirements of this section in the initial estimate relating to the claim.

(c) For purposes of this section, "residential contractor" means a residential roofer, as defined in section 326B.802, subdivision 14; a residential building contractor, as defined in section 326B.802, subdivision 11; and a residential remodeler, as defined in section 326B.802, subdivision 12.

Sec. 15. Minnesota Statutes 2022, section 471.6161, subdivision 8, is amended to read:

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

(b) School districts shall request proposals for group health insurance coverage as provided in subdivision 2 from a minimum of three potential sources of coverage. One of these requests must go to an administrator governed by chapter 43A. Entities referenced in subdivision 1 must respond to requests for proposals received directly from a school district. School districts that are self-insured must also follow these provisions, except as provided in paragraph ~~(f)~~ (g). School districts must make requests for proposals at least 150 days prior to the expiration of the existing contract but not more frequently than once every 24 months. The request for proposals must include the most recently available 24 months of nonidentifiable aggregate claims data. The request for proposals must be publicly released at or prior to its release to potential sources of coverage.

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

(d) All proposals for group health insurance coverage, including coverage offered under chapters 43A and 123A, must include the information described in this paragraph for each separate health plan being proposed. The information must be on the first page of each proposal in a summary section and in a separate tabular format. The information must use a uniform set of assumptions, including but not limited to enrollment projections by plan, enrollment projections by tier, and number of members. Proposals that do not include all of the following information are not eligible to be selected by a school district. All proposals must include the:

(1) structure of the health plan, designating either exclusive provider organization, preferred provider organization, point of service, or health maintenance organization;

(2) health plan actuarial value, using the minimum value calculator described in Code of Federal Regulations, title 45, section 156.145;

(3) type of provider network, designating either narrow network, broad network, narrow tiered network, or broad tiered network;

(4) agent or broker commissions paid as part of the premium, as requested by the proposal, displayed in dollars per member per month;

(5) total premium dollars in the first 12-month period of the quote, not including commissions;

(6) total premium dollars, per member per month, not including commissions; and

(7) number of expected members used for the premium quote calculation.

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

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

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

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

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

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

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

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

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

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

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

Sec. 16. Minnesota Statutes 2022, section 471.617, subdivision 2, is amended to read:

Subd. 2. **Jointly.** Any two or more statutory or home rule charter cities, counties, school districts, or instrumentalities thereof which together have more than 100 employees may jointly self-insure for any employee health benefits including long-term disability, but not for employee life benefits, subject to the same requirements as an individual self-insurer under subdivision 1. Self-insurance pools under this section are subject to section 62L.045. A self-insurance pool established and operated by one or more service cooperatives governed by section 123A.21 to provide coverage described in this subdivision qualifies under this subdivision, but the individual school district members of such a pool shall not be considered to be self-insured for purposes of section 471.6161, subdivision 8, paragraph ~~(f)~~ (g). The commissioner of commerce may adopt rules pursuant to chapter 14, providing standards or guidelines for the operation and administration of self-insurance pools.

Sec. 17. **REPEALER.**

(a) Minnesota Statutes 2022, section 332.3351, is repealed.

(b) Minnesota Statutes 2023 Supplement, section 62Q.522, subdivisions 3 and 4, are repealed.

EFFECTIVE DATE. Paragraph (b) is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

ARTICLE 2

FINANCIAL INSTITUTIONS

Section 1. **[46A.01] DEFINITIONS.**

Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Authorized user.** "Authorized user" means any employee, contractor, agent, or other person who: (1) participates in a financial institution's business operations; and (2) is authorized to access and use any of the financial institution's information systems and data.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 4. **Consumer.** (a) "Consumer" means an individual who obtains or has obtained from a financial institution a financial product or service that is used primarily for personal, family, or household purposes, or is used by the individual's legal representative. Consumer includes but is not limited to an individual who:

(1) applies to a financial institution for credit for personal, family, or household purposes, regardless of whether the credit is extended;

(2) provides nonpublic personal information to a financial institution in order to obtain a determination whether the individual qualifies for a loan used primarily for personal, family, or household purposes, regardless of whether the loan is extended;

(3) provides nonpublic personal information to a financial institution in connection with obtaining or seeking to obtain financial, investment, or economic advisory services, regardless of whether the financial institution establishes a continuing advisory relationship with the individual; or

(4) has a loan for personal, family, or household purposes in which the financial institution has ownership or servicing rights, even if the financial institution or one or more other institutions that hold ownership or servicing rights in conjunction with the financial institution hires an agent to collect on the loan.

(b) Consumer does not include an individual who:

(1) is a consumer of another financial institution that uses a different financial institution to act solely as an agent for, or provide processing or other services to, the consumer's financial institution;

(2) designates a financial institution solely for the purposes to act as a trustee for a trust;

(3) is the beneficiary of a trust for which the financial institution serves as trustee; or

(4) is a participant or a beneficiary of an employee benefit plan that the financial institution sponsors or for which the financial institution acts as a trustee or fiduciary.

Subd. 5. **Continuing relationship.** (a) "Continuing relationship" means a consumer:

(1) has a credit or investment account with a financial institution;

(2) obtains a loan from a financial institution;

(3) purchases an insurance product from a financial institution;

(4) holds an investment product through a financial institution, including but not limited to when the financial institution acts as a custodian for securities or for assets in an individual retirement arrangement;

(5) enters into an agreement or understanding with a financial institution whereby the financial institution undertakes to arrange or broker a home mortgage loan, or credit to purchase a vehicle, for the consumer;

(6) enters into a lease of personal property on a nonoperating basis with a financial institution;

(7) obtains financial, investment, or economic advisory services from a financial institution for a fee;

(8) becomes a financial institution's client to obtain tax preparation or credit counseling services from the financial institution;

(9) obtains career counseling while: (i) seeking employment with a financial institution or the finance, accounting, or audit department of any company; or (ii) employed by a financial institution or department of any company;

(10) is obligated on an account that a financial institution purchases from another financial institution, regardless of whether the account is in default when purchased, unless the financial institution does not locate the consumer or attempt to collect any amount from the consumer on the account;

(11) obtains real estate settlement services from a financial institution; or

(12) has a loan for which a financial institution owns the servicing rights.

(b) Continuing relationship does not include situations where:

(1) the consumer obtains a financial product or service from a financial institution only in isolated transactions, including but not limited to: (i) using a financial institution's automated teller machine to withdraw cash from an account at another financial institution; (ii) purchasing a money order from a financial institution; (iii) cashing a check with a financial institution; or (iv) making a wire transfer through a financial institution;

(2) a financial institution sells the consumer's loan and does not retain the rights to service the loan;

(3) a financial institution sells the consumer airline tickets, travel insurance, or traveler's checks in isolated transactions;

(4) the consumer obtains onetime personal or real property appraisal services from a financial institution; or

(5) the consumer purchases checks for a personal checking account from a financial institution.

Subd. 6. **Customer.** "Customer" means a consumer who has a customer relationship with a financial institution.

Subd. 7. **Customer information.** "Customer information" means any record containing nonpublic personal information about a financial institution's customer, whether the record is in paper, electronic, or another form, that is handled or maintained by or on behalf of the financial institution or the financial institution's affiliates.

Subd. 8. **Customer relationship.** "Customer relationship" means a continuing relationship between a consumer and a financial institution under which the financial institution provides to the consumer one or more financial products or services that are used primarily for personal, family, or household purposes.

Subd. 9. **Encryption.** "Encryption" means the transformation of data into a format that results in a low probability of assigning meaning without the use of a protective process or key, consistent with current cryptographic standards and accompanied by appropriate safeguards for cryptographic key material.

Subd. 10. **Federally insured depository financial institution.** "Federally insured depository financial institution" means a bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company organized under the laws of the United States or any state of the United States, when the bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company has federally insured deposits.

Subd. 11. **Financial product or service.** "Financial product or service" means any product or service that a financial holding company could offer by engaging in a financial activity under section 4(k) of the Bank Holding Company Act of 1956, United States Code, title 12, section 1843(k). Financial product or service includes a financial institution's evaluation or brokerage of information that the financial institution collects in connection with a request or an application from a consumer for a financial product or service.

Subd. 12. **Financial institution.** "Financial institution" means a consumer small loan lender under section 47.60, a person owning or maintaining electronic financial terminals under section 47.62, a trust company under chapter 48A, a loan and thrift company under chapter 53, a currency exchange under chapter

53A, a money transmitter under chapter 53B, a sales finance company under chapter 53C, a regulated loan lender under chapter 56, a residential mortgage originator or servicer under chapter 58, a student loan servicer under chapter 58B, a credit service organization under section 332.54, a debt management service provider or person providing debt management services under chapter 332A, or a debt settlement service provider or person providing debt settlement services under chapter 332B.

Subd. 13. **Information security program.** "Information security program" means the administrative, technical, or physical safeguards a financial institution uses to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer information.

Subd. 14. **Information system.** "Information system" means a discrete set of electronic information resources organized to collect, process, maintain, use, share, disseminate, or dispose of electronic information, as well as any specialized system, including but not limited to industrial process controls systems, telephone switching and private branch exchange systems, and environmental controls systems, that contains customer information or that is connected to a system that contains customer information.

Subd. 15. **Multifactor authentication.** "Multifactor authentication" means authentication through verification of at least two of the following factors:

(1) knowledge factors, including but not limited to a password;

(2) possession factors, including but not limited to a token; or

(3) inherence factors, including but not limited to biometric characteristics.

Subd. 16. **Nonpublic personal information.** (a) "Nonpublic personal information" means:

(1) personally identifiable financial information; or

(2) any list, description, or other grouping of consumers, including publicly available information pertaining to the list, description, or other grouping of consumers, that is derived using personally identifiable financial information that is not publicly available.

(b) Nonpublic personal information includes but is not limited to any list of individuals' names and street addresses that is derived in whole or in part using personally identifiable financial information that is not publicly available, including account numbers.

(c) Nonpublic personal information does not include:

(1) publicly available information, except as included on a list described in paragraph (a), clause (2);

(2) any list, description, or other grouping of consumers, including publicly available information pertaining to the list, description, or other grouping of consumers, that is derived without using any personally identifiable financial information that is not publicly available; or

(3) any list of individuals' names and addresses that contains only publicly available information, is not derived in whole or in part using personally identifiable financial information that is not publicly available, and is not disclosed in a manner that indicates that any individual on the list is the financial institution's consumer.

Subd. 17. **Notification event.** "Notification event" means the acquisition of unencrypted customer information without the authorization of the individual to which the information pertains. Customer information is considered unencrypted for purposes of this subdivision if the encryption key was accessed

by an unauthorized person. Unauthorized acquisition is presumed to include unauthorized access to unencrypted customer information unless the financial institution has reliable evidence showing that there has not been, or could not reasonably have been, unauthorized acquisition of customer information.

Subd. 18. **Penetration testing.** "Penetration testing" means a test methodology in which assessors attempt to circumvent or defeat the security features of an information system by attempting to penetrate databases or controls from outside or inside a financial institution's information systems.

Subd. 19. **Personally identifiable financial information.** (a) "Personally identifiable financial information" means any information:

(1) a consumer provides to a financial institution to obtain a financial product or service;

(2) about a consumer resulting from any transaction involving a financial product or service between a financial institution and a consumer; or

(3) a financial institution otherwise obtains about a consumer in connection with providing a financial product or service to the customer.

(b) Personally identifiable financial information includes:

(1) information a consumer provides to a financial institution on an application to obtain a loan, credit card, or other financial product or service;

(2) account balance information, payment history, overdraft history, and credit or debit card purchase information;

(3) the fact that an individual is or has been a financial institution's customer or has obtained a financial product or service from the financial institution;

(4) any information about a financial institution's consumer, if the information is disclosed in a manner that indicates that the individual is or has been the financial institution's consumer;

(5) any information that a consumer provides to a financial institution or that a financial institution or a financial institution's agent otherwise obtains in connection with collecting on or servicing a credit account;

(6) any information a financial institution collects through an Internet information collecting device from a web server; and

(7) information from a consumer report.

(c) Personally identifiable financial information does not include:

(1) a list of customer names and addresses for an entity that is not a financial institution; and

(2) information that does not identify a consumer, including but not limited to aggregate information or blind data that does not contain personal identifiers, including account numbers, names, or addresses.

Subd. 20. **Publicly available information.** (a) "Publicly available information" means any information that a financial institution has a reasonable basis to believe is lawfully made available to the general public from:

(1) federal, state, or local government records;

(2) widely distributed media; or

(3) disclosures to the general public that are required under federal, state, or local law.

(b) Publicly available information includes but is not limited to:

(1) with respect to government records, information in government real estate records and security interest filings; and

(2) with respect to widely distributed media, information from a telephone book, a television or radio program, a newspaper, or a website that is available to the general public on an unrestricted basis. A website is not restricted merely because an Internet service provider or a site operator requires a fee or a password, provided that access is available to the general public.

(c) For purposes of this subdivision, a financial institution has a reasonable basis to believe that information is lawfully made available to the general public if the financial institution has taken steps to determine: (1) that the information is of the type that is available to the general public; and (2) whether an individual can direct that the information not be made available to the general public and, if so, that the financial institution's consumer has not directed that the information not be made available to the general public. A financial institution has a reasonable basis to believe that mortgage information is lawfully made available to the general public if the financial institution determines the information is of the type included on the public record in the jurisdiction where the mortgage would be recorded. A financial institution has a reasonable basis to believe that an individual's telephone number is lawfully made available to the general public if the financial institution has located the telephone number in the telephone book or the consumer has informed the financial institution that the telephone number is not unlisted.

Subd. 21. **Qualified individual.** "Qualified individual" means the individual designated by a financial institution to oversee, implement, and enforce the financial institution's information security program.

Subd. 22. **Security event.** "Security event" means an event resulting in unauthorized access to, or disruption or misuse of: (1) an information system or information stored on an information system; or (2) customer information held in physical form.

Subd. 23. **Service provider.** "Service provider" means any person or entity that receives, maintains, processes, or otherwise is permitted access to customer information through the service provider's provision of services directly to a financial institution that is subject to this chapter.

Sec. 2. **[46A.02] SAFEGUARDING CUSTOMER INFORMATION; STANDARDS.**

Subdivision 1. **Information security program.** (a) A financial institution must develop, implement, and maintain a comprehensive information security program.

(b) The information security program must: (1) be written in one or more readily accessible parts; and (2) contain administrative, technical, and physical safeguards that are appropriate to the financial institution's size and complexity, the nature and scope of the financial institution's activities, and the sensitivity of any customer information at issue.

(c) The information security program must include the elements set forth in section 46A.03 and must be reasonably designed to achieve the objectives of this chapter, as established under subdivision 2.

Subd. 2. **Objectives.** The objectives of this chapter are to:

(1) ensure the security and confidentiality of customer information;

(2) protect against any anticipated threats or hazards to the security or integrity of customer information; and

(3) protect against unauthorized access to or use of customer information that might result in substantial harm or inconvenience to a customer.

Sec. 3. **[46A.03] ELEMENTS.**

Subdivision 1. **Generally.** In order to develop, implement, and maintain an information security program, a financial institution must comply with this section.

Subd. 2. **Qualified individual.** (a) A financial institution must designate a qualified individual responsible for overseeing, implementing, and enforcing the financial institution's information security program. The qualified individual may be employed by the financial institution, an affiliate, or a service provider.

(b) If a financial institution designates an individual employed by an affiliate or service provider as the financial institution's qualified individual, the financial institution must:

(1) retain responsibility for complying with this chapter;

(2) designate a senior member of the financial institution's personnel to be responsible for directing and overseeing the qualified individual's activities; and

(3) require the service provider or affiliate to maintain an information security program that protects the financial institution in a manner that complies with the requirements of this chapter.

Subd. 3. **Security risk assessment.** (a) A financial institution must base the financial institution's information security program on a risk assessment that:

(1) identifies reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that might result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of customer information; and

(2) assesses the sufficiency of any safeguards in place to control the risks identified under clause (1).

(b) The risk assessment must be made in writing and must include:

(1) criteria to evaluate and categorize identified security risks or threats the financial institution faces;

(2) criteria to assess the confidentiality, integrity, and availability of the financial institution's information systems and customer information, including the adequacy of existing controls in the context of the identified risks or threats the financial institution faces; and

(3) requirements describing how:

(i) identified risks are mitigated or accepted based on the risk assessment; and

(ii) the information security program addresses the risks.

(c) A financial institution must periodically perform additional risk assessments that:

(1) reexamine the reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that might result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of customer information; and

(2) reassess the sufficiency of any safeguards in place to control the risks identified under clause (1).

Subd. 4. **Risk control.** A financial institution must design and implement safeguards to control the risks the financial institution identifies through the risk assessment under subdivision 3, including by:

(1) implementing and periodically reviewing access controls, including technical and, as appropriate, physical controls to:

(i) authenticate and permit access only to authorized users to protect against the unauthorized acquisition of customer information; and

(ii) limit an authorized user's access to only customer information that the authorized user needs to perform the authorized user's duties and functions or, in the case of a customer, to limit access to the customer's own information;

(2) identifying and managing the data, personnel, devices, systems, and facilities that enable the financial institution to achieve business purposes in accordance with the business purpose's relative importance to business objectives and the financial institution's risk strategy;

(3) protecting by encryption all customer information held or transmitted by the financial institution both in transit over external networks and at rest. To the extent a financial institution determines that encryption of customer information either in transit over external networks or at rest is infeasible, the financial institution may secure the customer information using effective alternative compensating controls that have been reviewed and approved by the financial institution's qualified individual;

(4) adopting: (i) secure development practices for in-house developed applications utilized by the financial institution to transmit, access, or store customer information; and (ii) procedures to evaluate, assess, or test the security of externally developed applications the financial institution uses to transmit, access, or store customer information;

(5) implementing multifactor authentication for any individual that accesses any information system, unless the financial institution's qualified individual has approved in writing the use of a reasonably equivalent or more secure access control;

(6) developing, implementing, and maintaining procedures to securely dispose of customer information in any format no later than two years after the last date the information is used in connection with providing a product or service to the customer to whom the information relates, unless: (i) the information is necessary for business operations or for other legitimate business purposes; (ii) the information is otherwise required to be retained by law or regulation; or (iii) targeted disposal of the information is not reasonably feasible due to the manner in which the information is maintained;

(7) periodically reviewing the financial institution's data retention policy to minimize the unnecessary retention of data;

(8) adopting procedures for change management; and

(9) implementing policies, procedures, and controls designed to: (i) monitor and log the activity of authorized users; and (ii) detect unauthorized access to, use of, or tampering with customer information by authorized users.

Subd. 5. **Testing and monitoring.** (a) A financial institution must regularly test or otherwise monitor the effectiveness of the safeguards' key controls, systems, and procedures, including the controls, systems, and procedures that detect actual and attempted attacks on, or intrusions into, information systems.

(b) For information systems, monitoring and testing must include continuous monitoring or periodic penetration testing and vulnerability assessments. Absent effective continuous monitoring or other systems to detect on an ongoing basis any changes in information systems that may create vulnerabilities, a financial institution must conduct:

(1) annual penetration testing of the financial institution's information systems, based on relevant identified risks in accordance with the risk assessment; and

(2) vulnerability assessments, including systemic scans or information systems reviews that are reasonably designed to identify publicly known security vulnerabilities in the financial institution's information systems based on the risk assessment, at least every six months, whenever a material change to the financial institution's operations or business arrangements occurs, and whenever the financial institution knows or has reason to know circumstances exist that may have a material impact on the financial institution's information security program.

Subd. 6. **Internal policies and procedures.** A financial institution must implement policies and procedures to ensure that the financial institution's personnel are able to enact the financial institution's information security program by:

(1) providing the financial institution's personnel with security awareness training that is updated as necessary to reflect risks identified by the risk assessment;

(2) utilizing qualified information security personnel employed by the financial institution, an affiliate, or a service provider sufficient to manage the financial institution's information security risks and to perform or oversee the information security program;

(3) providing information security personnel with security updates and training sufficient to address relevant security risks; and

(4) verifying that key information security personnel take steps to maintain current knowledge of changing information security threats and countermeasures.

Subd. 7. **Provider oversight.** A financial institution must oversee service providers by:

(1) taking reasonable steps to select and retain service providers that are capable of maintaining appropriate safeguards for the customer information at issue;

(2) requiring by contract the financial institution's service providers to implement and maintain appropriate safeguards; and

(3) periodically assessing the financial institution's service providers based on the risk the service providers present and the continued adequacy of the service providers' safeguards.

Subd. 8. **Information security program; evaluation; adjustment.** A financial institution must evaluate and adjust the financial institution's information security program to reflect: (1) the results of the testing and monitoring required under subdivision 5; (2) any material changes to the financial institution's operations or business arrangements; (3) the results of risk assessments performed under subdivision 3, paragraph (c); or (4) any other circumstances that the financial institution knows or has reason to know may have a material impact on the financial institution's information security program.

Subd. 9. **Incident response plan.** A financial institution must establish a written incident response plan designed to promptly respond to and recover from any security event materially affecting the confidentiality, integrity, or availability of customer information the financial institution controls. An incident response plan must address:

(1) the goals of the incident response plan;

(2) the internal processes to respond to a security event;

(3) clear roles, responsibilities, and levels of decision making authority;

(4) external and internal communications and information sharing;

(5) requirements to remediate any identified weaknesses in information systems and associated controls;

(6) documentation and reporting regarding security events and related incident response activities; and

(7) evaluation and revision of the incident response plan as necessary after a security event.

Subd. 10. **Annual report.** (a) A financial institution must require the financial institution's qualified individual to report at least annually in writing to the financial institution's board of directors or equivalent governing body. If a board of directors or equivalent governing body does not exist, the report under this subdivision must be timely presented to a senior officer responsible for the financial institution's information security program.

(b) The report made under this subdivision must include the following information:

(1) the overall status of the financial institution's information security program, including compliance with this chapter and associated administrative rules; and

(2) material matters related to the financial institution's information security program, including but not limited to addressing issues pertaining to: (i) the risk assessment; (ii) risk management and control decisions; (iii) service provider arrangements; (iv) testing results; (v) security events or violations and management's responses to the security event or violation; and (vi) recommendations for changes in the information security program.

Subd. 11. **Business continuity; disaster recovery.** A financial institution must establish a written plan addressing business continuity and disaster recovery.

Sec. 4. **[46A.04] EXCEPTIONS AND EXEMPTIONS.**

(a) The requirements under section 46A.03, subdivisions 3; 5, paragraph (a); 9; and 10, do not apply to financial institutions that maintain customer information concerning fewer than 5,000 consumers.

(b) This chapter does not apply to credit unions or federally insured depository institutions.

Sec. 5. **[46A.05] ALTERATION OF FEDERAL REGULATION.**

(a) If an amendment to Code of Federal Regulations, title 16, part 314, results in a complete lack of federal regulations in the area, the version of the state requirements in effect at the time of the amendment remain in effect for two years from the date the amendment becomes effective.

(b) During the time period under paragraph (a), the department must adopt replacement administrative rules as necessary and appropriate.

Sec. 6. **[46A.06] NOTIFICATION EVENT.**

Subdivision 1. **Notification requirement.** (a) Upon discovering a notification event as described in subdivision 2, if the notification event involves the information of at least 500 consumers, a financial institution must notify the commissioner without undue delay, but no later than 45 days after the date the event is discovered. The notice must be made (1) in a format specified by the commissioner, and (2) electronically on a form located on the department's website.

(b) The notice must include:

(1) the name and contact information of the reporting financial institution;

(2) a description of the types of information involved in the notification event;

(3) if possible to determine, the date or date range of the notification event;

(4) the number of consumers affected or potentially affected by the notification event;

(5) a general description of the notification event; and

(6) a statement (i) disclosing whether a law enforcement official has provided the financial institution with a written determination indicating that providing notice to the public regarding the breach would impede a criminal investigation or cause damage to national security, and (ii) if a written determination described under item (i) was provided to the financial institution, providing contact information that enables the commissioner to contact the law enforcement official. A law enforcement official may request an initial delay of up to 45 days following the date that notice was provided to the commissioner. The delay may be extended for an additional period of up to 60 days if the law enforcement official seeks an extension in writing. An additional delay may be permitted only if the commissioner determines that public disclosure of a security event continues to impede a criminal investigation or cause damage to national security.

Subd. 2. **Notification event treated as discovered.** A notification event must be treated as discovered on the first day when the event is known to a financial institution. A financial institution is deemed to have knowledge of a notification event if the event is known to any person, other than the person committing the breach, who is the financial institution's employee, officer, or other agent.

Sec. 7. **[46A.07] COMMISSIONER'S POWERS.**

(a) The commissioner has the power to examine and investigate the affairs of any covered financial institution to determine whether the financial institution has been or is engaged in any conduct that violates this chapter. This power is in addition to the powers granted to the commissioner under section 46.01.

(b) If the commissioner has reason to believe that a financial institution has been or is engaged in conduct in Minnesota that violates this chapter, the commissioner may take action necessary or appropriate to enforce this chapter.

Sec. 8. **[46A.08] CONFIDENTIALITY.**

Subdivision 1. **Financial institution information.** (a) Any documents, materials, or other information in the control or possession of the department that are furnished by a licensee or a licensee's employee or agent acting on behalf of a financial institution pursuant to section 46A.06 or that are obtained by the commissioner in an investigation or examination pursuant to section 46A.07: (1) are classified as confidential,

protected nonpublic, or both; (2) are not subject to subpoena; and (3) are not subject to discovery or admissible in evidence in any private civil action.

(b) Notwithstanding paragraph (a), clauses (1) to (3), the commissioner is authorized to use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's duties.

Subd. 2. **Certain testimony prohibited.** Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner is permitted or required to testify in a private civil action concerning confidential documents, materials, or information subject to subdivision 1.

Subd. 3. **Information sharing.** In order to assist in the performance of the commissioner's duties under sections 46A.01 to 46A.08, the commissioner may:

(1) share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subdivision 1, with other state, federal, and international regulatory agencies, with the Conference of State Bank Supervisors, the Conference of State Bank Supervisors' affiliates or subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees in writing to maintain the confidentiality and privileged status of the document, material, or other information;

(2) receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the Conference of State Bank Supervisors, the Conference of State Bank Supervisors' affiliates or subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and must maintain as confidential or privileged any document, material, or information received with notice or the understanding that the document, material, or information is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information;

(3) share documents, materials, or other information subject to subdivision 1 with a third-party consultant or vendor, provided the consultant agrees in writing to maintain the confidentiality and privileged status of the document, material, or other information; and

(4) enter into agreements governing the sharing and use of information that are consistent with this subdivision.

Subd. 4. **No waiver of privilege or confidentiality; information retention.** (a) The disclosure of documents, materials, or information to the commissioner under this section or as a result of sharing as authorized in subdivision 3 does not result in a waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information.

(b) A document, material, or information disclosed to the commissioner under this section about a cybersecurity event must be retained and preserved by the financial institution for five years.

Subd. 5. **Certain actions public.** Nothing in sections 46A.01 to 46A.08 prohibits the commissioner from releasing final, adjudicated actions that are open to public inspection pursuant to chapter 13 to a database or other clearinghouse service maintained by the Conference of State Bank Supervisors, the Conference of State Bank Supervisors' affiliates, or the Conference of State Bank Supervisors' subsidiaries.

Subd. 6. **Classification, protection, and use of information by others.** Documents, materials, or other information in the possession or control of the Conference of State Bank Supervisors or a third-party

consultant pursuant to sections 46A.01 to 46A.08: (1) are classified as confidential, protected nonpublic, and privileged; (2) are not subject to subpoena; and (3) are not subject to discovery or admissible in evidence in a private civil action.

Sec. 9. Minnesota Statutes 2022, section 47.20, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section the terms defined in this subdivision have the meanings given them:

(1) "Actual closing costs" mean reasonable charges for or sums paid for the following, whether or not retained by the mortgagee or lender:

(a) Any insurance premiums including but not limited to premiums for title insurance, fire and extended coverage insurance, flood insurance, and private mortgage insurance, but excluding any charges or sums retained by the mortgagee or lender as self-insured retention.

(b) Abstracting, title examination and search, and examination of public records.

(c) The preparation and recording of any or all documents required by law or custom for closing a conventional or cooperative apartment loan.

(d) Appraisal and survey of real property securing a conventional loan or real property owned by a cooperative apartment corporation of which a share or shares of stock or a membership certificate or certificates are to secure a cooperative apartment loan.

(e) A single service charge, which includes any consideration, not otherwise specified herein as an "actual closing cost" paid by the borrower and received and retained by the lender for or related to the acquisition, making, refinancing or modification of a conventional or cooperative apartment loan, and also includes any consideration received by the lender for making a borrower's interest rate commitment or for making a borrower's loan commitment, whether or not an actual loan follows the commitment. The term service charge does not include forward commitment fees. The service charge shall not exceed one percent of the original bona fide principal amount of the conventional or cooperative apartment loan, except that in the case of a construction loan, the service charge shall not exceed two percent of the original bona fide principal amount of the loan. That portion of the service charge imposed because the loan is a construction loan shall be itemized and a copy of the itemization furnished the borrower. A lender shall not collect from a borrower the additional one percent service charge permitted for a construction loan if it does not perform the service for which the charge is imposed or if third parties perform and charge the borrower for the service for which the lender has imposed the charge.

(f) Charges and fees necessary for or related to the transfer of real or personal property securing a conventional or cooperative apartment loan or the closing of a conventional or cooperative apartment loan paid by the borrower and received by any party other than the lender.

(2) "Contract for deed" means an executory contract for the conveyance of real estate, the original principal amount of which is less than $300,000. A commitment for a contract for deed shall include an executed purchase agreement or earnest money contract wherein the seller agrees to finance any part or all of the purchase price by a contract for deed.

(3) "Conventional loan" means a loan or advance of credit, other than a loan or advance of credit made by a credit union or made pursuant to section 334.011, to a noncorporate borrower in an original principal amount of less than ~~$100,000~~ or equal to the conforming loan limit established by the Federal Housing

Finance Agency under the Housing and Recovery Act of 2018, Public Law 110-289, secured by a mortgage upon real property containing one or more residential units or upon which at the time the loan is made it is intended that one or more residential units are to be constructed, and which is not insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the Farmers Home Administration, and which is not made pursuant to the authority granted in subdivision 1, clause (3) or (4). The term mortgage does not include contracts for deed or installment land contracts.

(4) "Cooperative apartment loan" means a loan or advance of credit, other than a loan or advance of credit made by a credit union or made pursuant to section 334.011, to a noncorporate borrower in an original principal amount of less than $100,000, secured by a security interest on a share or shares of stock or a membership certificate or certificates issued to a stockholder or member by a cooperative apartment corporation, which may be accompanied by an assignment by way of security of the borrower's interest in the proprietary lease or occupancy agreement in property issued by the cooperative apartment corporation and which is not insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the Farmers Home Administration.

(5) "Cooperative apartment corporation" means a corporation or cooperative organized under chapter 308A or 317A, the shareholders or members of which are entitled, solely by reason of their ownership of stock or membership certificates in the corporation or association, to occupy one or more residential units in a building owned or leased by the corporation or association.

(6) "Forward commitment fee" means a fee or other consideration paid to a lender for the purpose of securing a binding forward commitment by or through the lender to make conventional loans to two or more credit worthy purchasers, including future purchasers, of residential units, or a fee or other consideration paid to a lender for the purpose of securing a binding forward commitment by or through the lender to make conventional loans to two or more credit worthy purchasers, including future purchasers, of units to be created out of existing structures pursuant to chapter 515B, or a fee or other consideration paid to a lender for the purpose of securing a binding forward commitment by or through the lender to make cooperative apartment loans to two or more credit worthy purchasers, including future purchasers, of a share or shares of stock or a membership certificate or certificates in a cooperative apartment corporation; provided, that the forward commitment rate of interest does not exceed the maximum lawful rate of interest effective as of the date the forward commitment is issued by the lender.

(7) "Borrower's interest rate commitment" means a binding commitment made by a lender to a borrower wherein the lender agrees that, if a conventional or cooperative apartment loan is made following issuance of and pursuant to the commitment, the conventional or cooperative apartment loan shall be made at a rate of interest not in excess of the rate of interest agreed to in the commitment, provided that the rate of interest agreed to in the commitment is not in excess of the maximum lawful rate of interest effective as of the date the commitment is issued by the lender to the borrower.

(8) "Borrower's loan commitment" means a binding commitment made by a lender to a borrower wherein the lender agrees to make a conventional or cooperative apartment loan pursuant to the provisions, including the interest rate, of the commitment, provided that the commitment rate of interest does not exceed the maximum lawful rate of interest effective as of the date the commitment is issued and the commitment when issued and agreed to shall constitute a legally binding obligation on the part of the mortgagee or lender to make a conventional or cooperative apartment loan within a specified time period in the future at a rate of interest not exceeding the maximum lawful rate of interest effective as of the date the commitment is issued by the lender to the borrower; provided that a lender who issues a borrower's loan commitment pursuant to the provisions of a forward commitment is authorized to issue the borrower's loan commitment at a rate of

interest not to exceed the maximum lawful rate of interest effective as of the date the forward commitment is issued by the lender.

(9) "Finance charge" means the total cost of a conventional or cooperative apartment loan including extensions or grant of credit regardless of the characterization of the same and includes interest, finders fees, and other charges levied by a lender directly or indirectly against the person obtaining the conventional or cooperative apartment loan or against a seller of real property securing a conventional loan or a seller of a share or shares of stock or a membership certificate or certificates in a cooperative apartment corporation securing a cooperative apartment loan, or any other party to the transaction except any actual closing costs and any forward commitment fee. The finance charges plus the actual closing costs and any forward commitment fee, charged by a lender shall include all charges made by a lender other than the principal of the conventional or cooperative apartment loan. The finance charge, with respect to wraparound mortgages, shall be computed based upon the face amount of the wraparound mortgage note, which face amount shall consist of the aggregate of those funds actually advanced by the wraparound lender and the total outstanding principal balances of the prior note or notes which have been made a part of the wraparound mortgage note.

(10) "Lender" means any person making a conventional or cooperative apartment loan, or any person arranging financing for a conventional or cooperative apartment loan. The term also includes the holder or assignee at any time of a conventional or cooperative apartment loan.

(11) "Loan yield" means the annual rate of return obtained by a lender over the term of a conventional or cooperative apartment loan and shall be computed as the annual percentage rate as computed in accordance with sections 226.5 (b), (c), and (d) of Regulation Z, Code of Federal Regulations, title 12, part 226, but using the definition of finance charge provided for in this subdivision. For purposes of this section, with respect to wraparound mortgages, the rate of interest or loan yield shall be based upon the principal balance set forth in the wraparound note and mortgage and shall not include any interest differential or yield differential between the stated interest rate on the wraparound mortgage and the stated interest rate on the one or more prior mortgages included in the stated loan amount on a wraparound note and mortgage.

(12) "Person" means an individual, corporation, business trust, partnership or association or any other legal entity.

(13) "Residential unit" means any structure used principally for residential purposes or any portion thereof, and includes a unit in a common interest community, a nonowner occupied residence, and any other type of residence regardless of whether the unit is used as a principal residence, secondary residence, vacation residence, or residence of some other denomination.

(14) "Vendor" means any person or persons who agree to sell real estate and finance any part or all of the purchase price by a contract for deed. The term also includes the holder or assignee at any time of the vendor's interest in a contract for deed.

Sec. 10. Minnesota Statutes 2022, section 47.54, subdivision 2, is amended to read:

Subd. 2. **Approval ~~order.~~** (a) If no objection is received by the commissioner within 15 days after the publication of the notice, the commissioner ~~shall issue an order~~ must provide written consent approving the application without a hearing if ~~it is found~~ the commissioner finds that ~~(a)~~: (1) the applicant bank meets current industry standards of capital adequacy, management quality, and asset condition~~, (b)~~; (2) the establishment of the proposed detached facility ~~will improve~~ improves the quality or increase the availability of banking services in the community to be served~~,~~; and ~~(c)~~ (3) the establishment of the proposed detached

facility ~~will~~ does not have an undue adverse effect upon the solvency of existing financial institutions in the community to be served.

~~Otherwise,~~ (b) The commissioner ~~shall~~ must deny ~~the~~ an application that does not meet the criteria under paragraph (a), clauses (1) to (3).

(c) Any proceedings for judicial review of ~~an order of~~ written consent provided by the commissioner ~~issued~~ under this subdivision without a contested case hearing shall be conducted pursuant to the provisions of the Administrative Procedure Act relating to judicial review of agency decisions, sections 14.63 to 14.69, and the scope of judicial review in such proceedings shall be as provided therein. Nothing herein shall be construed as requiring the commissioner to conduct a contested case hearing if no written objection is timely received by the commissioner from a bank within three miles of the proposed location of the detached facility.

Sec. 11. Minnesota Statutes 2022, section 47.54, subdivision 6, is amended to read:

Subd. 6. **Expiration and extension of ~~order~~ approval.** If a facility is not activated within 18 months from the date ~~of the order~~ approval is granted under subdivision 2, the approval ~~order~~ automatically expires. Upon a request ~~of~~ made by the applicant ~~prior to~~ before the ~~automatic expiration~~ date ~~of~~ the ~~order~~ approval expires, the commissioner may grant reasonable extensions of time to the applicant to activate the facility as the commissioner deems necessary. The extensions of time shall not exceed a total of an additional 12 months. If the commissioner's ~~order~~ approval is the subject of an appeal in accordance with chapter 14, the time period referred to in this section ~~for activation of~~ to activate the facility and any extensions ~~shall begin~~ begins when all appeals or rights of appeal from the commissioner's ~~order~~ approval have concluded or expired.

Sec. 12. Minnesota Statutes 2022, section 48.24, subdivision 2, is amended to read:

Subd. 2. **Loan liabilities.** Loans not exceeding 25 percent of such capital and surplus made upon first mortgage security on improved real estate in any state in which the bank or a ~~branch established under section 49.411~~ detached facility of the bank is located, or in any state adjoining a state in which the bank or a ~~branch established under section 49.411~~ detached facility of the bank is located, shall not constitute a liability of the maker of the notes secured by such mortgages within the meaning of the foregoing provision limiting liability, but shall be an actual liability of the maker. These mortgage loans shall be limited to, and in no case exceed, 50 percent of the cash value of the security covered by the mortgage, except mortgage loans guaranteed as provided by the Servicemen's Readjustment Act of 1944, as now or hereafter amended, or for which there is a commitment to so guarantee or for which a conditional guarantee has been issued, which loans shall in no case exceed 60 percent of the cash value of the security covered by such mortgage. For the purposes of this subdivision, real estate is improved when substantial and permanent development or construction has contributed substantially to its value, and agricultural land is improved when farm crops are regularly raised on such land without further substantial improvements.

Sec. 13. Minnesota Statutes 2023 Supplement, section 53B.28, subdivision 18, is amended to read:

Subd. 18. **Money transmission.** (a) "Money transmission" means:

(1) selling or issuing payment instruments to a person located in this state;

(2) selling or issuing stored value to a person located in this state; or

(3) receiving money for transmission from a person located in this state.

(b) ~~Money includes payroll processing services.~~ Money transmission does not include the provision solely of online or telecommunications services or network access.

Sec. 14. Minnesota Statutes 2023 Supplement, section 53B.28, subdivision 25, is amended to read:

Subd. 25. **Payroll processing services.** "Payroll processing services" means ~~receiving money for transmission pursuant to a contract with a person to deliver~~ delivering wages or salaries, ~~make~~ making payment of payroll taxes to state and federal agencies, ~~make~~ making payments relating to employee benefit plans, ~~or make~~ making distributions of other authorized deductions from wages or salaries, or transmitting money on behalf of an employer in connection with transactions related to employees. The term payroll processing services ~~does not include~~ includes an employer performing payroll processing services on the employer's own behalf or on behalf of the employer's affiliate~~, or a~~ and professional employment ~~organization subject to regulation under other applicable state law~~ organizations.

Sec. 15. Minnesota Statutes 2023 Supplement, section 53B.29, is amended to read:

53B.29 EXEMPTIONS.

This chapter does not apply to:

(1) an operator of a payment system, to the extent the operator of a payment system provides processing, clearing, or settlement services between or among persons exempted by this section or licensees in connection with wire transfers, credit card transactions, debit card transactions, stored-value transactions, automated clearing house transfers, or similar funds transfers;

(2) a person appointed as an agent of a payee to collect and process a payment from a payor to the payee for goods or services, other than money transmission itself, provided to the payor by the payee, provided that:

(i) there exists a written agreement between the payee and the agent directing the agent to collect and process payments from payors on the payee's behalf;

(ii) the payee holds the agent out to the public as accepting payments for goods or services on the payee's behalf; and

(iii) payment for the goods and services is treated as received by the payee upon receipt by the agent so that the payor's obligation is extinguished and there is no risk of loss to the payor if the agent fails to remit the funds to the payee;

(3) a person that acts as an intermediary by processing payments between an entity that has directly incurred an outstanding money transmission obligation to a sender, and the sender's designated recipient, provided that the entity:

(i) is properly licensed or exempt from licensing requirements under this chapter;

(ii) provides a receipt, electronic record, or other written confirmation to the sender identifying the entity as the provider of money transmission in the transaction; and

(iii) bears sole responsibility to satisfy the outstanding money transmission obligation to the sender, including the obligation to make the sender whole in connection with any failure to transmit the funds to the sender's designated recipient;

(4) the United States; a department, agency, or instrumentality of the United States; or an agent of the United States;

(5) money transmission by the United States Postal Service or by an agent of the United States Postal Service;

(6) a state; county; city; any other governmental agency, governmental subdivision, or instrumentality of a state; or the state's agent;

(7) a federally insured depository financial institution; bank holding company; office of an international banking corporation; foreign bank that establishes a federal branch pursuant to the International Bank Act, United States Code, title 12, section 3102, as amended or recodified from time to time; corporation organized pursuant to the Bank Service Corporation Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from time to time; or corporation organized under the Edge Act, United States Code, title 12, sections 611 to 633, as amended or recodified from time to time;

(8) electronic funds transfer of governmental benefits for a federal, state, county, or governmental agency by a contractor on behalf of the United States or a department, agency, or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or instrumentality thereof;

(9) a board of trade designated as a contract market under the federal Commodity Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from time to time; or a person that in the ordinary course of business provides clearance and settlement services for a board of trade to the extent of its operation as or for a board;

(10) a registered futures commission merchant under the federal commodities laws, to the extent of the registered futures commission merchant's operation as a merchant;

(11) a person registered as a securities broker-dealer under federal or state securities laws, to the extent of the person's operation as a securities broker-dealer;

(12) an individual employed by a licensee, authorized delegate, or any person exempted from the licensing requirements under this chapter when acting within the scope of employment and under the supervision of the licensee, authorized delegate, or exempted person as an employee and not as an independent contractor;

(13) a person expressly appointed as a third-party service provider to or agent of an entity exempt under clause (7), solely to the extent that:

(i) the service provider or agent is engaging in money transmission on behalf of and pursuant to a written agreement with the exempt entity that sets forth the specific functions that the service provider or agent is to perform; and

(ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders of the outstanding money transmission obligations upon receipt of the purchaser's or holder's money or monetary value by the service provider or agent; ~~or~~

(14) a payroll processing services provider; or

~~(14)~~ (15) a person exempt by regulation or order if the commissioner finds that (i) the exemption is in the public interest, and (ii) the regulation of the person is not necessary for the purposes of this chapter.

Sec. 16. Minnesota Statutes 2022, section 58.02, is amended by adding a subdivision to read:

Subd. 15a. **Nationwide Multistate Licensing System and Registry.** "Nationwide Multistate Licensing System and Registry" has the meaning given in section 58A.02, subdivision 8.

Sec. 17. Minnesota Statutes 2022, section 58.02, subdivision 18, is amended to read:

Subd. 18. **Residential mortgage loan.** "Residential mortgage loan" means a loan secured primarily by either: (1) a mortgage, deed of trust, or other equivalent security interest on residential real ~~property~~ estate; or (2) certificates of stock or other evidence of ownership interest in and proprietary lease from corporations, partnerships, or other forms of business organizations formed for the purpose of cooperative ownership of residential real ~~property~~ estate.

Sec. 18. Minnesota Statutes 2022, section 58.02, subdivision 21, is amended to read:

Subd. 21. **Residential real estate.** "Residential real estate" means real property located in Minnesota upon which a dwelling, as defined in United States Code, title 15, section 1602(w), is constructed or is intended to be constructed, whether or not the owner occupies the real property.

Sec. 19. Minnesota Statutes 2022, section 58.04, subdivision 1, is amended to read:

Subdivision 1. **Residential mortgage originator licensing requirements.** (a) No person shall act as a residential mortgage originator, or make residential mortgage loans without first obtaining a license from the commissioner according to the licensing procedures provided in this chapter.

(b) A licensee must be either a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and must have and maintain a surety bond in the amounts prescribed under section 58.08.

(c) The following persons are exempt from the residential mortgage originator licensing requirements:

(1) a person who is not in the business of making residential mortgage loans and who makes no more than three such loans, with its own funds, during any 12-month period;

(2) a financial institution as defined in section 58.02, subdivision 10;

(3) an agency of the federal government, or of a state or municipal government;

(4) an employee or employer pension plan making loans only to its participants;

(5) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction;

(6) a person who is a bona fide nonprofit organization that meets all the criteria required by the federal Secure and Fair Enforcement Licensing Act in Regulation H, adopted pursuant to Code of Federal Regulations, title 12, part 1008, subpart B, section 1008.103 (e)(7)(ii);

~~(6)~~ (7) a person exempted by order of the commissioner; or

~~(7)~~ (8) a manufactured home dealer, as defined in section 327B.01, subdivision 7 or 11b, or a manufactured home salesperson, as defined in section 327B.01, subdivision 19, that:

(i) performs only clerical or support duties in connection with assisting a consumer in filling out a residential mortgage loan application but does not in any way offer or negotiate loan terms, or hold themselves out as a housing counselor;

(ii) does not receive any direct or indirect compensation or gain from any individual or company for assisting consumers with a residential mortgage loan application, in excess of the customary salary or commission from the employer in connection with the sales transaction; and

(iii) discloses to the borrower in writing:

(A) if a corporate affiliation with a lender exists;

(B) if a corporate affiliation with a lender exists, that the lender cannot guarantee the lowest or best terms available and the consumer has the right to choose their lender; and

(C) if a corporate affiliation with a lender exists, the name of at least one unaffiliated lender.

(d) For the purposes of this subdivision, "housing counselor" means an individual who provides assistance and guidance about residential mortgage loan terms including rates, fees, or other costs.

(e) The disclosures required under paragraph (c), clause ~~(7)~~ (8), item (iii), must be made on a one-page form prescribed by the commissioner and developed in consultation with the Manufactured and Modular Home Association. The form must be posted on the department's website.

Sec. 20. Minnesota Statutes 2022, section 58.04, subdivision 2, is amended to read:

Subd. 2. **Residential mortgage servicer licensing requirements.** (a) Beginning August 1, 1999, no person shall engage in activities or practices that fall within the definition of "servicing a residential mortgage loan" under section 58.02, subdivision 22, without first obtaining a license from the commissioner according to the licensing procedures provided in this chapter.

(b) The following persons are exempt from the residential mortgage servicer licensing requirements:

(1) a person licensed as a residential mortgage originator;

(2) an employee of one licensee or one person holding a certificate of exemption based on an exemption under this subdivision;

(3) a person servicing loans made with its own funds, if no more than three such loans are made in any 12-month period;

(4) a financial institution as defined in section 58.02, subdivision 10;

(5) an agency of the federal government, or of a state or municipal government;

(6) an employee or employer pension plan making loans only to its participants;

(7) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction; ~~or~~

(8) a person who is a bona fide nonprofit organization that meets all the criteria required by the federal Secure and Fair Enforcement Licensing Act in Regulation H, Code of Federal Regulations, title 12, part 1008, subpart B, section 1008.103 (e)(7)(ii); or

~~(8)~~ (9) a person exempted by order of the commissioner.

Sec. 21. Minnesota Statutes 2022, section 58.05, subdivision 1, is amended to read:

Subdivision 1. **Exempt person.** (a) An exempt person, as defined by section 58.04, subdivision 1, paragraph (c), and subdivision 2, paragraph (b), is exempt from the licensing requirements of this chapter, but is subject to all other provisions of this chapter.

(b) Paragraph (a) does not apply to an institution covered under section 58.04, subdivision 4, even if the institution is otherwise an exempt person.

Sec. 22. Minnesota Statutes 2022, section 58.05, subdivision 3, is amended to read:

Subd. 3. **Certificate of exemption.** ~~A person~~ (a) The following persons must obtain a certificate of exemption from the commissioner to qualify as an exempt person under section 58.04, subdivision 1, paragraph (c)~~, a financial institution under clause (2),~~:

(1) a bona fide nonprofit organization under section 58.04, subdivision 1, paragraph (c), clause (6); or

(2) a person exempted by order of the commissioner under section 58.04, subdivision 1, paragraph (c), clause ~~(6); or~~ (7).

(b) The following persons must obtain a certificate of exemption from the commissioner to qualify as an exempt person under section 58.04, subdivision 2, paragraph (b)~~, as a financial institution under clause (4),~~:

(1) a bona fide nonprofit organization under section 58.04, subdivision 2, paragraph (b), clause (8); or

(2) a person exempted by order of the commissioner under section 58.04, subdivision 2, paragraph (b), clause ~~(8)~~ (9).

Sec. 23. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to read:

Subd. 5. **Background checks.** In connection with an application for a residential mortgage loan originator or servicer license, any person in control of an applicant must, at a minimum, provide the Nationwide Multistate Licensing System and Registry information concerning the person's identity, including:

(1) fingerprints for submission to the Federal Bureau of Investigation and a governmental agency or entity authorized to receive the information for a state, national, and international criminal history background check; and

(2) personal history and experience in a form prescribed by the Nationwide Multistate Licensing System and Registry, including the submission of authorization for the Nationwide Multistate Licensing System and Registry and the commissioner to obtain:

(i) an independent credit report obtained from a consumer reporting agency described in United States Code, title 15, section 1681a(p); and

(ii) information related to administrative, civil, or criminal findings by a governmental jurisdiction.

Sec. 24. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to read:

Subd. 6. **Requesting and distributing criminal information; agency.** For the purposes of this section and in order to reduce the points of contact the Federal Bureau of Investigation may have to maintain for purposes of subdivision 5, clauses (1) and (2), the commissioner may use the Nationwide Multistate Licensing System and Registry as a channeling agent to request information from and distribute information to the United States Department of Justice or any governmental agency.

Sec. 25. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to read:

Subd. 7. **Requesting and distributing noncriminal information; agency.** For the purposes of this section and in order to reduce the points of contact the commissioner may have to maintain for purposes of subdivision 5, clause (2), the commissioner may use the Nationwide Multistate Licensing System and Registry as a channeling agent to request and distribute information from and to any source, as directed by the commissioner.

Sec. 26. Minnesota Statutes 2022, section 58.08, subdivision 1a, is amended to read:

Subd. 1a. **Residential mortgage originators.** (a) An applicant for a residential mortgage originator license must file with the department a surety bond in the amount of ~~$100,000~~ $125,000, issued by an insurance company authorized to do so in this state. The bond must cover all mortgage loan originators who are employees or independent agents of the applicant. The bond must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter and for losses incurred by borrowers as a result of a licensee's noncompliance with the requirements of this chapter, sections 325D.43 to 325D.48, and 325F.67 to 325F.69, or breach of contract relating to activities regulated by this chapter.

(b) The bond must be submitted with the originator's license application and evidence of continued coverage must be submitted with each renewal. Any change in the bond must be submitted for approval by the commissioner, within ten days of its execution. The bond or a substitute bond shall remain in effect during all periods of licensing.

(c) Upon filing of the mortgage call report as required by section ~~58A.17~~ 58.141, a licensee shall maintain or increase ~~its~~ the licensee's surety bond to reflect the total dollar amount of the closed residential mortgage loans originated in this state in the preceding year according to the table in this paragraph. A licensee may decrease ~~its~~ the licensee's surety bond according to the table in this paragraph if the surety bond required is less than the amount of the surety bond on file with the department.

Dollar Amount of Closed Residential Mortgage Loans	Surety Bond Required
$0 to ~~$5,000,000~~ $10,000,000	~~$100,000~~ $125,000
~~$5,000,000.01~~ $10,000,000.01 to ~~$10,000,000~~ $25,000,000	~~$125,000~~ $150,000
~~$10,000,000.01~~ $25,000,000.01 to ~~$25,000,000~~ $100,000,000	~~$150,000~~ $200,000
Over ~~$25,000,000~~ $100,000,000	~~$200,000~~ $300,000

For purposes of this subdivision, "mortgage loan originator" has the meaning given the term in section 58A.02, subdivision 7.

Sec. 27. Minnesota Statutes 2022, section 58.08, subdivision 2, is amended to read:

Subd. 2. **Residential mortgage servicers.** (a) A residential mortgage servicer licensee shall continuously maintain a surety bond or irrevocable letter of credit in an amount not less than ~~$100,000~~ $125,000 in a form approved by the commissioner, issued by an insurance company or bank authorized to do so in this state. The bond or irrevocable letter of credit must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter, and for losses or damages incurred by borrowers or other aggrieved parties as the result of a licensee's noncompliance with the requirements of this chapter, sections 325D.43 to 325D.48, and 325F.67 to 325F.69, or breach of contract relating to activities regulated by this chapter.

(b) The bond or irrevocable letter of credit must be submitted with the servicer's license application and evidence of continued coverage must be submitted with each renewal. Any change in the bond or letter of credit must be submitted for approval by the commissioner, within ten days of its execution. The bond or a substitute bond must remain in effect during all periods of a license.

(c) Upon filing the mortgage call report under section 58.141, a licensee must maintain or increase the licensee's surety bond to reflect the total dollar amount of unpaid principal balance for residential mortgage loans serviced in Minnesota during the preceding quarter according to the table in this paragraph. A licensee may decrease the licensee's surety bond according to the table in this paragraph if the surety bond required is less than the amount of the surety bond on file with the department.

Dollar Amount of Unpaid Principal Balance for Serviced Residential Mortgage Loans	Surety Bond Required
$0 to $10,000,000	$125,000
$10,000,000.01 to $50,000,000	$200,000
Over $50,000,000	$300,000

Sec. 28. Minnesota Statutes 2022, section 58.10, subdivision 3, is amended to read:

Subd. 3. **Consumer education account; money credited and appropriated.** (a) The consumer education account is created in the special revenue fund. Money credited to this account may be appropriated to the commissioner ~~for the purpose of making~~ to: (1) make grants to programs and campaigns designed to help consumers avoid being victimized by unscrupulous lenders and mortgage brokers; and (2) pay for expenses the commissioner incurs to provide outreach and education related to affordable housing and home ownership education. The commissioner must give preference ~~shall be given~~ for grants to programs and campaigns designed by coalitions of public sector, private sector, and nonprofit agencies, institutions, companies, and organizations.

(b) A sum sufficient is appropriated annually from the consumer education account to the commissioner to make the grants described in paragraph (a).

Sec. 29. Minnesota Statutes 2022, section 58.115, is amended to read:

58.115 EXAMINATIONS.

The commissioner has under this chapter the same powers with respect to examinations that the commissioner has under section 46.04. In addition to the powers under section 46.04, the commissioner may accept examination reports prepared by a state agency that has comparable supervisory powers and

examination procedures. The authority under section 49.411, subdivision 7, applies to examinations of institutions under this chapter.

Sec. 30. Minnesota Statutes 2022, section 58.13, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) No person acting as a residential mortgage originator or servicer, including a person required to be licensed under this chapter, and no person exempt from the licensing requirements of this chapter under section 58.04, except as otherwise provided in paragraph (b), shall:

(1) fail to maintain a trust account to hold trust funds received in connection with a residential mortgage loan;

(2) fail to deposit all trust funds into a trust account within three business days of receipt; commingle trust funds with funds belonging to the licensee or exempt person; or use trust account funds for any purpose other than that for which they are received;

(3) unreasonably delay the processing of a residential mortgage loan application, or the closing of a residential mortgage loan. For purposes of this clause, evidence of unreasonable delay includes but is not limited to those factors identified in section 47.206, subdivision 7, paragraph (d);

(4) fail to disburse funds according to its contractual or statutory obligations;

(5) fail to perform in conformance with its written agreements with borrowers, investors, other licensees, or exempt persons;

(6) charge a fee for a product or service where the product or service is not actually provided, or misrepresent the amount charged by or paid to a third party for a product or service;

(7) fail to comply with sections 345.31 to 345.60, the Minnesota unclaimed property law;

(8) violate any provision of any other applicable state or federal law regulating residential mortgage loans including, without limitation, sections 47.20 to 47.208 and 47.58;

(9) make or cause to be made, directly or indirectly, any false, deceptive, or misleading statement or representation in connection with a residential loan transaction including, without limitation, a false, deceptive, or misleading statement or representation regarding the borrower's ability to qualify for any mortgage product;

(10) conduct residential mortgage loan business under any name other than that under which the license or certificate of exemption was issued;

(11) compensate, whether directly or indirectly, coerce or intimidate an appraiser for the purpose of influencing the independent judgment of the appraiser with respect to the value of real estate that is to be covered by a residential mortgage or is being offered as security according to an application for a residential mortgage loan;

(12) issue any document indicating conditional qualification or conditional approval for a residential mortgage loan, unless the document also clearly indicates that final qualification or approval is not guaranteed, and may be subject to additional review;

(13) make or assist in making any residential mortgage loan with the intent that the loan will not be repaid and that the residential mortgage originator will obtain title to the property through foreclosure;

(14) provide or offer to provide for a borrower, any brokering or lending services under an arrangement with a person other than a licensee or exempt person, provided that a person may rely upon a written representation by the residential mortgage originator that it is in compliance with the licensing requirements of this chapter;

(15) claim to represent a licensee or exempt person, unless the person is an employee of the licensee or exempt person or unless the person has entered into a written agency agreement with the licensee or exempt person;

(16) fail to comply with the record keeping and notification requirements identified in section 58.14 or fail to abide by the affirmations made on the application for licensure;

(17) represent that the licensee or exempt person is acting as the borrower's agent after providing the nonagency disclosure required by section 58.15, unless the disclosure is retracted and the licensee or exempt person complies with all of the requirements of section 58.16;

(18) make, provide, or arrange for a residential mortgage loan that is of a lower investment grade if the borrower's credit score or, if the originator does not utilize credit scoring or if a credit score is unavailable, then comparable underwriting data, indicates that the borrower may qualify for a residential mortgage loan, available from or through the originator, that is of a higher investment grade, unless the borrower is informed that the borrower may qualify for a higher investment grade loan with a lower interest rate and/or lower discount points, and consents in writing to receipt of the lower investment grade loan;

For purposes of this section, "investment grade" refers to a system of categorizing residential mortgage loans in which the loans are distinguished by interest rate or discount points or both charged to the borrower, which vary according to the degree of perceived risk of default based on factors such as the borrower's credit, including credit score and credit patterns, income and employment history, debt ratio, loan-to-value ratio, and prior bankruptcy or foreclosure;

(19) make, publish, disseminate, circulate, place before the public, or cause to be made, directly or indirectly, any advertisement or marketing materials of any type, or any statement or representation relating to the business of residential mortgage loans that is false, deceptive, or misleading;

(20) advertise loan types or terms that are not available from or through the licensee or exempt person on the date advertised, or on the date specified in the advertisement. For purposes of this clause, advertisement includes, but is not limited to, a list of sample mortgage terms, including interest rates, discount points, and closing costs provided by licensees or exempt persons to a print or electronic medium that presents the information to the public;

(21) use or employ phrases, pictures, return addresses, geographic designations, or other means that create the impression, directly or indirectly, that a licensee or other person is a governmental agency, or is associated with, sponsored by, or in any manner connected to, related to, or endorsed by a governmental agency, if that is not the case;

(22) violate section 82.77, relating to table funding;

(23) make, provide, or arrange for a residential mortgage loan all or a portion of the proceeds of which are used to fully or partially pay off a "special mortgage" unless the borrower has obtained a written certification from an authorized independent loan counselor that the borrower has received counseling on the advisability of the loan transaction. For purposes of this section, "special mortgage" means a residential mortgage loan originated, subsidized, or guaranteed by or through a state, tribal, or local government, or nonprofit organization, that bears one or more of the following nonstandard payment terms which substantially

benefit the borrower: (i) payments vary with income; (ii) payments of principal or interest are not required or can be deferred under specified conditions; (iii) principal or interest is forgivable under specified conditions; or (iv) where no interest or an annual interest rate of two percent or less is charged in connection with the loan. For purposes of this section, "authorized independent loan counselor" means a nonprofit, third-party individual or organization providing home buyer education programs, foreclosure prevention services, mortgage loan counseling, or credit counseling certified by the United States Department of Housing and Urban Development, the Minnesota Home Ownership Center, the Minnesota Mortgage Foreclosure Prevention Association, AARP, or NeighborWorks America;

(24) make, provide, or arrange for a residential mortgage loan without verifying the borrower's reasonable ability to pay the scheduled payments of the following, as applicable: principal; interest; real estate taxes; homeowner's insurance, assessments, and mortgage insurance premiums. For loans in which the interest rate may vary, the reasonable ability to pay shall be determined based on a fully indexed rate and a repayment schedule which achieves full amortization over the life of the loan. For all residential mortgage loans, the borrower's income and financial resources must be verified by tax returns, payroll receipts, bank records, or other similarly reliable documents.

Nothing in this section shall be construed to limit a mortgage originator's or exempt person's ability to rely on criteria other than the borrower's income and financial resources to establish the borrower's reasonable ability to repay the residential mortgage loan, including criteria established by the United States Department of Veterans Affairs or the United States Department of Housing and Urban Development for interest rate reduction refinancing loans or streamline loans, or criteria authorized or promulgated by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation; however, such other criteria must be verified through reasonably reliable methods and documentation. The mortgage originator's analysis of the borrower's reasonable ability to repay may include, but is not limited to, consideration of the following items, if verified: (1) the borrower's current and expected income; (2) current and expected cash flow; (3) net worth and other financial resources other than the consumer's equity in the dwelling that secures the loan; (4) current financial obligations; (5) property taxes and insurance; (6) assessments on the property; (7) employment status; (8) credit history; (9) debt-to-income ratio; (10) credit scores; (11) tax returns; (12) pension statements; and (13) employment payment records, provided that no mortgage originator shall disregard facts and circumstances that indicate that the financial or other information submitted by the consumer is inaccurate or incomplete. A statement by the borrower to the residential mortgage originator or exempt person of the borrower's income and resources or sole reliance on any single item listed above is not sufficient to establish the existence of the income or resources when verifying the reasonable ability to pay;

(25) engage in "churning." As used in this section, "churning" means knowingly or intentionally making, providing, or arranging for a residential mortgage loan when the new residential mortgage loan does not provide a reasonable, tangible net benefit to the borrower considering all of the circumstances, including the terms of both the new and refinanced loans, the cost of the new loan, and the borrower's circumstances~~;~~. In order to demonstrate a reasonable, tangible net benefit to the borrower, the circumstances at the time of the application must be documented in writing and must be signed by the borrower prior to the closing date;

(26) the first time a residential mortgage originator orally informs a borrower of the anticipated or actual periodic payment amount for a first-lien residential mortgage loan which does not include an amount for payment of property taxes and hazard insurance, the residential mortgage originator must inform the borrower that an additional amount will be due for taxes and insurance and, if known, disclose to the borrower the amount of the anticipated or actual periodic payments for property taxes and hazard insurance. This same oral disclosure must be made each time the residential mortgage originator orally informs the borrower of

a different anticipated or actual periodic payment amount change from the amount previously disclosed. A residential mortgage originator need not make this disclosure concerning a refinancing loan if the residential mortgage originator knows that the borrower's existing loan that is anticipated to be refinanced does not have an escrow account; or

(27) make, provide, or arrange for a residential mortgage loan, other than a reverse mortgage pursuant to United States Code, title 15, chapter 41, if the borrower's compliance with any repayment option offered pursuant to the terms of the loan will result in negative amortization during any six-month period.

(b) Paragraph (a), clauses (24) through (27), do not apply to a state or federally chartered bank, savings bank, or credit union, an institution chartered by Congress under the Farm Credit Act, or to a person making, providing, or arranging a residential mortgage loan originated or purchased by a state agency or a tribal or local unit of government. This paragraph supersedes any inconsistent provision of this chapter.

Sec. 31. **[58.141] REPORTS AND UNIQUE IDENTIFIER.**

Subdivision 1. **Mortgage call reports.** A residential mortgage originator or servicer must submit reports of condition to the Nationwide Multistate Licensing System and Registry. Reports submitted under this subdivision must be in the form and contain the information required by the Nationwide Multistate Licensing System and Registry.

Subd. 2. **Report to Nationwide Multistate Licensing System and Registry.** Subject to section 58A.14, the commissioner must regularly report violations of this chapter, as well as enforcement actions and other relevant information, to the Nationwide Multistate Licensing System and Registry.

Subd. 3. **Unique identifier; display.** The unique identifier of any person originating a residential mortgage loan must be clearly displayed on all residential mortgage loan application forms, solicitations, or advertisements, including business cards or websites, and any other documents the commissioner establishes by rule or order.

Sec. 32. **[60M.01] DEFINITIONS.**

Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 2. **Bail bond.** "Bail bond" means a three-party contract between the state, the accused, and the surety whereby an individual is released to the custody of the surety, and the surety guarantees to the state the appearance of the individual at all criminal proceedings for which the surety bond is posted.

Subd. 3. **Bail bond agency.** "Bail bond agency" means an agency contracted by a surety to supervise or otherwise manage the bail bond business written in Minnesota by producers appointed by the surety.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 5. **Department.** "Department" means the Department of Commerce.

Subd. 6. **Depositor.** "Depositor" means:

(1) an individual that has paid money to a surety, bail bond agency, or producer as premium or premium toward a bail bond product transaction, as defined in section 60M.02; or

(2) an individual that deposited money, property, or assets with a surety, bail bond agency, or producer to be held as collateral or used toward the liability of a bail bond product transaction, as defined in section 60M.03.

Subd. 7. **Negotiate.** "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular insurance contract concerning any of the substantive benefits, terms, or conditions of the contract, if the person engaged in the act either sells insurance or obtains insurance from insurers for purchasers.

Subd. 8. **Net premium.** "Net premium" means a bond's premium, less any commission agreed to in advance and in writing between a producer and the surety or bail bond agency.

Subd. 9. **Personal information.** "Personal information" has the meaning given in section 72A.491, subdivision 17.

Subd. 10. **Principal.** "Principal" is an individual who has engaged with a bail bond agency or producer to arrange for the individual's bail bond to be posted on the individual's behalf, securing the individual's release pretrial on a bail bond.

Subd. 11. **Privileged information.** "Privileged information" has the meaning given in section 72A.491, subdivision 19.

Subd. 12. **Producer.** "Producer" means a person that is licensed to write bail bonds, has been approved by the state court administrator's office, is a contractor or employee for a bail bond agency, and is appointed by a surety to execute or countersign bail bonds for the surety in connection with judicial proceedings.

Subd. 13. **Sell.** "Sell" means to exchange a bail bond product for money on behalf of a surety company.

Subd. 14. **Surety.** "Surety" means a domestic, foreign, or alien insurance company that is licensed to transact surety business in Minnesota under section 60A.06.

Sec. 33. **[60M.02] PREMIUMS.**

Subdivision 1. **Premiums; generally.** (a) Regardless of whether a producer is an employee or an independent contractor, a producer must charge the approved, filed rate of the surety being used to post a bail bond. Except as provided in subdivision 2 or in a situation where cash bail is set by the court under subdivision 5, the rate charged must not be less than the surety's filed rate.

(b) A producer is prohibited from providing a premium rebate.

(c) A producer may charge travel or other related fees, provided the producer complies with section 60K.46, subdivision 2.

Subd. 2. **Minimum premium.** A producer must charge a minimum premium of $100. Any premium amount must be included in the surety's rate filing with the commissioner.

Subd. 3. **Bail bonds less than $10,000.** (a) A producer is prohibited from posting a bail bond with a penal sum of $10,000 or less unless the producer has:

(1) received at least 50 percent of the total premium owed under the surety's rate filing;

(2) provided the depositor with a receipt that indicates the premium paid; and

(3) if the full premium is not collected before posting the bond, a signed promissory note must be obtained requiring the unpaid premium in full within four months of the date the bond is posted.

(b) A promissory note issued under paragraph (a), clause (3), must be made on a surety or bail bond agency form as approved by the commissioner. The maximum annual interest rate allowed on a promissory note under this subdivision is six percent. A promissory note may authorize collection of the actual costs incurred to collect the premium, including reasonable attorney fees, in the event of a default.

Subd. 4. **Bail bonds greater than $10,000.** (a) A producer is prohibited from posting a bail bond with a penal sum greater than $10,000 unless the producer has:

(1) received at least 30 percent of the total premium owed under the surety's rate filing;

(2) provided the depositor with a receipt that indicates the premium paid; and

(3) if the full premium is not collected before posting the bond, a signed promissory note must be obtained requiring the unpaid premium in full within 12 months of the date the bond is posted.

(b) A promissory note issued under paragraph (a), clause (3), must be made on a surety or bail bond agency form as approved by the commissioner. The maximum annual interest rate allowed on a promissory note under this subdivision is six percent. A promissory note may authorize collection of the actual costs incurred to collect the premium, including reasonable attorney fees, in the event of a default.

Subd. 5. **Alternative premium structure.** (a) A bail bond agency or producer may include an alternative premium structure as part of the bail bond agency or producer's surety rate filing submitted to the commissioner.

(b) If a court sets cash bail at 15 percent or less of the bond's penal amount, a surety, bail bond agency, or producer may charge an alternative premium that is as low as one-half of the cash bail amount set by the court. An alternative premium charged under this subdivision is subject to the minimum premium requirement under subdivision 2.

(c) A bail bond agency or producer is required to obtain from the court documentation indicating the cash bail amount set by the court and must maintain the documentation in the bond file.

(d) A bail bond agency and producer must maintain a log of all bonds where an alternative premium was charged under this subdivision.

(e) Subdivisions 3 and 4 apply to the payment of an alternative premium structure under this subdivision.

Subd. 6. **Late payments.** If a payment, including a minimum monthly payment, that is required under a promissory note executed pursuant to subdivision 3 or 4 is more than 90 days late, the bail bond agency or producer must, within 20 days of the date a payment becomes 90 days late:

(1) for amounts owed that are $2,500 or less, assign the debt to a Minnesota-licensed debt collector; or

(2) for amounts owed that are greater than $2,500:

(i) file a civil action against the delinquent premium payer; and

(ii) make all reasonable efforts to:

(A) serve a summons and complaint;

(B) enter judgment, unless the matter is settled while the action is pending; and

(C) enforce the judgment, which may be satisfied by assigning the debt to a licensed debt collector.

Subd. 7. **Form of payment.** A surety, bail bond agency, or producer may only accept cash, money orders, checks, wire transfers, electronic funds transfers, debit cards, prepaid cash cards, or credit cards as a premium payment method. Any balance owed must be evidenced by a promissory note, as provided under subdivision 3 or 4.

Subd. 8. **Premium trust account.** (a) A payment made to or received by the producer, bail bond agency, or surety must be deposited into a premium trust account that is maintained by the producer, bail bond agency, or surety within seven business days.

(b) A premium trust account must be used only for premium payments and travel or other related fees authorized under subdivision 1, paragraph (c). A producer, bail bond agency, or surety is prohibited from depositing any other money into a premium trust account.

(c) A deposit into a premium trust account must be accompanied by a deposit slip that:

(1) separately designates the principal; and

(2) lists the power of attorney number of the bond for which the payment is being collected.

(d) Money may be withdrawn from a premium trust account only to:

(1) pay the net premium to the surety or bail bond agency;

(2) pay a surety or bail bond agency any build-up fund or escrow account required by a contract executed by the producer and the surety or bail bond agency;

(3) pay or reimburse travel or other related fees authorized under subdivision 1, paragraph (c);

(4) pay or reimburse the producer any fees or charges deducted electronically by credit card processing vendors, provided the fees and charges comply with section 60K.46, subdivision 2; and

(5) distribute any excess amounts to the operating account.

Sec. 34. **[60M.03] COLLATERAL.**

Subdivision 1. **Collateral generally.** When collateral is accepted, the producer, surety, or bail bond agency must provide a written and numbered receipt to the depositor. The receipt must:

(1) contain the date; depositor's name and address; bail bond agency's name and address; surety's name and address; defendant's name; bond amount; and cash amount or a detailed description of the collateral, if the collateral is not cash; and

(2) be signed by:

(i) the producer, surety, or bail bond agency; and

(ii) the depositor.

Subd. 2. **Collateral received; transfer; control.** (a) Except as otherwise provided under paragraph (b), a producer or bail bond agency must transfer all cash and noncash collateral that the producer or bail bond agency receives to the surety.

(b) A surety may, at the surety's discretion, permit: (1) a producer to transfer all cash and noncash collateral that the producer receives to the bail bond agency; and (2) the bail bond agency to retain possession and control over the cash and noncash collateral without transferring the cash and noncash collateral to the surety. If a surety exercises the surety's discretion under this paragraph, the bail bond agency assumes the surety's responsibilities and responsibilities under this section. A producer is prohibited from retaining possession or control of cash or noncash collateral beyond the time periods established in this section.

Subd. 3. **Cash collateral trust account.** (a) All cash collateral must be deposited into a cash collateral account maintained by a surety or bail bond agency as provided in subdivision 2, paragraph (b), within seven business days of the date the cash collateral is received.

(b) All checks, money orders, wire transfers, or similar money transfer for collateral must be made payable to the bail bond agency and deposited into the surety's or bail bond agency's collateral account within ten business days of the date the payment was received.

(c) When required by law, a bail bond agency or producer must: (1) file an IRS Form 8300 and informational notice; and (2) retain a copy of the filed IRS Form 8300 and informational notice in the bail bond agency's or producer's files.

Subd. 4. **Separate cash collateral account.** At the surety's discretion, the surety or a bail bond agency may maintain a separate cash collateral trust account. A cash collateral trust account may be an interest-bearing account or a noninterest-bearing account. If the separate cash collateral trust account is an interest-bearing account, the interest earned is for the benefit of the depositor.

Subd. 5. **Surety liable.** The surety is liable to return any cash or noncash collateral that a producer or bail bond agency collects, less any amounts owed under subdivision 9, paragraph (b), even if the collected collateral is not transferred to the surety.

Subd. 6. **Prohibitions.** (a) A surety, bail bond agency, or producer is prohibited from collecting cash collateral in excess of the bond's penal sum.

(b) A surety, bail bond agency, or producer is prohibited from using collateral for personal benefit or gain.

(c) A surety, bail bond agency, or producer is prohibited from taking a quitclaim deed on real property as collateral for a bond.

Subd. 7. **Collateral log.** (a) A bail bond agency or producer must maintain a collateral log that includes:

(1) the power of attorney number;

(2) the principal's name;

(3) the depositor's name;

(4) the cash collateral amount, including whether the cash collateral is being held in an interest-bearing account;

(5) if the collateral is noncash collateral, a detailed description of the collateral;

(6) the date the collateral was taken; and

(7) the dates the collateral was sent to the surety, returned to the depositor, liquidated, or applied to a loss or cost incurred by the producer, bail bond agency, or surety.

(b) For purposes of paragraph (a), an indemnity agreement does not constitute collateral and is not required to be included in the collateral log. For purposes of paragraph (a), clause (7), the amount of a loss incurred must be listed separately from other costs in the collateral log.

Subd. 8. **Mortgages and deeds of trust.** (a) A mortgage or deed of trust taken as collateral for a bond must name the surety as a mortgagee. At the discretion of the surety, a bail bond agency may be named as the mortgagee in lieu of the surety being named as the mortgagee.

(b) A producer is prohibited from being named as a mortgagee for a mortgage or deed of trust taken as collateral for a bond.

Subd. 9. **Return of collateral.** (a) A surety or bail bond agency that controls the collateral must return cash and noncash collateral to the depositor named in the collateral receipt within 21 days of the date the depositor provides the surety or bail bond agency with written proof that the bond has been discharged.

(b) If the depositor owes the surety, bail bond agency, or producer a premium; is liable for a loss or expense related to a breach of the bond; or is liable pursuant to the terms of an indemnity or other agreement, the surety or bail bond agency may retain from the collateral all money required to satisfy the depositor's debts.

(c) If all of the depositor's debts secured by collateral are satisfied, the surety or bail bond agency must provide documentation to release any liens, security interests, mortgages, or other security interests that were filed or obtained in relation to the collateral. The documentation must be provided within 21 days of the date the depositor provides the surety or bail bond agency with written proof that the bond has been discharged.

Subd. 10. **Bond or indemnity agreement; breach.** If a bond or indemnity agreement is breached and the surety, bail bond agency, or producer suffers a loss, the surety or bail bond agency that controls the collateral must send to the depositor written notice that notifies the depositor that the surety or bail bond agency intends to liquidate noncash collateral. The written notice must be sent by certified mail to the depositor's last known address at least 30 days before the date the surety or bail bond agency liquidates the noncash collateral.

Subd. 11. **Compliance with Minnesota law.** Any action taken to enforce or foreclose on cash or noncash collateral must comply with Minnesota law.

Subd. 12. **Collateral documentation; audit and inspection.** (a) All collateral and related documentation held in trust by the surety or bail bond agency must be made available for immediate audit and inspection by the department.

(b) All collateral and related documentation held in trust by the bail bond agency must be made available for immediate audit and inspection by the surety.

Sec. 35. **[60M.04] PRODUCER AUDITS.**

Subdivision 1. **Premium audits.** (a) By April 30 each year, a surety must audit each licensed bail bond producer's bonds written during the previous calendar year to ensure the licensed bail bond producer has complied with this subdivision.

(b) The premium audits must include a review of an adequate sample of bonds written by each bail bond producer. A review sample is adequate if it consists of the lesser of: (1) 20 percent of the bonds written by the bail bond producer; (2) 24 bonds; or (3) all of the bonds written by the bail bond producer, if the bail

bond producer wrote fewer than 12 bonds during the previous calendar year. The audit sample must include the four largest bonds written by the bail bond producer and four bonds that charged an alternative premium under section 60M.02, subdivision 5, if applicable. Of the remaining bonds audited and to the extent the quantity of bonds supports the percentages, 50 percent must be randomly selected bonds with a penal sum that is $10,000 or less, and 50 percent must be randomly selected bonds with a penal sum that is greater than $10,000.

(c) The premium audit must be conducted at the producer's office or the bail bond agency's office, depending on which entity maintains the physical records. The surety must not disclose to the producer or bail bond agency, or anyone affiliated with the surety or bail bond agency, which files the surety intends to audit until the surety's on-site audit of the producer begins.

(d) For each bond audited, the surety must confirm that:

(1) the proper premium was charged and collected, including a review of the premium account statements and deposit slips;

(2) a proper premium receipt is in the producer's file;

(3) if the full premium was not paid before the bond was posted, a proper promissory note was executed; and

(4) if the premium was not paid as required, the producer complied with section 60M.02, subdivision 6.

(e) An annual premium audit under this section must also include a follow-up review of each bond audited the previous year for which full premium had not yet been collected at the time the audit occurred. For each bond subject to a follow-up review, the surety must:

(1) review the premium account and deposit slips to confirm that the full premium was collected; or

(2) if full payment of the premium was not received, confirm that the producer complied with section 60M.02, subdivision 6.

(f) A bail bond agency or producer is prohibited from acting on behalf of the surety to conduct the bail bond agency's or producer's own bail bond agency or producer audits.

Subd. 2. **Collateral audits.** (a) By April 30 each year, a surety must audit each licensed bail bond producer's bonds written during the previous calendar year to ensure the licensed bail bond producer has complied with this subdivision.

(b) A collateral audit under this subdivision must include confirmation that:

(1) a collateral log was maintained;

(2) a cash collateral account exists;

(3) the balance of the cash collateral indicated on the collateral log is identical to the amount held in the collateral trust account; and

(4) a collateral receipt exists for collateral collected, as represented by a sampling of the lesser of: (i) 20 percent of all bonds secured by collateral; or (ii) 12 bonds that were secured by collateral.

Subd. 3. **Audits report.** (a) By May 31 each year, a surety must prepare a report of the audits conducted under this section during that year. The report must include:

(1) a list of the bonds audited under subdivision 1 for each producer, including the power of attorney number used for each audited bond and whether full premium payment was made by the date the audit occurred;

(2) a list of the bonds included in a follow-up review of the previous year's audit, including whether full premium payment was collected by the date the audit occurred;

(3) the compliance certifications required under section 60M.07, subdivision 4; and

(4) details regarding any violations discovered during the audit or a statement that no violations were discovered, as applicable.

(b) The annual report under this subdivision must be maintained for a period of at least 36 months from the date the report is complete. Annual reports must be submitted to the commissioner by June 30 each year.

Sec. 36. **[60M.05] SOLICITATION.**

Subdivision 1. **Solicitation generally.** (a) A producer is prohibited from, in or on the grounds of a jail, prison, or other location where an incarcerated person is confined, or in or on the grounds of a court unless requested by the principal, a potential indemnitor, or the legal counsel of a principal:

(1) approaching, enticing, inviting, or soliciting a person to use a bail bond agency's services;

(2) distributing, displaying, or wearing an item that advertises a bail bond agency's services;

(3) no producer or bail bond agency is permitted to solicit by calling or leaving messages for principals on jail phones or any other messaging devices available to principals, while in custody; or

(4) no producer or bail bond agency is permitted to place money on the canteen or books of any individual held in custody.

(b) Notwithstanding paragraph (a), clause (3), permissible print advertising in a jail is limited to:

(1) a listing in a telephone directory; and

(2) posting the producer's or bail bond agency's name, address, and telephone number in a designated location within the jail, as approved by the jail.

Subd. 2. **Identification; marketing material.** A producer is prohibited from wearing or displaying any information, other than identification approved by the surety or bail bond agency, which constitutes marketing material that a surety or bail bond agency must approve and maintain under Minnesota Rules, chapter 2790. A producer is prohibited from displaying any information constituting marketing material in or on the property or grounds of: (1) a jail, prison, or other location where incarcerated people are confined; or (2) a court.

Subd. 3. **Other prohibited conduct.** (a) A producer is prohibited from loitering in or about the courthouse, jail, or any other place where individuals are held in custody.

(b) A producer is prohibited from making unauthorized and unsolicited cold calls without having first spoken with the principal.

(c) A producer is prohibited from soliciting a bond to a person by recorded or electronic communication, or by live telephone contact, unless the producer otherwise complies with applicable state and federal law, including but not limited to:

(1) the National Do Not Call Registry under Code of Federal Regulations, title 16, part 310; and

(2) the Telephone Consumer Protection Act of 1991, Code of Federal Regulations, title 47, part 64.1200.

(d) A surety, bail bond agency, or producer is prohibited from obtaining a credit check on a person unless the person has authorized the surety, bail bond agency, or producer to do so in writing. The surety, bail bond agency, or producer must retain the written authorization provided by the person subject to the credit check.

Subd. 4. **Compliance with other law.** (a) A surety, bail bond agency, and producer must comply with all federal and state privacy laws related to information provided to a producer during the application process and during bond underwriting by a bond principal, indemnitor, or other person.

(b) A surety, bail bond agency, and producer must comply with sections 60K.46, subdivision 6; 72A.494; 72A.496, subdivision 1; 72A.501; and 72A.502, subdivision 1.

(c) A surety, bail bond agency, and producer must receive preauthorization before collecting and disclosing personal or privileged information about an applicant or proposed insured, and must provide all notices otherwise required by Minnesota law.

(d) A surety, bail bond agency, and producer must otherwise comply with all applicable Minnesota law.

Subd. 5. **Insurance transaction.** The act of soliciting, underwriting, negotiating, or selling a bail bond constitutes an insurance transaction.

Sec. 37. **[60M.06] UNLICENSED INDIVIDUALS; NO REBATES OR PAYMENT.**

(a) With the exception of a contracted bail enforcement agent offering a reward for information that assists in the location and apprehension of a principal under section 629.63, a surety, bail bond agency, or producer is prohibited from paying a fee or commission, or otherwise giving or promising anything of value, to: (1) a jailer, police officer, peace officer, or any other person who has the power to arrest or hold an individual in custody; or (2) a judge, public official, or public employee.

(b) A surety, bail bond agency, or producer is prohibited from paying a fee or rebate, or otherwise giving or promising anything of value, to the individual seeking the producer's services or the individual seeking the producer's services on another individual's behalf.

(c) A surety, bail bond agency, or producer is prohibited from paying a fee or commission, or otherwise giving or promising anything of value, to a person for selling, soliciting, or negotiating a bail bond if the person is not properly licensed as a producer.

(d) A surety, bail bond agency, or producer is prohibited from paying a fee, rebate, or commission, or otherwise giving or promising anything of value, to an inmate for referring business or for any other reason related to soliciting, negotiating, or selling a bail bond.

Sec. 38. **[60M.07] OTHER PROVISIONS.**

Subdivision 1. **Compliance with standards of conduct.** A producer must comply with the Minnesota Court Administrator's Office's bail bond procedures and standards of conduct, including but not limited to while in or on the property of courts, jails, or other detention facilities in Minnesota. A surety or bail bond agency must require the surety or bail bond agency's producers to affirm that the producer complies with any changes to the bail bond procedures and standards of conduct as the changes are posted to the Minnesota state court website or the Minnesota Court Administrator's Office's website.

Subd. 2. **No waiver.** A producer is prohibited from soliciting or accepting a waiver of any requirement under this chapter.

Subd. 3. **Record maintenance.** (a) A bail bond agency and producer must maintain the following records on each bond for at least seven years after the date the bond is terminated:

(1) power of attorney;

(2) premium receipts;

(3) the promissory note for unpaid premium, if any;

(4) the cash bond amount set by the court, if an amount less than the filed rate is accepted for the premium;

(5) all documents related to any lawsuit filed to collect the premium;

(6) indemnity agreements;

(7) collateral receipts, if any;

(8) proof that collateral was returned, if any;

(9) proof of bond exoneration or forfeiture payment;

(10) all records relating to liquidating and converting collateral, including fees or costs; and

(11) proof of any expenses incurred or losses paid by the surety, bail bond agency, or producer.

(b) A bail bond agency and producer must maintain all premium account, collateral account, and operating account bank records, including deposit slips, for at least seven years after the records are made available.

(c) All records that a bail bond agency or producer maintain under this chapter must be kept in the bail bond agency or producer's office or storage location, as applicable. If a bail bond agency or producer's relationship with a surety is terminated, the information and documentation must be immediately transferred to:

(1) the bail bond agency, if the producer is terminated; or

(2) the surety, if the bail bond agency is terminated.

(d) A bail bond agency and producer's records must be available for the commissioner or the surety to inspect, with or without notice.

Subd. 4. **Compliance certification.** (a) During the surety's annual audit of a producer, the producer must sign a compliance certification form that attests to the producer's compliance with this chapter during the previous calendar year.

(b) Before a producer is appointed by a surety and at each license renewal thereafter, a producer must sign an affidavit of compliance form in which the producer acknowledges the producer is familiar and continually complies with the requirements under this chapter. The surety must retain completed affidavits and send requested affidavits to the commissioner within ten days of the date an affidavit is requested.

(c) The commissioner must establish the compliance certification and affidavit of compliance forms for use under this subdivision.

Subd. 5. **Producer termination; notice.** (a) If a producer's relationship with a surety is voluntarily or involuntarily terminated due to a violation of this chapter or because the surety determined the producer violated this chapter during an annual audit, the surety must, within 30 days of the date the producer is terminated, provide the commissioner with the terminated producer's name and the reason the producer was terminated.

(b) Another surety is prohibited from appointing a producer subject to a termination under paragraph (a) unless the department approves the appointment.

Subd. 6. **Access to information.** A surety, bail bonds agency, and producer are considered a government associated entity and are allowed to apply and be granted access to the Minnesota Government Access system under the Court Access Rules.

Subd. 7. **Surrender of a principal for bail revocation.** The courts, jails, and sheriff offices in Minnesota must comply with section 629.63, allowing for a principal to be surrendered and received by the jail of the county that the bail bond was originated from and to be held in custody until the principal can have a court hearing where the surety, bail bond agency, or producer can give evidence and make motion for the revocation and discharge of the bail bond.

Subd. 8. **Forfeiture timing requirement.** The court must order a bail bond forfeited and send notice to the surety, bail bond agency, or producer no later than 30 days from the date of a principal failing to appear at a scheduled hearing. If a court fails to forfeit a bail bond within 30 days of a principal failing to appear or fail to send notice within seven days of the forfeiture to the surety, bail bond agency, or producer, the court must allow for a reinstatement and discharge of the bail bond without penalty. If a court fails to take action against the bail bond within 30 days of a principal failing to appear at a hearing, the court must allow for revocation and discharge without penalty.

Sec. 39. Minnesota Statutes 2023 Supplement, section 80A.50, is amended to read:

80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL CORPORATE OFFERING REGISTRATION.

(a) **Federal covered securities.**

(1) **Required filing of records.** With respect to a federal covered security, as defined in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued under this chapter may require the filing of any or all of the following records:

(A) before the initial offer of a federal covered security in this state, all records that are part of a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933 and a consent to service of process complying with section 80A.88 signed by the issuer;

(B) after the initial offer of the federal covered security in this state, all records that are part of an amendment to a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933; and

(C) to the extent necessary or appropriate to compute fees, a report of the value of the federal covered securities sold or offered to persons present in this state, if the sales data are not included in records filed with the Securities and Exchange Commission.

(2) **Notice filing effectiveness and renewal.** A notice filing under subsection (a) is effective for one year commencing on the later of the notice filing or the effectiveness of the offering filed with the Securities and Exchange Commission. On or before expiration, the issuer may renew a notice filing by filing a copy of those records filed by the issuer with the Securities and Exchange Commission that are required by rule or order under this chapter to be filed. A previously filed consent to service of process complying with section 80A.88 may be incorporated by reference in a renewal. A renewed notice filing becomes effective upon the expiration of the filing being renewed.

(3) **Notice filings for federal covered securities under section 18(b)(4)(D).** With respect to a security that is a federal covered security under Section 18(b)(4)(D) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may require a notice filing by or on behalf of an issuer to include a copy of Form D, including the Appendix, as promulgated by the Securities and Exchange Commission, and a consent to service of process complying with section 80A.88 signed by the issuer not later than 15 days after the first sale of the federal covered security in this state.

(4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is a failure to comply with a notice or fee requirement of this section, the administrator may issue a stop order suspending the offer and sale of a federal covered security in this state. If the deficiency is corrected, the stop order is void as of the time of its issuance and no penalty may be imposed by the administrator.

(b) **Small corporation offering registration.**

(1) **Registration required.** A security meeting the conditions set forth in this section may be registered as set forth in this section.

(2) **Availability.** Registration under this section is available only to the issuer of securities and not to an affiliate of the issuer or to any other person for resale of the issuer's securities. The issuer must be organized under the laws of one of the states or possessions of the United States. The securities offered must be exempt from registration under the Securities Act of 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

(3) **Disqualification.** Registration under this section is not available to any of the following issuers:

(A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934;

(B) an investment company;

(C) a development stage company that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies or other entity or person;

(D) an issuer if the issuer or any of its predecessors, officers, directors, governors, partners, ten percent stock or equity holders, promoters, or any selling agents of the securities to be offered, or any officer, director, governor, or partner of the selling agent:

(i) has filed a registration statement that is the subject of a currently effective registration stop order entered under a federal or state securities law within five years before the filing of the small corporate offering registration application;

(ii) has been convicted within five years before the filing of the small corporate offering registration application of a felony or misdemeanor in connection with the offer, purchase, or sale of a security or a felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is currently subject to a state administrative enforcement order or judgment entered by a state securities administrator or the Securities and Exchange Commission within five years before the filing of the small corporate offering registration application, or is subject to a federal or state administrative enforcement order or judgment in which fraud or deceit, including, but not limited to, making untrue statements of material facts or omitting to state material facts, was found and the order or judgment was entered within five years before the filing of the small corporate offering registration application;

(iv) is currently subject to an order, judgment, or decree of a court of competent jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or decree of a court of competent jurisdiction permanently restraining or enjoining the party from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or involving the making of a false filing with a state or with the Securities and Exchange Commission entered within five years before the filing of the small corporate offering registration application; or

(v) is subject to a state's administrative enforcement order, or judgment that prohibits, denies, or revokes the use of an exemption for registration in connection with the offer, purchase, or sale of securities,

(I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification is duly licensed or registered to conduct securities-related business in the state in which the administrative order or judgment was entered against the person or if the dealer employing the party is licensed or registered in this state and the form BD filed in this state discloses the order, conviction, judgment, or decree relating to the person, and

(II) except that the disqualification under this subdivision is automatically waived if the state securities administrator or federal agency that created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances to deny the registration.

(4) **Filing and effectiveness of registration statement.** A small corporate offering registration statement must be filed with the administrator. If no stop order is in effect and no proceeding is pending under section 80A.54, such registration statement shall become effective automatically at the close of business on the 20th day after filing of the registration statement or the last amendment of the registration statement or at such earlier time as the administrator may designate by rule or order. For the purposes of a nonissuer transaction, other than by an affiliate of the issuer, all outstanding securities of the same class identified in the small corporate offering registration statement as a security registered under this chapter are considered to be registered while the small corporate offering registration statement is effective. A small corporate offering registration statement is effective for one year after its effective date or for any longer period designated in an order under this chapter. A small corporate offering registration statement may be withdrawn only with the approval of the administrator.

(5) **Contents of registration statement.** A small corporate offering registration statement under this section shall be on Form U-7, including exhibits required by the instructions thereto, as adopted by the North American Securities Administrators Association, or such alternative form as may be designated by the administrator by rule or order and must include:

(A) a consent to service of process complying with section 80A.88;

(B) a statement of the type and amount of securities to be offered and the amount of securities to be offered in this state;

(C) a specimen or copy of the security being registered, unless the security is uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial equivalents in effect, and a copy of any indenture or other instrument covering the security to be registered;

(D) a signed or conformed copy of an opinion of counsel concerning the legality of the securities being registered which states whether the securities, when sold, will be validly issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

(E) the states (i) in which the securities are proposed to be offered; (ii) in which a registration statement or similar filing has been made in connection with the offering including information as to effectiveness of each such filing; and (iii) in which a stop order or similar proceeding has been entered or in which proceedings or actions seeking such an order are pending;

(F) a copy of the offering document proposed to be delivered to offerees; and

(G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales literature intended as of the effective date to be used in connection with the offering and any solicitation of interest used in compliance with section 80A.46(17)(B).

(6) **Copy to purchaser.** A copy of the offering document as filed with the administrator must be delivered to each person purchasing the securities prior to sale of the securities to such person.

(c) **Offering limit.** Offers and sales of securities under a small corporate offering registration as set forth in this section are allowed up to the limit prescribed by Code of Federal Regulations, title 17, part 230.504 (b)(2), as amended.

(d) **Regulation A - Tier 2 filing requirements.**

(1) **Initial filing.** An issuer planning to offer and sell securities in Minnesota in an offering exempt under Tier 2 of federal Regulation A must, at least 21 calendar days before the date of the initial sale of securities in Minnesota, submit to the administrator:

(A) a completed Regulation A - Tier 2 offering notice filing form or copies of all the documents filed with the Securities Exchange Commission; and

(B) a consent to service of process on Form U-2, if consent to service of process is not provided in the Regulation A - Tier 2 offering notice filing form.

The initial notice filing made in Minnesota is effective for 12 months after the date the filing is made.

(2) **Renewal.** For each additional 12-month period in which the same offering is continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew the notice filing by filing (i) the Regulation

A - Tier 2 offering notice filing form marked "renewal," or (ii) a cover letter or other document requesting renewal. The renewal filing must be made on or before the date notice filing expires.

(3) **Amendment.** An issuer may increase the amount of securities offered in Minnesota by submitting a Regulation A - Tier 2 offering notice filing form or other document describing the transaction.

Sec. 40. Minnesota Statutes 2022, section 80A.61, is amended to read:

80A.61 SECTION 406; REGISTRATION BY BROKER-DEALER, AGENT, FUNDING PORTAL, INVESTMENT ADVISER, AND INVESTMENT ADVISER REPRESENTATIVE.

(a) **Application for initial registration by broker-dealer, agent, investment adviser, or investment adviser representative.** A person shall register as a broker-dealer, agent, investment adviser, or investment adviser representative by filing an application and a consent to service of process complying with section 80A.88, and paying the fee specified in section 80A.65 and any reasonable fees charged by the designee of the administrator for processing the filing. The application must contain:

(1) the information or record required for the filing of a uniform application; and

(2) upon request by the administrator, any other financial or other information or record that the administrator determines is appropriate.

(b) **Amendment.** If the information or record contained in an application filed under subsection (a) is or becomes inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting amendment.

(c) **Effectiveness of registration.** If an order is not in effect and a proceeding is not pending under section 80A.67, registration becomes effective at noon on the 45th day after a completed application is filed, unless the registration is denied. A rule adopted or order issued under this chapter may set an earlier effective date or may defer the effective date until noon on the 45th day after the filing of any amendment completing the application.

(d) **Registration renewal.** A registration is effective until midnight on December 31 of the year for which the application for registration is filed. Unless an order is in effect under section 80A.67, a registration may be automatically renewed each year by filing such records as are required by rule adopted or order issued under this chapter, by paying the fee specified in section 80A.65, and by paying costs charged by the designee of the administrator for processing the filings.

(e) **Additional conditions or waivers.** A rule adopted or order issued under this chapter may impose such other conditions, not inconsistent with the National Securities Markets Improvement Act of 1996. An order issued under this chapter may waive, in whole or in part, specific requirements in connection with registration as are in the public interest and for the protection of investors.

(f) **Funding portal registration.** A funding portal that has its principal place of business in the state of Minnesota shall register with the state of Minnesota by filing with the administrator a copy of the information or record required for the filing of an application for registration as a funding portal in the manner established by the Securities and Exchange Commission and/or the Financial Institutions Regulatory Authority (FINRA), along with any rule adopted or order issued, and any amendments thereto.

(g) **Application for investment adviser representative registration.**

(1) The application for initial registration as an investment adviser representative pursuant to section 80A.58 is made by completing Form U-4 (Uniform Application for Securities Industry Registration or Transfer) in accordance with the form instructions and by filing the form U-4 with the IARD. The application for initial registration must also include the following:

(i) proof of compliance by the investment adviser representative with the examination requirements of:

(A) the Uniform Investment Adviser Law Examination (Series 65); or

(B) the General Securities Representative Examination (Series 7) and the Uniform Combined State Law Examination (Series 66);

(ii) any other information the administrator may reasonably require.

(2) The application for the annual renewal registration as an investment adviser representative shall be filed with the IARD.

(3)(i) The investment adviser representative is under a continuing obligation to update information required by Form U-4 as changes occur;

(ii) An investment adviser representative and the investment adviser must file promptly with the IARD any amendments to the representative's Form U-4; and

(iii) An amendment will be considered to be filed promptly if the amendment is filed within 30 days of the event that requires the filing of the amendment.

(4) An application for initial or renewal of registration is not considered filed for purposes of section 80A.58 until the required fee and all required submissions have been received by the administrator.

(5) The application for withdrawal of registration as an investment adviser representative pursuant to section 80A.58 shall be completed by following the instructions on Form U-5 (Uniform Termination Notice for Securities Industry Registration) and filed upon Form U-5 with the IARD.

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

Sec. 41. Minnesota Statutes 2022, section 80A.66, is amended to read:

80A.66 SECTION 411; POSTREGISTRATION REQUIREMENTS.

(a) **Financial requirements.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a rule adopted or order issued under this chapter may establish minimum financial requirements for broker-dealers registered or required to be registered under this chapter and investment advisers registered or required to be registered under this chapter.

(b) **Financial reports.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222(b) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a broker-dealer registered or required to be registered under this chapter and an investment adviser registered or required to be registered under this chapter shall file such financial reports as are required by a rule adopted or order issued under this chapter. If the information contained in a record filed under this subsection is or becomes inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting amendment.

(c) **Record keeping.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22):

(1) a broker-dealer registered or required to be registered under this chapter and an investment adviser registered or required to be registered under this chapter shall make and maintain the accounts, correspondence, memoranda, papers, books, and other records required by rule adopted or order issued under this chapter;

(2) broker-dealer records required to be maintained under paragraph (1) may be maintained in any form of data storage acceptable under Section 17(a) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78q(a)) if they are readily accessible to the administrator; and

(3) investment adviser records required to be maintained under paragraph (d)(1) may be maintained in any form of data storage required by rule adopted or order issued under this chapter.

(d) **Records and reports of private funds.**

(1) **In general.** An investment adviser to a private fund shall maintain such records of, and file with the administrator such reports and amendments thereto, that an exempt reporting adviser is required to file with the Securities and Exchange Commission pursuant to SEC Rule 204-4, Code of Federal Regulations, title 17, section 275.204-4.

(2) **Treatment of records.** The records and reports of any private fund to which an investment adviser provides investment advice shall be deemed to be the records and reports of the investment adviser.

(3) **Required information.** The records and reports required to be maintained by an investment adviser, which are subject to inspection by a representative of the administrator at any time, shall include for each private fund advised by the investment adviser, a description of:

(A) the amount of assets under management;

(B) the use of leverage, including off-balance-sheet leverage, as to the assets under management;

(C) counterparty credit risk exposure;

(D) trading and investment positions;

(E) valuation policies and practices of the fund;

(F) types of assets held;

(G) side arrangements or side letters, whereby certain investors in a fund obtain more favorable rights or entitlements than other investors;

(H) trading practices; and

(I) such other information as the administrator determines is necessary and appropriate in the public interest and for the protection of investors, which may include the establishment of different reporting requirements for different classes of fund advisers, based on the type or size of the private fund being advised.

(4) **Filing of records.** A rule or order under this chapter may require each investment adviser to a private fund to file reports containing such information as the administrator deems necessary and appropriate in the public interest and for the protection of investors.

(e) **Audits or inspections.** The records of a broker-dealer registered or required to be registered under this chapter and of an investment adviser registered or required to be registered under this chapter, including

the records of a private fund described in paragraph (d) and the records of investment advisers to private funds, are subject to such reasonable periodic, special, or other audits or inspections by a representative of the administrator, within or without this state, as the administrator considers necessary or appropriate in the public interest and for the protection of investors. An audit or inspection may be made at any time and without prior notice. The administrator may copy, and remove for audit or inspection copies of, all records the administrator reasonably considers necessary or appropriate to conduct the audit or inspection. The administrator may assess a reasonable charge for conducting an audit or inspection under this subsection.

(f) **Custody and discretionary authority bond or insurance.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a rule adopted or order issued under this chapter may require a broker-dealer or investment adviser that has custody of or discretionary authority over funds or securities of a customer or client to obtain insurance or post a bond or other satisfactory form of security in an amount of at least $25,000, but not to exceed $100,000. The administrator may determine the requirements of the insurance, bond, or other satisfactory form of security. Insurance or a bond or other satisfactory form of security may not be required of a broker-dealer registered under this chapter whose net capital exceeds, or of an investment adviser registered under this chapter whose minimum financial requirements exceed, the amounts required by rule or order under this chapter. The insurance, bond, or other satisfactory form of security must permit an action by a person to enforce any liability on the insurance, bond, or other satisfactory form of security if instituted within the time limitations in section 80A.76(j)(2).

(g) **Requirements for custody.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), an agent may not have custody of funds or securities of a customer except under the supervision of a broker-dealer and an investment adviser representative may not have custody of funds or securities of a client except under the supervision of an investment adviser or a federal covered investment adviser. A rule adopted or order issued under this chapter may prohibit, limit, or impose conditions on a broker-dealer regarding custody of funds or securities of a customer and on an investment adviser regarding custody of securities or funds of a client.

(h) **Investment adviser brochure rule.** With respect to an investment adviser registered or required to be registered under this chapter, a rule adopted or order issued under this chapter may require that information or other record be furnished or disseminated to clients or prospective clients in this state as necessary or appropriate in the public interest and for the protection of investors and advisory clients.

(i) **Continuing education.** A rule adopted or order issued under this chapter may require an individual registered under section 80A.57 or 80A.58 to participate in a continuing education program approved by the Securities and Exchange Commission and administered by a self-regulatory organization.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 42. Minnesota Statutes 2022, section 80C.05, subdivision 3, is amended to read:

Subd. 3. **Escrow or impoundment of fees and other funds by commissioner.** If the commissioner finds that the applicant has failed to demonstrate that adequate financial arrangements have been made to fulfill obligations to provide real estate, improvements, equipment, inventory, training or other items included in the offering, the commissioner may by rule or order require the escrow ~~or~~, impoundment, or deferral of franchise fees and other funds paid by the franchisee or subfranchisor until no later than the time of opening of the franchise business.

Sec. 43. Minnesota Statutes 2022, section 82B.021, subdivision 26, is amended to read:

Subd. 26. **Standards of professional practice.** "Standards of professional practice" means the version of the uniform standards of professional appraisal practice of the ~~Appraisers~~ Appraisal Standards Board of the Appraisal Foundation in effect ~~as of January 1, 1991, or other version of these standards the commissioner may by order designate~~ on the date the appraiser signs the appraisal report.

Sec. 44. Minnesota Statutes 2022, section 82B.095, subdivision 3, is amended to read:

Subd. 3. **Conformance to Appraisal Qualifications Board criteria.** (a) The requirements to obtain and maintain a trainee real property appraiser, licensed real property appraiser, certified residential real property appraiser, or certified general real property appraiser license are the education, examination, and experience requirements established by the Appraiser Qualifications Board of the Appraisal Foundation and published in the most recent version of the Real Property Appraiser Qualification Criteria.

(b) An applicant must complete the applicable education and experience requirements before taking the required examination.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 45. Minnesota Statutes 2022, section 82B.19, subdivision 1, is amended to read:

Subdivision 1. **License renewals.** ~~(a)~~ The commissioner must determine that a licensed real estate appraiser has met the continuing education requirements of this chapter before the commissioner renews a license. This determination must be based on, for a resident appraiser, course completion records uploaded electronically in a manner prescribed by the commissioner and, for a nonresident appraiser, course completion records presented by electronic transmission or uploaded electronically in a manner prescribed by the commissioner.

~~The basic continuing education requirement for renewal of a license is the completion by the applicant either as a student or as an instructor, during the immediately preceding term of licensing, of at least 30 classroom hours of instruction in courses or seminars that have received the approval of the commissioner. Classroom hour credit must not be accepted for courses of less than two hours. As part of the continuing education requirements of this section, the commissioner must require that all real estate appraisers successfully complete the seven-hour national USPAP update course every two years. If the applicant's immediately preceding term of licensing consisted of six or more months, but fewer than 24 months, the applicant must provide evidence of completion of 15 hours of instruction during the license period. The credit hours required under this section may be credited to a person for distance education courses that meet Appraiser Qualifications Board criteria. An approved prelicense education course may be taken for continuing education credit.~~

~~(b) The 15-hour USPAP course cannot be used to satisfy the requirement to complete the seven-hour national USPAP update course every two years.~~

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 46. Minnesota Statutes 2022, section 115C.08, subdivision 2, is amended to read:

Subd. 2. **Imposing fee.** The board shall notify the commissioner of revenue if the unencumbered balance of the fund falls below $4,000,000, and within ~~60~~ 90 days after receiving notice from the board, the

commissioner of revenue shall impose the fee established in subdivision 3 on the use of a tank for four calendar months, with payment to be submitted with each monthly distributor tax return.

Sec. 47. **RULEMAKING.**

(a) The commissioner of commerce must adopt rules to conform with the changes made to Minnesota Statutes, sections 80A.66 and 80C.05, subdivision 3, in this article with respect to investment adviser registration continuing education and franchise fees deferral, respectively. The commissioner of commerce may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend the rule under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

(b) The commissioner of commerce must amend Minnesota Rules, part 2675.2170, to comply with the changes made and added in this article to Minnesota Statutes, sections 47.20, subdivision 2; 47.54, subdivisions 2 and 6; 48.24, subdivision 2; 58.02, subdivisions 15a, 18, and 21; 58.04, subdivisions 1 and 2; 58.05, subdivisions 1 and 3; 58.06, subdivisions 5, 6, and 7; 58.08, subdivisions 1a, 2, and 3; 58.10, subdivision 3; 58.115; 58.13, subdivision 1; and 58.141. The commissioner of commerce may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend the rule under this section. Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 48. **REPEALER.**

Minnesota Statutes 2022, section 58.08, subdivision 3, is repealed.

ARTICLE 3

COMMERCIAL REGULATION AND CONSUMER PROTECTION

Section 1. Minnesota Statutes 2022, section 45.011, subdivision 1, is amended to read:

Subdivision 1. **Scope.** As used in chapters 45 to 80C, 80E to 83, 155A, 216C, 332, 332A, 332B, 345, and 359, and sections 81A.22 to 81A.37; 123A.21, subdivision 7, paragraph (a), clause (23); 123A.25; 325D.30 to 325D.42; 326B.802 to 326B.885; 386.62 to 386.78; 471.617; ~~and~~ 471.982~~,~~; and 513.80, unless the context indicates otherwise, the terms defined in this section have the meanings given them.

Sec. 2. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a subdivision to read:

Subd. 3a. **Transaction hash.** "Transaction hash" means a unique identifier made up of a string of characters that act as a record of and provide proof that the transaction was verified and added to the blockchain.

Sec. 3. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a subdivision to read:

Subd. 3b. **New customer.** "New customer" means a consumer transacting at a kiosk in Minnesota who has been a customer with a virtual currency kiosk operator for less than 72 hours. After a 72-hour period has elapsed from the day of first signing up as a customer with a virtual currency kiosk operator, the customer will be considered an existing customer and no longer subject to the new customer transaction limit described in this act.

Sec. 4. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a subdivision to read:

Subd. 3c. **Existing customer.** "Existing customer" means a consumer transacting at a kiosk in Minnesota who has been a customer with a virtual currency kiosk operator for more than a 72-hour period. A new customer will automatically convert to an existing customer after the 72-hour period of first becoming a new customer. An existing customer is subject to the transaction limits described in this act.

Sec. 5. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a subdivision to read:

Subd. 6a. **Virtual currency address.** "Virtual currency address" means an alphanumeric identifier representing a destination for a virtual currency transfer that is associated with a virtual currency wallet.

Sec. 6. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a subdivision to read:

Subd. 10. **Virtual currency kiosk.** "Virtual currency kiosk" means an electronic terminal acting as a mechanical agent of the virtual currency kiosk operator to enable the virtual currency kiosk operator to facilitate the exchange of virtual currency for money, bank credit, or other virtual currency, including but not limited to by (1) connecting directly to a separate virtual currency exchanger that performs the actual virtual currency transmission, or (2) drawing upon the virtual currency in the possession of the electronic terminal's operator.

Sec. 7. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a subdivision to read:

Subd. 11. **Virtual currency kiosk operator.** "Virtual currency kiosk operator" means a licensee that operates a virtual currency kiosk within Minnesota.

Sec. 8. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a subdivision to read:

Subd. 12. **Virtual currency kiosk transaction.** "Virtual currency kiosk transaction" means a transaction conducted or performed, in whole or in part, by electronic means via a virtual currency kiosk. Virtual currency kiosk transaction also means a transaction made at a virtual currency kiosk to purchase currency with fiat currency or to sell virtual currency for fiat currency.

Sec. 9. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a subdivision to read:

Subd. 13. **Virtual currency wallet.** "Virtual currency wallet" means a software application or other mechanism providing a means to hold, store, or transfer virtual currency.

Sec. 10. **[53B.75] VIRTUAL CURRENCY KIOSKS.**

Subdivision 1. **Disclosures on material risks.** (a) Before entering into an initial virtual currency transaction for, on behalf of, or with a person, the virtual currency kiosk operator must disclose in a clear, conspicuous, and easily readable manner all material risks generally associated with virtual currency. The disclosures must be displayed on the screen of the virtual currency kiosk with the ability for a person to acknowledge the receipt of the disclosures. The disclosures must include at least the following information:

(1) virtual currency is not legal tender, backed or insured by the government, and accounts and value balances are not subject to Federal Deposit Insurance Corporation, National Credit Union Administration, or Securities Investor Protection Corporation protections;

(2) some virtual currency transactions are deemed to be made when recorded on a public ledger, which may not be the date or time when the person initiates the transaction;

(3) virtual currency's value may be derived from market participants' continued willingness to exchange fiat currency for virtual currency, which may result in the permanent and total loss of a particular virtual currency's value if the market for virtual currency disappears;

(4) a person who accepts a virtual currency as payment today is not required to accept and might not accept virtual currency in the future;

(5) the volatility and unpredictability of the price of virtual currency relative to fiat currency may result in a significant loss over a short period;

(6) the nature of virtual currency means that any technological difficulties experienced by virtual currency kiosk operators may prevent access to or use of a person's virtual currency; and

(7) any bond maintained by the virtual currency kiosk operator for the benefit of a person may not cover all losses a person incurs.

(b) The virtual currency kiosk operator must provide an additional disclosure, which must be acknowledged by the person, written prominently and in bold type, and provided separately from the disclosures above, stating: "WARNING: LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS ARE NOT RECOVERABLE AND TRANSACTIONS IN VIRTUAL CURRENCY ARE IRREVERSIBLE. VIRTUAL CURRENCY TRANSACTIONS MAY BE USED BY SCAMMERS IMPERSONATING LOVED ONES, THREATENING JAIL TIME, AND INSISTING YOU WITHDRAW MONEY FROM YOUR BANK ACCOUNT TO PURCHASE VIRTUAL CURRENCY."

Subd. 2. **Disclosures.** (a) A virtual currency kiosk operator must disclose all relevant terms and conditions generally associated with the products, services, and activities of the virtual currency kiosk operator and virtual currency. A virtual currency kiosk operator must make the disclosures in a clear, conspicuous, and easily readable manner. The disclosures under this subdivision must address at least the following:

(1) the person's liability for unauthorized virtual currency transactions;

(2) the person's right to:

(i) stop payment of a virtual currency transfer and the procedure to stop payment;

(ii) receive a receipt, trade ticket, or other evidence of a transaction at the time of the transaction; and

(iii) prior notice of a change in the virtual currency kiosk operator's rules or policies;

(3) under what circumstances the virtual currency kiosk operator, without a court or government order, discloses a person's account information to third parties; and

(4) other disclosures that are customarily provided in connection with opening a person's account.

(b) Before each virtual currency transaction for, on behalf of, or with a person, a virtual currency kiosk operator must disclose the transaction's terms and conditions in a clear, conspicuous, and easily readable manner. The disclosures under this subdivision must address at least the following:

(1) the amount of the transaction;

(2) any fees, expenses, and charges, including applicable exchange rates;

(3) the type and nature of the transaction;

(4) a warning that once completed, the transaction may not be reversed;

(5) a daily virtual currency transaction limit of no more than $2,000;

(6) the difference in the virtual currency's sale price compared to the current market price; and

(7) other disclosures that are customarily given in connection with a virtual currency transaction.

Subd. 3. **Acknowledgment of disclosures.** Before completing a transaction, a virtual currency kiosk operator must ensure that each person who engages in a virtual currency transaction using the virtual currency operator's kiosk acknowledges receipt of all disclosures required under this section via confirmation of consent. Additionally, upon a transaction's completion, the virtual currency kiosk operator must provide a person with a physical receipt, or a virtual receipt sent to the person's email address or SMS number, containing the following information:

(1) the virtual currency kiosk operator's name and contact information, including a telephone number to answer questions and register complaints;

(2) the type, value, date, and precise time of the transaction, transaction hash, and each virtual currency address;

(3) the fees charged;

(4) the exchange rate;

(5) a statement of the virtual currency kiosk operator's liability for nondelivery or delayed delivery;

(6) a statement of the virtual currency kiosk operator's refund policy; and

(7) any additional information the commissioner of commerce may require.

Subd. 4. **Refunds for new customers.** A virtual currency kiosk operator must issue a refund to a new customer for the full amount of all transactions made within the 72-hour new customer time period, as described in section 53B.69, subdivision 3b, upon request of the customer. In order to receive a refund under this subdivision, a customer must:

(1) have been fraudulently induced to engage in the virtual currency transactions; and

(2) within 14 days of the last transaction to occur during the 72-hour new customer time period, contact the virtual currency kiosk operator and a government or law enforcement agency to inform them of the fraudulent nature of the transaction.

Subd. 5. **Transaction limits.** (a) There is an established maximum daily transaction limit of $2,000 for each new customer of a virtual currency kiosk.

(b) The maximum daily transaction limit of an existing customer shall be decided by each virtual currency kiosk operator in compliance with federal law.

Sec. 11. Minnesota Statutes 2022, section 58B.02, subdivision 8, is amended to read:

Subd. 8. **Student loan.** "Student loan" means a government, commercial, or foundation ~~loan~~ extension of credit for actual costs paid for tuition and reasonable education and living expenses.

Sec. 12. Minnesota Statutes 2022, section 58B.02, is amended by adding a subdivision to read:

Subd. 8a. **Lender.** "Lender" means an entity engaged in the business of securing, making, or extending student loans. Lender does not include, to the extent that state regulation is preempted by federal law:

(1) a bank, savings banks, savings and loan association, or credit union;

(2) a wholly owned subsidiary of a bank or credit union;

(3) an operating subsidiary where each owner is wholly owned by the same bank or credit union;

(4) the United States government, through Title IV of the Higher Education Act of 1965, as amended, and administered by the United States Department of Education;

(5) an agency, instrumentality, or political subdivision of Minnesota;

(6) a regulated lender organized under chapter 56, except that a regulated lender must file the annual report required for lenders under section 58B.03, subdivision 11; or

(7) a person who is not in the business of making student loans and who makes no more than three student loans, with the person's own funds, during any 12-month period.

Sec. 13. Minnesota Statutes 2022, section 58B.03, is amended by adding a subdivision to read:

Subd. 10. **Annual report.** (a) Beginning March 15, 2025, a student loan lender that secures, makes, or extends student loans in Minnesota must report to the commissioner on the form the commissioner provides:

(1) a list of all schools attended by borrowers who received a student loan from the student loan lender and resided within Minnesota at the time of the transaction and whose debt is still outstanding, including student loans used to refinance an existing debt;

(2) the total outstanding dollar amount owed by borrowers residing in Minnesota who received student loans from the student loan lender;

(3) the total number of student loans owed by borrowers residing in Minnesota who received student loans from the student loan lender;

(4) the total outstanding dollar amount and number of student loans owed by borrowers who reside in Minnesota, associated with each school identified under clause (1);

(5) the total dollar amount of student loans provided by the student loan lender to borrowers who resided in Minnesota in the prior calendar year;

(6) the total outstanding dollar amount and number of student loans owed by borrowers who resided in Minnesota, associated with each school identified under clause (1), that were provided in the prior calendar year;

(7) the rate of default for borrowers residing in Minnesota who obtained student loans from the student loan lender, if applicable;

(8) the rate of default for borrowers residing in Minnesota who obtained student loans from the student loan lender associated with each school identified under clause (1), if applicable;

(9) the range of initial interest rates for student loans provided by the student loan lender to borrowers who resided in Minnesota in the prior calendar year;

(10) the total number of borrowers who received student loans identified under clause (9), and the percentage of borrowers who received each rate identified under clause (9);

(11) the total dollar amount and number of student loans provided in the prior calendar year by the student loan lender to borrowers who resided in Minnesota at the time of the transaction and had a cosigner for the student loans;

(12) the total dollar amount and number of student loans provided by the student loan lender to borrowers residing in Minnesota used to refinance a prior student loan or federal student loan in the prior calendar year;

(13) the total dollar amount and number of student loans for which the student loan lender had sued to collect from a borrower residing in Minnesota in the prior calendar year;

(14) a copy of any model promissory note, agreement, contract, or other instrument used by the student loan lender in the previous year to substantiate that a borrower owes a new debt to the student loan lender; and

(15) any other information considered necessary by the commissioner to assess the total size and status of the student loan market and well-being of borrowers in Minnesota.

(b) In addition to annual reports, the commissioner may require additional regular or special reports as the commissioner deems necessary to properly supervise student loan lenders under this chapter.

(c) The commissioner of commerce must share data collected under this subdivision with the commissioner of higher education.

Sec. 14. Minnesota Statutes 2022, section 58B.03, is amended by adding a subdivision to read:

Subd. 11. **Annual report from student loan servicers.** (a) Beginning March 15, 2025, a student loan servicer that services student loans in Minnesota must report to the commissioner on the form the commissioner provides. The report must include:

(1) a list of any outstanding student loans owed by borrowers who reside in Minnesota that are serviced by the student loan servicer;

(2) the total outstanding dollar amount and number of student loans that are serviced by the student loan servicer and owed by borrowers who reside in Minnesota;

(3) the total dollar amount and number of student loans owed by borrowers who resided in Minnesota that were serviced by the student loan servicer in the prior calendar year;

(4) the rate of default for student loans owed by borrowers who reside in Minnesota that are serviced by the student loan servicer, if applicable;

(5) the range of interest rates for student loans serviced by the student loan servicers to borrowers who resided in Minnesota in the prior calendar year;

(6) the total outstanding dollar amount and number of student loans that were serviced by the student loan servicer and owed by borrowers residing in Minnesota to refinance a prior student loan or federal student loan; and

(7) any other information considered necessary by the commissioner to assess the total size and status of the student loan market and well-being of borrowers in Minnesota.

(b) In addition to annual reports, the commissioner may require additional regular or special reports as the commissioner deems necessary to properly supervise student loan servicers under this chapter.

(c) The commissioner of commerce must share data collected under this subdivision with the commissioner of higher education.

Sec. 15. Minnesota Statutes 2022, section 58B.06, subdivision 4, is amended to read:

Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must:

(1) require the new student loan servicer to honor all benefits that were made available, or which may have become available, to a borrower from the original student loan servicer or is authorized under the student loan contract, including any benefits for which the student loan borrower has not yet qualified unless that benefit is no longer available under the federal or state laws and regulations; and

(2) transfer to the new student loan servicer all information regarding the borrower, the account of the borrower, and the borrower's student loan, including but not limited to the repayment status of the student loan and the benefits described in clause (1).

(b) The student loan servicer must complete the transfer under paragraph (a), clause (2), less than 45 days from the date of the sale, assignment, or transfer of the servicing.

(c) A sale, assignment, or transfer of the servicing must be completed no less than seven days from the date the next payment is due on the student loan.

(d) A new student loan servicer must adopt policies and procedures to verify that the original student loan servicer has met the requirements of paragraph (a).

Sec. 16. Minnesota Statutes 2022, section 58B.06, subdivision 5, is amended to read:

Subd. 5. **Income-driven repayment.** (a) A student loan servicer must evaluate a borrower for eligibility for an income-driven repayment program before placing a borrower in forbearance or default.

(b) A student loan servicer must provide the following information on the student loan servicer's website:

(1) a description of any income-driven repayment programs available under the student loan contract or federal or state laws and regulations; and

(2) information on the policies and procedures the student loan servicer implements to facilitate the evaluation of student loan income-driven repayment program requests, including accurate information regarding any options that may be available to the borrower through the promissory note or that may have been marketed to the borrower through marketing materials.

Sec. 17. Minnesota Statutes 2022, section 58B.07, subdivision 1, is amended to read:

Subdivision 1. **Misleading borrowers.** A student loan servicer must not directly or indirectly employ any scheme, device, or artifice to attempt to defraud or mislead a borrower.

Sec. 18. Minnesota Statutes 2022, section 58B.07, subdivision 3, is amended to read:

Subd. 3. **Misapplication of payments.** A student loan servicer must not knowingly or negligently misapply student loan payments to the outstanding balance of a student loan.

Sec. 19. Minnesota Statutes 2022, section 58B.07, subdivision 9, is amended to read:

Subd. 9. **Incorrect information regarding student ~~loan forgiveness~~ loans.** (a) A student loan servicer must not misrepresent the availability of student loan forgiveness for which the servicer has reason to know the borrower is eligible. This includes but is not limited to student loan forgiveness programs specific to military borrowers, borrowers working in public service, or borrowers with disabilities.

(b) A student loan servicer must not provide incorrect information related to forbearance. If a student loan servicer suggests placing a borrower in forbearance in lieu of a repayment program that would result in savings to the borrower and the borrower relies on this information, the student loan servicer shall be subject to the penalties provided under section 58B.09.

Sec. 20. Minnesota Statutes 2022, section 58B.07, is amended by adding a subdivision to read:

Subd. 11. **Property.** A student loan servicer must not obtain property by fraud or misrepresentation.

Sec. 21. Minnesota Statutes 2022, section 58B.07, is amended by adding a subdivision to read:

Subd. 12. **Customer service.** A student loan servicer must not allow a borrower to remain on hold during an individual call for more than two hours unless the student loan servicer returns the borrower's phone call within 24 hours of the two hours expiring. A student loan servicer must not allow a call on hold to automatically lapse or end upon reaching a duration of two hours to satisfy this requirement.

Sec. 22. Minnesota Statutes 2022, section 58B.07, is amended by adding a subdivision to read:

Subd. 13. **Abusive acts or practices.** A student loan servicer must not engage in abusive acts or practices when servicing a student loan in this state. An act or practice is abusive in connection with the servicing of a student loan if that act or practice:

(1) materially interferes with the ability of a borrower to understand a term or condition of a student loan; or

(2) takes unreasonable advantage of any of the following:

(i) a lack of understanding on the part of a borrower of the material risks, costs, or conditions of the student loan;

(ii) the inability of a borrower to protect the interests of the borrower when selecting or using a student loan or feature, term, or condition of a student loan; or

(iii) the reasonable reliance by the borrower on a student loan servicer to act in the interests of the borrower.

Sec. 23. Minnesota Statutes 2022, section 58B.07, is amended by adding a subdivision to read:

Subd. 14. **Violations.** A violation of this section is an unlawful practice under section 325D.44.

Sec. 24. Minnesota Statutes 2022, section 58B.09, is amended by adding a subdivision to read:

Subd. 4. **Private right of action.** (a) A borrower who suffers damage as a result of the failure of a student loan servicer to comply with this chapter may bring an action on a borrower's own behalf and on behalf of a similarly situated class of persons against that student loan servicer to recover or obtain:

(1) actual damages, except that the total award of damages must be at least $500 per plaintiff, per violation;

(2) an order enjoining the methods, acts, or practices;

(3) restitution of property;

(4) punitive damages;

(5) reasonable attorney fees; and

(6) any other relief that the court deems proper.

(b) In addition to any other remedies provided by this subdivision or otherwise provided by law, if a student loan servicer is shown, by a preponderance of the evidence, to have engaged in conduct that substantially interferes with a borrower's right to an alternative payment arrangement; loan forgiveness, cancellation, or discharge; or any other financial benefit established under the terms of a borrower's promissory note or under the Higher Education Act of 1965, United States Code, title 20, section 1070a, et seq., a borrower is entitled to damages of at least $1,500 per plaintiff, per violation.

(c) At least 45 days before bringing an action for damages or injunctive relief under this chapter, a borrower must:

(1) provide written notice to the student loan servicer alleged to have violated this chapter regarding the nature of the alleged violations; and

(2) demand that the student loan servicer correct and remedy the method, act, or practice identified in the notice under clause (1).

(d) The notice required by this subdivision must be sent by certified or registered mail, return receipt requested, to the student loan servicer's address on file with the Department of Commerce or to the student loan servicer's principal place of business in Minnesota.

(e) An action for damages or injunctive relief brought by a borrower only on the individual borrower's behalf must not be maintained under paragraph (a) upon a showing by a student loan servicer that an appropriate correction and remedy is given, or is agreed to be given within a reasonable time, to the borrower within 30 days after the notice is received.

(f) An action for damages brought by a borrower on both the borrower's behalf and on behalf of a similarly situated class of persons must not be maintained under paragraph (a) upon a showing by a student loan servicer alleged to have employed or committed a method, act, or practice declared unlawful if:

(1) all borrowers similarly situated have been identified or a reasonable effort to identify other borrowers has been made;

(2) all borrowers identified have been notified that, upon the borrower's request, the student loan servicer must make the appropriate correction and remedy;

(3) the correction and remedy requested by the borrower has been given or is given within a reasonable amount of time; and

(4) the student loan servicer has ceased from engaging, or if immediate cessation is impossible or unreasonably expensive under the circumstances, the student loan servicer ceases to engage within a reasonable amount of time, in the method, act, or practice.

(g) An attempt to comply with a demand described in paragraph (c) by a student loan servicer that receives the demand is construed as an offer to compromise and is inadmissible as evidence under Minnesota Rules of Evidence, rule 408. An attempt to comply with a demand is not an admission of engaging in an act or practice declared unlawful by paragraph (a). Evidence of compliance or attempts to comply with this section may be introduced by a defendant to establish good faith or to show compliance with paragraph (a).

(h) An award of damages must not be given in an action based on a method, act, or practice in violation of paragraph (a) if the student loan servicer alleged to have employed or committed that method, act, or practice:

(1) proves by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error, notwithstanding the use of reasonable procedures adopted to avoid that error; and

(2) makes an appropriate correction, repair, replacement, or other remedy under paragraphs (e) and (f).

Sec. 25. **[62J.805] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of sections 62J.805 to 62J.808, the following terms have the meanings given.

Subd. 2. **Billing error.** "Billing error" means an error in a bill from a health care provider to a patient for health treatment or services that affects the amount owed by the patient according to that bill. Billing error includes but is not limited to (1) miscoding a health treatment or service, (2) an error in determining whether a health treatment or service is covered under the patient's health plan, or (3) an error in determining the cost-sharing owed by the patient.

Subd. 3. **Group practice.** "Group practice" has the meaning given to health care provider group practice in section 145D.01, subdivision 1.

Subd. 4. **Health care provider.** "Health care provider" means:

(1) a health professional who is licensed or registered by the state to provide health treatment and services within the professional's scope of practice and in accordance with state law;

(2) a group practice; or

(3) a hospital.

Subd. 5. **Health plan.** "Health plan" has the meaning given in section 62A.011, subdivision 3.

Subd. 6. **Hospital.** "Hospital" means a health care facility licensed as a hospital under sections 144.50 to 144.56.

Subd. 7. **Medically necessary.** "Medically necessary" means:

(1) safe and effective;

(2) not experimental or investigational, except as provided in Code of Federal Regulations, title 42, section 411.15(o);

(3) furnished in accordance with acceptable medical standards of medical practice to diagnose or treat the patient's condition, or to improve the function of a malformed body member;

(4) furnished in a setting appropriate to the patient's medical need and condition;

(5) ordered and furnished by qualified personnel;

(6) meets, but does not exceed, the patient's medical need; and

(7) is at least as beneficial as an existing and available medically appropriate alternative.

Subd. 8. **Payment.** "Payment" includes co-payments and coinsurance and deductible payments made by a patient.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 26. **[62J.806] POLICY FOR COLLECTION OF MEDICAL DEBT.**

Subdivision 1. **Requirement.** A health care provider must make available to the public the health care provider's policy for collecting medical debt from patients. The policy must be made available by:

(1) clearly posting the policy on the health care provider's website or, for health professionals, on the website of the health clinic, group practice, or hospital at which the health professional is employed or under contract; and

(2) providing a copy of the policy to any individual who requests the policy.

Subd. 2. **Content.** A policy made available under this section must at least specify the procedures followed by the health care provider to:

(1) communicate with patients about the medical debt owed and collecting medical debt;

(2) refer medical debt to a collection agency or law firm for collection; and

(3) identify medical debt as uncollectible or satisfied, and ending collection activities.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 27. **[62J.807] DENIAL OF HEALTH TREATMENT OR SERVICES DUE TO OUTSTANDING MEDICAL DEBT.**

(a) A health care provider must not deny medically necessary health treatment or services to a patient or any member of the patient's family or household because of current or previous outstanding medical debt owed by the patient or any member of the patient's family or household to the health care provider, regardless of whether the health treatment or service may be available from another health care provider.

(b) As a condition of providing medically necessary health treatment or services in the circumstances described in paragraph (a), a health care provider may require the patient to enroll in a payment plan for the outstanding medical debt owed to the health care provider. The payment plan must be reasonable and must

take into account any information disclosed by the patient regarding the patient's ability to pay. Before entering into the payment plan, a health care provider must notify the patient that if the patient is unable to make all or part of the agreed-upon installment payments, the patient must communicate the patient's situation to the health care provider and must pay an amount the patient can afford.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 28. **[62J.808] BILLING ERRORS; HEALTH TREATMENT OR SERVICES.**

Subdivision 1. **Billing and acceptance of payment.** (a) If a health care provider or health plan company determines or receives notice from a patient or other person that a bill from the health care provider to a patient for health treatment or services may contain one or more billing errors, the health care provider or health plan company must review the bill and correct any billing errors found. While the review is being conducted, the health care provider must not bill the patient for any health treatment or service subject to review for potential billing errors. A health care provider may bill the patient for the health treatment and services that were reviewed for potential billing errors under this subdivision only after the review is complete, any billing errors are corrected, and a notice of completed review required under subdivision 3 is transmitted to the patient.

(b) If, after completing the review under paragraph (a) and correcting any billing errors, a health care provider or health plan company determines the patient overpaid the health care provider under the bill, the health care provider must, within 30 days after completing the review, refund to the patient the amount the patient overpaid under the bill.

Subd. 2. **Notice to patient of potential billing error.** (a) If a health care provider or health plan company determines or receives notice from a patient or other person that a bill from the health care provider to a patient for health treatment or services may contain one or more billing errors, the health care provider or health plan company must notify the patient:

(1) of the potential billing error;

(2) that the health care provider or health plan company must review the bill and correct any billing errors found; and

(3) that while the review is being conducted, the health care provider must not bill the patient for any health treatment or service subject to review for potential billing errors.

(b) The notice required under this subdivision must be transmitted to the patient within 30 days after the date the health care provider or health plan company determines or receives notice that the patient's bill may contain one or more billing errors.

Subd. 3. **Notice to patient of completed review.** When a health care provider or health plan company completes a review of a bill for potential billing errors, the health care provider or health plan company must (1) notify the patient that the review is complete, (2) explain in detail how any identified billing errors were corrected or explain in detail why the health care provider or health plan company did not modify the bill as requested by the patient or other person, and (3) include applicable coding guidelines, references to health records, and other relevant information. This notice must be transmitted to the patient within 30 days after the date the health care provider or health plan company completes the review.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 29. Minnesota Statutes 2023 Supplement, section 144.587, subdivision 4, is amended to read:

Subd. 4. **Prohibited actions.** (a) A hospital must not initiate one or more of the following actions until the hospital determines that the patient is ineligible for charity care or denies an application for charity care:

(1) offering to enroll or enrolling the patient in a payment plan;

(2) changing the terms of a patient's payment plan;

(3) offering the patient a loan or line of credit, application materials for a loan or line of credit, or assistance with applying for a loan or line of credit, for the payment of medical debt;

(4) referring a patient's debt for collections, including in-house collections, third-party collections, revenue recapture, or any other process for the collection of debt; or

~~(5) denying health care services to the patient or any member of the patient's household because of outstanding medical debt, regardless of whether the services are deemed necessary or may be available from another provider; or~~

~~(6)~~ (5) accepting a credit card payment of over $500 for the medical debt owed to the hospital.

(b) A violation of section 62J.807 is a violation of this subdivision.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 30. Minnesota Statutes 2022, section 176.175, subdivision 2, is amended to read:

Subd. 2. **Nonassignability.** No claim for compensation or settlement of a claim for compensation owned by an injured employee or dependents is assignable. Except as otherwise provided in this chapter, any claim for compensation owned by an injured employee or dependents is exempt from seizure or sale for the payment of any debt or liability, up to a total amount of $1,000,000 per claim and subsequent award.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 31. Minnesota Statutes 2023 Supplement, section 239.791, subdivision 8, is amended to read:

Subd. 8. **Disclosure; reporting.** (a) A refinery or terminal, shall provide, at the time gasoline is sold or transferred from the refinery or terminal, a bill of lading or shipping manifest to the person who receives the gasoline. For oxygenated gasoline, the bill of lading or shipping manifest must include the identity and the volume percentage or gallons of oxygenate included in the gasoline~~, and it must state: "This fuel contains an oxygenate. Do not blend this fuel with ethanol or with any other oxygenate."~~ For nonoxygenated gasoline not exempt under subdivisions 10 to 14, 16, and 17, the bill or manifest must state: "This fuel is not oxygenated. It must not be sold at retail in Minnesota." This subdivision does not apply to sales or transfers of gasoline between refineries, between terminals, or between a refinery and a terminal.

(b) A delivery ticket required under section 239.092 for biofuel blended with gasoline must state the volume percentage of biofuel blended into gasoline delivered through a meter into a storage tank used for dispensing by persons not exempt under subdivisions 10 to 14 ~~and~~, 16, and 17.

(c) On or before the 23rd day of each month, a person responsible for the product must report to the department, in the form prescribed by the commissioner, the gross number of gallons of intermediate blends sold at retail by the person during the preceding calendar month. The report must identify the number of gallons by blend type. For purposes of this subdivision, "intermediate blends" means blends of gasoline and

biofuel in which the biofuel content, exclusive of denaturants and other permitted components, is greater than ten percent and no more than 50 percent by volume. This paragraph only applies to a person who is responsible for selling intermediate blends at retail at more than ten locations. A person responsible for the product at fewer than ten locations is not precluded from reporting the gross number of intermediate blends if a report is available.

(d) All reports provided pursuant to paragraph (c) are nonpublic data, as defined in section 13.02, subdivision 9.

Sec. 32. Minnesota Statutes 2022, section 239.791, is amended by adding a subdivision to read:

Subd. 17. **Bulk delivery of premium grade gasoline; exemption.** (a) A person responsible for the product may offer for sale, sell, or deliver a bulk delivery of unleaded premium grade gasoline, as defined in section 239.751, subdivision 4, that is not oxygenated in accordance with subdivision 1 if the conditions in paragraphs (b) to (d) are met.

(b) Nonoxygenated gas is only for use in vehicles that qualify for an exemption under subdivision 12, paragraph (a).

(c) No more than one bulk fuel storage tank on the premises may be used for storage of the nonoxygenated gasoline.

(d) The bulk fuel delivery is 500 gallons or less.

Sec. 33. Minnesota Statutes 2022, section 270C.63, subdivision 8, is amended to read:

Subd. 8. **Exempt property.** The lien imposed on personal property by this section, even though properly filed, is not enforceable: (1) against a purchaser with respect to tangible personal property purchased at retail in the ordinary course of the seller's trade or business, unless at the time of purchase the purchaser intends the purchase to or knows the purchase will hinder, evade, or defeat the collection of a tax; or (2) against the personal property listed as exempt in ~~sections~~ (i) Minnesota Statutes 2022, section 550.37, and (ii) sections 550.38~~,~~ and 550.39.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 34. Minnesota Statutes 2022, section 270C.65, subdivision 1, is amended to read:

Subdivision 1. **Certification by commissioner.** The commissioner of revenue is authorized to certify to the commissioner of management and budget, or to any state agency described in subdivision 3 which disburses its own funds, that a taxpayer has an uncontested delinquent tax liability owed to the commissioner of revenue. The certification must be made within ten years after the date of assessment of the tax. Once certification is made, the commissioner of management and budget or the state agency shall apply to the delinquent tax liability funds sufficient to satisfy the unpaid tax liability from funds appropriated for payment of an obligation of the state or any of its agencies that are due and owing the taxpayer. No setoff shall be made against any funds exempt under Minnesota Statutes 2022, section 550.37, or those funds owed an individual taxpayer who receives assistance under the provisions of chapter 256.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 35. Minnesota Statutes 2022, section 270C.67, subdivision 1a, is amended to read:

Subd. 1a. **Exempt property.** A levy under this section is not enforceable against:

(1) a purchaser with respect to tangible personal property purchased at retail in the ordinary course of the seller's trade or business, unless at the time of purchase the purchaser intends the purchase to or knows the purchase will hinder, evade, or defeat the collection of a tax; or

(2) the personal property listed as exempt in ~~sections~~ (i) Minnesota Statutes 2022, section 550.37, and (ii) sections 550.38~~,~~ and 550.39.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 36. Minnesota Statutes 2022, section 270C.67, subdivision 11, is amended to read:

Subd. 11. **Levy and sale by sheriff.** If any tax payable to the commissioner or to the department is not paid as provided in subdivision 3, the commissioner may, within the time periods provided in subdivision 1 for collection of taxes, delegate the authority granted by subdivision 1, by means of issuing a warrant to the sheriff of any county of the state commanding the sheriff, as agent for the commissioner, to levy upon and sell the real and personal property of the person liable for the payment or collection of the tax and to levy upon the rights to property of that person within the county, or to levy upon and seize any property within the county on which there is a lien provided in section 270C.63, and to return the warrant to the commissioner and pay to the commissioner the money collected by virtue thereof by a time to be therein specified not less than 60 days from the date of the warrant. The sheriff shall proceed thereunder to levy upon and seize any property of the person and to levy upon the rights to property of the person within the county (except the person's homestead or that property which is exempt from execution pursuant to Minnesota Statutes 2022, section 550.37), or to levy upon and seize any property within the county on which there is a lien provided in section 270C.63. For purposes of the preceding sentence, "tax" includes any penalty, interest, and costs, properly payable. The sheriff shall then sell so much of the property levied upon as is required to satisfy the taxes, interest, and penalties, together with the sheriff's costs; but the sales, and the time and manner of redemption therefrom, shall, to the extent not provided in sections 270C.7101 to 270C.7109, be governed by Minnesota Statutes 2022, chapter 550. The proceeds of the sales, less the sheriff's costs, shall be turned over to the commissioner, who shall then apply the proceeds as provided in section 270C.7108.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 37. Minnesota Statutes 2022, section 270C.69, subdivision 1, is amended to read:

Subdivision 1. **Notice and procedures.** (a) The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270C.63, within the statutory period for enforcement of the lien, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any taxes, including penalties, interest, and costs. The commissioner can proceed under this section only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this section until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (1) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (2) the commissioner's intention to require additional

withholding by the taxpayer's employer pursuant to this section. The effect of the notice shall expire one year after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this section. The renewed notice shall have the effect of reinstating the priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in Minnesota Statutes 2022, section 571.72. The notice shall further inform the taxpayer of the wage exemptions contained in Minnesota Statutes 2022, section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this section. The notice to the taxpayer's employer may be served by mail or by delivery by an agent of the department and shall be in substantially the same form as provided in Minnesota Statutes 2022, section 571.75. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the total amount shown by the notice, subject to the provisions of Minnesota Statutes 2022, section 571.922. The employer shall continue to withhold each pay period until the notice is released by the commissioner under section 270C.7109. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

(b) The "compensation due" any employee is defined in accordance with the provisions of Minnesota Statutes 2022, section 571.921. The maximum withholding allowed under this section for any one pay period shall be decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the commissioner of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the commissioner as noted in this section.

(c) Within ten days after the expiration of such pay period, the employer shall remit to the commissioner, in the manner prescribed by the commissioner, the amount withheld during each pay period under this section. The employer must file all wage levy disclosure forms and remit all wage levy payments by electronic means.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 38. Minnesota Statutes 2023 Supplement, section 325E.21, subdivision 1b, is amended to read:

Subd. 1b. **Purchase or acquisition record required.** (a) Every scrap metal dealer, including an agent, employee, or representative of the dealer, shall create a ~~permanent~~ record written in English, using an electronic record program at the time of each purchase or acquisition of scrap metal or a motor vehicle. The record must include:

(1) a complete and accurate account or description, including the weight if customarily purchased by weight, of the scrap metal or motor vehicle purchased or acquired;

(2) the date, time, and place of the receipt of the scrap metal or motor vehicle purchased or acquired and a unique transaction identifier;

(3) a photocopy or electronic scan of the seller's proof of identification including the identification number;

(4) the amount paid and the number of the check or electronic transfer used to purchase or acquire the scrap metal or motor vehicle;

(5) the license plate number and description of the vehicle used by the person when delivering the scrap metal or motor vehicle, including the vehicle make and model, and any identifying marks on the vehicle, such as a business name, decals, or markings, if applicable;

(6) a statement signed by the seller, under penalty of perjury as provided in section 609.48, attesting that the scrap metal or motor vehicle is not stolen and is free of any liens or encumbrances and the seller has the right to sell it;

(7) a copy of the receipt, which must include at least the following information: the name and address of the dealer, the date and time the scrap metal or motor vehicle was received by the dealer, an accurate description of the scrap metal or motor vehicle, and the amount paid for the scrap metal or motor vehicle; and

~~(8) in order to purchase or acquire a detached catalytic converter, the vehicle identification number of the car it was removed from or, as an alternative, any numbers, bar codes, stickers, or other unique markings, whether resulting from the pilot project created under subdivision 2b or some other source. The alternative number must be under a numbering system that can be immediately linked to the vehicle identification number by law enforcement; and~~

~~(9)~~ (8) the identity or identifier of the employee completing the transaction.

(b) The record, as well as the scrap metal or motor vehicle purchased or acquired, shall at all reasonable times be open to the inspection of any properly identified law enforcement officer.

(c) Except for the purchase or acquisition of detached catalytic converters or motor vehicles, no record is required for property purchased or acquired from merchants, manufacturers, salvage pools, insurance companies, rental car companies, financial institutions, charities, dealers licensed under section 168.27, or wholesale dealers, having an established place of business, or of any goods purchased or acquired at open sale from any bankrupt stock, but a receipt as required under paragraph (a), clause (7), shall be obtained and kept by the person, which must be shown upon demand to any properly identified law enforcement officer.

(d) The dealer must provide a copy of the receipt required under paragraph (a), clause (7), to the seller in every transaction.

(e) The commissioner of public safety and law enforcement agencies in the jurisdiction where a dealer is located may conduct inspections and audits as necessary to ensure compliance, refer violations to the city or county attorney for criminal prosecution, and notify the registrar of motor vehicles.

(f) Except as otherwise provided in this section, a scrap metal dealer or the dealer's agent, employee, or representative may not disclose personal information concerning a customer without the customer's consent unless the disclosure is required by law or made in response to a request from a law enforcement agency. A scrap metal dealer must implement reasonable safeguards to protect the security of the personal information and prevent unauthorized access to or disclosure of the information. For purposes of this paragraph, "personal information" is any individually identifiable information gathered in connection with a record under paragraph (a).

Sec. 39. Minnesota Statutes 2023 Supplement, section 325E.21, subdivision 11, is amended to read:

Subd. 11. **Prohibition on possessing catalytic converters; exception.** (a) It is unlawful for a person to possess a used catalytic converter that is not attached to a motor vehicle except when:

(1) the converter is marked with the date the converter was removed from the vehicle and the identification number of the vehicle from which the converter was removed or ~~an alternative number to the vehicle identification number~~, as an alternative to the vehicle identification number, any numbers, bar codes, stickers, or other unique markings, whether resulting from the pilot project created under subdivision 2b or some other source; or

(2) the converter has been EPA certified for reuse as a replacement part.

(b) If an alternative number to the vehicle identification number is used, it must be under a numbering system that can be immediately linked to the vehicle identification number by law enforcement. The marking of the vehicle identification or alternative number may be made in any permanent manner, including but not limited to an engraving or use of permanent ink. The marking must clearly and legibly indicate the date removed and the vehicle identification number or the alternative number and the method by which law enforcement can link the converter to the vehicle identification number.

Sec. 40. Minnesota Statutes 2023 Supplement, section 325E.80, subdivision 1, is amended to read:

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

(b) "Essential consumer good or service" means a good or service that is vital and necessary for the health, safety, and welfare of the public, including without limitation: food; water; fuel; gasoline; shelter; construction materials; transportation; health care services; pharmaceuticals; and medical, personal hygiene, sanitation, and cleaning supplies.

(c) "Restoration and mitigation services provider" means a person or business that provides a service to prevent further damage to property following a fire, smoke, water, or storm event. Services include but are not limited to boarding up property, water extraction, drying, smoke or odor removal, cleaning, and personal property inventory, removal, and storage.

(d) "Seller" means a manufacturer, supplier, wholesaler, distributor, or retail seller of goods and services.

(e) "Tree trimmer" means a person registered under section 18G.07.

~~(d)~~ (f) "Unconscionably excessive price" means a price that represents a gross disparity compared to the seller's average price of an essential good or service, offered for sale or sold in the usual course of business, in the 60-day period before an abnormal market disruption is declared under subdivision 2. None of the following is an unconscionably excessive price:

(1) a price that is substantially related to an increase in the cost of manufacturing, obtaining, replacing, providing, or selling a good or service;

(2) a price that is no more than 25 percent above the seller's average price during the 60-day period before an abnormal market disruption is declared under subdivision 2;

(3) a price that is consistent with the fluctuations in applicable commodity markets or seasonal fluctuations; or

(4) a contract price, or the results of a price formula, that was established before an abnormal market disruption is declared under subdivision 2.

Sec. 41. Minnesota Statutes 2023 Supplement, section 325E.80, subdivision 5, is amended to read:

Subd. 5. **Prices and rates.** Upon the occurrence of a weather event classified as a severe thunderstorm pursuant to the criteria established by the National Oceanic and Atmospheric Administration, a residential building contractor, tree trimmer, or restoration and mitigation services provider operating within the geographic region impacted by the weather event and repairing damage caused by the weather event shall not:

(1) charge an unconscionably excessive price for labor in comparison to the market price charged for comparable services in the geographic region impacted by the weather event; or

(2) charge an insurance company a rate that exceeds what the residential building contractor, tree trimmer, or restoration and mitigation services provider would otherwise ~~charges members~~ charge a member of the general public.

Sec. 42. Minnesota Statutes 2023 Supplement, section 325E.80, subdivision 6, is amended to read:

Subd. 6. **Civil penalty.** A person who is found to have violated ~~this section~~ subdivision 4 is subject to a civil penalty of not more than $1,000 per sale or transaction, with a maximum penalty of $25,000 per day. No other penalties may be imposed for the same conduct regulated under ~~this section~~ subdivision 4.

Sec. 43. Minnesota Statutes 2023 Supplement, section 325E.80, subdivision 7, is amended to read:

Subd. 7. **Enforcement authority.** (a) The attorney general may investigate and bring an action using the authority under section 8.31 against a seller ~~or~~, residential building contractor, tree trimmer, or restoration and mitigation services provider for an alleged violation of this section.

(b) Nothing in this section creates a private cause of action in favor of a person injured by a violation of this section.

Sec. 44. Minnesota Statutes 2022, section 325F.03, is amended to read:

325F.03 FLAME RESISTANT PUBLIC ASSEMBLY TENTS.

No person, firm or corporation shall establish, maintain or operate any circus, side show, carnival, tent show, theater, skating rink, dance hall, or a similar exhibition, production, engagement or offering or other place of assemblage in or under which ~~ten~~ 15 or more persons may gather for any lawful purpose in any tent, awning or other fabric enclosure unless such tent, awning or other fabric enclosure, and all auxiliary tents, curtains, drops, awnings and all decorative materials, are made from a nonflammable material or are treated and maintained in a flame resistant condition. This section ~~shall~~ does not apply to tents designed or manufactured for camping, backpacking, mountaineering, or children's play; tents used to conduct committal services on the grounds of a cemetery~~,~~; nor to tents, awnings or other fabric enclosures erected and used within a sound stage, or other similar structural enclosure which is equipped with an overhead automatic sprinkler system.

Sec. 45. Minnesota Statutes 2022, section 325F.04, is amended to read:

325F.04 FLAME RESISTANT TENTS ~~AND SLEEPING BAGS~~.

No person, firm, or corporation may sell or offer for sale or manufacture for sale in this state any tent subject to section 325F.03 unless all fabrics or pliable materials in the tent are durably flame resistant. ~~No person, firm or corporation may sell or offer for sale or manufacture for sale in this state any sleeping bag unless it meets the standards of the commissioner of public safety for flame resistancy.~~ Tents ~~and sleeping bags~~ subject to section 325F.03 shall be conspicuously labeled as being durably flame resistant.

Sec. 46. Minnesota Statutes 2022, section 325F.05, is amended to read:

325F.05 RULES.

The commissioner of public safety shall act so as to have effective rules concerning standards for ~~nonflammable, flame resistant and~~ durably flame resistant materials and for labeling requirements ~~by January 1, 1976~~ under sections 325F.03 and 325F.04. In order to comply with sections 325F.03 and 325F.04 all materials and labels must comply with the rules adopted by the commissioner. The commissioner has general rulemaking power to otherwise implement sections 325F.03 to 325F.07.

Sec. 47. **[325F.078] SALES OF AEROSOL DUSTERS CONTAINING 1,1- DIFLUOROETHANE (DFE).**

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

(b) "Aerosol duster" means a product used to clean electronics and other items by means of an aerosol sprayed from a pressurized container.

(c) "Behind-the-counter" means placement by a retailer of a product to ensure that customers do not have direct access to the product before a sale is made, requiring the seller to deliver the product directly to the buyer.

(d) "DFE" or "1,1-difluoroethane" means a chemical with a Chemicals Abstract Service Registry Number of 75-37-6.

Subd. 2. **Requirements for retail sale.** A retailer must only sell an aerosol duster that contains DFE:

(1) from behind the counter;

(2) to a purchaser who presents valid evidence that the purchaser is at least 21 years of age; and

(3) in a quantity that complies with the purchasing limit established in subdivision 3.

Subd. 3. **Purchasing limit.** (a) A retailer is prohibited from selling more than three cans of an aerosol duster containing DFE to a customer in a single transaction.

(b) A retailer is prohibited from selling aerosol dusters containing DFE through same day pick up services or same day delivery services.

Subd. 4. **Exemption.** (a) Subdivisions 2 and 3 do not apply to a business purchasing aerosol dusters online.

(b) Office wholesalers can sell more than three cans of aerosol dusters containing DFE to a business they have a contract with.

Subd. 5. **Labeling.** (a) An aerosol duster manufactured after May 31, 2025, must not be sold in this state unless the aerosol duster clearly warns against the dangers of intentionally misusing duster aerosol products.

(b) The font size of this warning shall be the same or larger than other warning language. The font color and background of the label must be in contrasting colors.

(c) The label on each can of aerosol duster containing DFE must contain the following:

(1) the words "DANGER: DEATH! Breathing this product to get high can kill you!"; and

(2) the poison control phone number, 1-800-222-1222.

(d) In order to comply with paragraph (a), a label may include, but is not limited to the words:

(1) "Deliberate misuse by concentrating and inhaling the contents can be harmful or fatal!"; and

(2) "Intentional misuse by deliberately concentrating and inhaling the vapors can be harmful or fatal!".

(e) The safety symbols and color standards of the label described in this section must conform with the ANSI Z535 safety signage standards guidelines established by the American National Standards Institute.

Subd. 6. **Violations.** (a) A person who violates subdivision 2 or 3 is guilty of a misdemeanor.

(b) It is an affirmative defense to a charge under subdivision 2, clause (2), if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to purchases of aerosol dusters made on or after that date.

Sec. 48. Minnesota Statutes 2022, section 325F.56, subdivision 2, is amended to read:

Subd. 2. **Repairs.** "Repairs" means work performed for a total price of more than $100 ~~and less than $7,500~~, including the price of parts and materials, to restore a malfunctioning, defective, or worn motor vehicle, appliance, or dwelling place used primarily for personal, family, or household purposes and not primarily for business or agricultural purposes. "Repairs" do not include service calls or estimates.

Sec. 49. Minnesota Statutes 2022, section 325F.62, subdivision 3, is amended to read:

Subd. 3. **Required notice to be displayed.** Each shop shall conspicuously display a sign that states the following: "Upon a customer's request, this shop is required to provide a written estimate for repairs costing more than $100 ~~to $7,500~~ if the shop agrees to perform the repairs. The shop's final price cannot exceed its written estimate by more than ten percent without the prior authorization of the customer. You must request that the estimate be in writing. An oral estimate is not subject to the above repair cost limitations." If the shop charges a fee for the storage or care of repaired motor vehicles or appliances, the shop shall conspicuously display a sign that states the amount assessed for storage or care, when the charge begins to accrue, and the interval of time between assessments."

Sec. 50. **[325F.782] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 325F.782 to 325F.7822, the following terms have the meanings given.

Subd. 2. **Minor.** "Minor" means an individual who is younger than 21 years of age.

Subd. 3. **Vapor product.** "Vapor product" means a noncombustible product that employs a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape or size, that can be used to produce vapor from nicotine or any other substance, and the use or inhalation of which simulates smoking. Vapor product includes an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device. Vapor product also includes a vapor cartridge or other container of nicotine or other substance in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.

Sec. 51. **[325F.7821] PROHIBITION ON DECEPTIVE VAPOR PRODUCTS.**

A person or entity must not market, promote, label, brand, advertise, distribute, offer for sale, or sell a vapor product by:

(1) imitating a product that is not a vapor product, including but not limited to:

(i) a food or brand of food commonly marketed to minors, including but not limited to candy, desserts, and beverages;

(ii) school supplies commonly used by minors, including but not limited to erasers, highlighters, pens, and pencils; and

(iii) a product based on or depicting a character, personality, or symbol known to appeal to minors, including but not limited to a celebrity; a character in a comic book, movie, television show, or video game; and a mythical creature;

(2) attempting to conceal the nature of the vapor product from parents, teachers, or other adults; or

(3) using terms for, describing, or depicting any product described in clause (1).

Sec. 52. **[325F.812] CELLULAR TELEPHONE CASES.**

Subdivision 1. **Certain cellular telephone cases; prohibition.** A person is prohibited from purchasing, possessing, importing, manufacturing, selling, holding for sale, or distributing a cellular telephone case, stand, or cover that is a facsimile of or reasonably appears to be a firearm, including but not limited to a pistol or revolver.

Subd. 2. **Enforcement.** This section may be enforced by the attorney general under section 8.31, but a court may not impose a civil penalty of more than $500 for a violation of this section.

Sec. 53. Minnesota Statutes 2022, section 325G.24, is amended to read:

325G.24 RIGHT OF CANCELLATION.

Subdivision 1. **Right of cancellation.** (a) Any person who has elected to become a member of a club may unilaterally cancel such membership, in the person's exclusive discretion, by giving ~~written~~ notice of

cancellation at any time before midnight of the third business day following the date on which membership was attained. ~~Notice of cancellation may be given personally or by mail.~~

(b) If given by mail, the notice is effective upon deposit in a mailbox, properly addressed and postage prepaid. ~~Notice of cancellation need not take a particular form and is sufficient if it indicates, by any form of written expression, the intention of the member not to be bound by the contract.~~

(c) Cancellation under this subdivision shall be without liability on the part of the member and the member shall be entitled to a refund, within ten days after notice of cancellation is given, of the entire consideration paid for the contract. ~~Rights of cancellation may not be waived or otherwise surrendered.~~

Subd. 2. **Right of member unilateral termination.** (a) Any person who has elected to become a member of a club may unilaterally terminate such membership, in the person's exclusive discretion, by giving notice of termination at any time.

(b) If given by mail, the notice is effective upon deposit in a mailbox, properly addressed, and postage prepaid.

(c) A club must not impose a termination fee or any other liability on the member for termination under this subdivision.

(d) Termination under this subdivision is effective at the end of the membership term in which the member provides the notice of termination. If membership is at-will without a defined membership term, then termination under this subdivision is effective immediately, unless the member indicates a future effective date of termination, in which event the date indicated by the member is the effective date of termination.

(e) If a member provides notice of termination at any time before midnight of the third business day following the date on which membership was attained, the club must treat the notice as a notice of cancellation under subdivision 1, unless the member specifically provides for a future termination effective date.

Subd. 3. **Notice requirements.** (a) A club must accept a notice of cancellation or notice of termination that has been given:

(1) verbally, including but not limited to personally or over the telephone to customer or account service members;

(2) in writing, including but not limited to via mail, email, or an online message through the club's website directed to customer or account service members;

(3) through a termination election as described in section 325G.60; or

(4) in any other manner or medium by which the member initially accepted membership to the club and that is no more burdensome to the member than was the initial acceptance.

(b) The process to cancel must be stated clearly and be easily accessible and completed with ease.

Subd. 4. **No waiver.** A right of cancellation or right of termination under this section may not be waived or otherwise surrendered.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 54. Minnesota Statutes 2022, section 325G.25, subdivision 1, is amended to read:

Subdivision 1. **Form and content.** A copy of every contract shall be delivered to the member at the time the contract is signed. Every contract must be in writing, must be signed by the member, must designate the date on which the member signed the contract and must state, clearly and conspicuously in boldface type of a minimum size of 14 points, the following:

"MEMBERS' RIGHT TO CANCEL"

"If you wish to cancel this contract, you may cancel in-person, over the phone, by delivering or mailing a written notice to the club, via email or an online message through the club's website, through the "termination election" provided on the club's website (if applicable) and as described in Minnesota Statutes, section 325G.60, or in any other manner or medium by which you initially accepted membership to the club. The notice must ~~say that you do not wish to be bound by the contract and must be delivered or mailed~~ be provided to the club before midnight of the third business day after you sign this contract. ~~The notice must be delivered or mailed to: (Insert name and mailing address of club).~~ If you cancel, the club will return, within ten days of the date on which you give notice of cancellation, any payments you have made."

"MEMBERS' RIGHT TO UNILATERAL TERMINATION"

"You may unilaterally terminate this contract in your exclusive discretion at any time. If you terminate, your membership will terminate at the end of the membership term in which you provided the club with notice of termination. If your membership is at-will without a defined membership term, then your membership will terminate immediately, unless you indicate a future effective date of termination. If you wish to terminate this contract, you may terminate in-person, over the phone, by delivering or mailing a written notice to the club, via email or an online message through the club's website, through the "termination election" provided on the club's website (if applicable) and as described in Minnesota Statutes, section 325G.60, or in any other manner or medium by which you initially accepted membership to the club. The club may not impose a termination fee or any other liability on you for termination."

"NOTICE INFORMATION"

"If you wish to provide notice of cancellation or notice of termination to the club:

In-person or by mail, the applicable address is: [Insert name and mailing address of club];

Over the phone, the applicable phone number is: [Insert phone number of club];

Via email, the applicable email address is: [Insert email address of club];

On the club's website, the applicable website address is: [Insert address, if applicable]."

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 55. **[325G.56] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 325G.56 to 325G.62, the terms defined in this section have the meanings given them.

Subd. 2. **Automatic renewal.** "Automatic renewal" means a plan or arrangement in which a subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term.

Subd. 3. **Clear and conspicuous.** "Clear and conspicuous" means in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from the surrounding text of the same size by symbols or other marks, in a manner that calls attention to the language. In the case of an audio disclosure, "clear and conspicuous" means in a volume and cadence sufficient to be readily audible and understandable.

Subd. 4. **Consumer.** "Consumer" means any individual who seeks or acquires, by purchase or lease, any goods, services, money, or credit for personal, family, or household purposes. Consumer includes but is not limited to a member as defined in section 325G.23, unless the context clearly indicates otherwise.

Subd. 5. **Continuous service.** "Continuous service" means a plan or arrangement in which a subscription or purchasing agreement continues until the consumer terminates the agreement.

Subd. 6. **Indefinite subscription agreement.** "Indefinite subscription agreement" means a subscription or purchasing agreement:

(1) between a seller and a consumer in Minnesota; and

(2) subject to automatic renewal or continuous service.

Indefinite subscription agreements include but are not limited to contracts, as defined in section 325G.23, subject to automatic renewal or continuous service.

Subd. 7. **Offer terms.** "Offer terms" means the following disclosures:

(1) that the indefinite subscription agreement will continue until the consumer terminates the agreement;

(2) the description of the cancellation policy that applies to the indefinite subscription agreement;

(3) the recurring charges that will be charged to the consumer's credit or debit card or payment account with a third party as part of the plan or arrangement and that the amount of the charge may change, if that is the case, and the amount to which the charge will change, if known;

(4) the length of the automatic renewal term or that the service is continuous, unless the length of the term is definite and chosen by the consumer; and

(5) the minimum purchase obligation, if any.

Subd. 8. **Seller.** "Seller" means a seller, lessor, licensor, or professional who advertises, solicits, or engages in consumer transactions, or a manufacturer, distributor, or licensor who advertises and sells, leases, or licenses goods or services to be resold, leased, or sublicensed by other persons in consumer transactions. Seller includes but is not limited to a club as defined in section 325G.23, unless the context clearly indicates otherwise.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 56. **[325G.57] REQUIREMENTS FOR AUTOMATIC RENEWAL OR CONTINUOUS SERVICE.**

Subdivision 1. **Notices upon offer.** A seller making an offer for an indefinite subscription agreement must, before the consumer accepts the offer, present the offer terms in a clear and conspicuous manner to

the consumer and in visual proximity, or in the case of an offer conveyed by voice, in temporal proximity, to the offer's proposal.

Subd. 2. **Confirmation upon consumer consent.** A seller making an offer for an indefinite subscription agreement must, in a timely manner after the consumer accepts the offer, provide the consumer with confirmation of the consumer's acceptance of the offer, in a manner that is capable of being retained by the consumer, that includes the following:

(1) the offer terms;

(2) if the offer includes a free trial, information on how to cancel the free trial before the consumer pays or becomes obligated to pay for any goods or services in connection with the free trial; and

(3) options for termination of the indefinite subscription agreement, which options must be easy to use, cost-effective, and timely for all consumers:

(i) if a seller makes offers for an indefinite subscription agreement through an online website, a termination election as set forth in section 325G.60; and

(ii) if a consumer enters into the indefinite subscription agreement through any means other than a toll-free telephone number, an email address, or a postal address, then an option substantially similar to, as easy to use, and as accessible as the initial means of consumer acceptance of the agreement.

A communication of the required information through email is sufficient to meet the requirements of this subdivision.

Subd. 3. **Material changes.** Upon a material change in the terms of the indefinite subscription agreement, the seller must provide to the consumer in a timely manner, and in any case prior to the implementation of the material change, a clear and conspicuous notice of the material change and provide information regarding how to terminate the agreement in a manner that is capable of being retained by the consumer. A material change in the terms of an indefinite subscription agreement in violation of this subdivision is void and unenforceable.

Subd. 4. **Free trials.** A seller making an offer for an indefinite subscription agreement that includes a free trial lasting more than 30 days must, no fewer than five days and no more than 30 days before the end of any such free trial, notify the consumer of the consumer's option to cancel the free trial before the end of the trial period to avoid an obligation to pay for the goods or services.

Subd. 5. **Periodic notice of continuous service.** (a) If an indefinite subscription agreement is subject to continuous service, the seller must give the consumer written notice of the continuous service at least once per calendar year via mail or email.

(b) The notice required under this subdivision must include the terms of the service and how to terminate or manage the service.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 57. **[325G.58] PROHIBITED CONDUCT.**

Subdivision 1. **Definition; agreement.** For purposes of this section, "agreement" means an indefinite subscription agreement, as defined in section 325G.56, and a contract, as defined in section 325G.23.

Subd. 2. **Charges prior to effective date.** A seller must not charge the consumer's credit or debit card or the consumer's account with a third party in connection with an agreement before the agreement has been duly authorized by the seller and consumer and made effective.

Subd. 3. **Right of first refusal.** An agreement must not require the consumer to permit the seller to match any offer the consumer has received. A provision in an agreement that violates this subdivision is void and unenforceable.

Subd. 4. **No abusive tactics or offers upon notice.** (a) A seller that has received a notice of cancellation or notice of termination of an agreement from a consumer cannot:

(1) make any misrepresentation or undertake any unfair or abusive tactic to delay, unreasonably delay, or avoid the cancellation or termination of the agreement; or

(2) make or provide additional benefits, contract modifications, gifts, or similar offers to the consumer until the seller has obtained permission from the consumer, granted by the consumer after notice of cancellation or termination was given to the seller, for the seller to engage in any such activity.

(b) A seller can only seek a consumer's permission under this paragraph once per cancellation or termination attempt. A consumer's grant of permission under this paragraph is limited to the immediate cancellation or termination attempt and does not apply to subsequent attempts.

Subd. 5. **Exceptions.** This section does not prohibit a seller from:

(1) asking the consumer the reasons for cancellation or termination, provided that a consumer is not required to answer as a condition of cancellation or termination;

(2) informing the consumer of any consequences of canceling or terminating the subscription;

(3) verifying the identity of the consumer; or

(4) describing options to maintain an ongoing relationship with the seller, including but not limited to for downgrading, pausing, or suspending the subscription.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 58. **[325G.59] CONSUMER'S RIGHT TO TERMINATE.**

Subdivision 1. **Termination of agreement subject to automatic renewal.** A consumer may terminate an indefinite subscription agreement subject to automatic renewal at any time by following the procedure set forth in the confirmation described in section 325G.57, subdivision 2. A termination under this subdivision is effective at the end of the term in which notice of termination is provided by the consumer, unless the consumer specifies a termination date occurring at the end of a subsequent term, in which event the termination is effective as of the date specified by the consumer, if the option is available.

Subd. 2. **Termination of agreement subject to continuous service.** (a) A consumer may terminate an indefinite subscription agreement subject to continuous service at any time by following the procedure set forth in the confirmation described in section 325G.57, subdivision 2. A termination under this subdivision must take effect no later than 31 days from the date of a verified consumer's notice of termination unless the consumer specifies a future termination date, in which event the termination is effective as of such date.

(b) This subdivision does not require a seller to provide an option to set a future termination date.

Subd. 3. **Termination in absence of confirmation or notice.** If the seller fails to provide either the confirmation required under section 325G.57, subdivision 2, or a notice required by section 325G.57, subdivision 5, the consumer may terminate the indefinite subscription agreement by any reasonable means at any time, including but not limited to by mail, email, telephone, an online option, a termination election under section 325G.60, or the means by which the consumer entered into the agreement, at no cost to the consumer.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 59. **[325G.60] TERMINATION ELECTION REQUIREMENT.**

Subdivision 1. **Definition; agreement.** For purposes of this section, "agreement" means an indefinite subscription agreement, as defined in section 325G.56, and a contract, as defined in section 325G.23.

Subd. 2. **Termination election required.** (a) If a seller has a website with profile or subscription management capabilities, then such website must include a termination election on the website. The termination election must be clear and conspicuous on the website and must use plain language to convey that any consumer may use the termination election to terminate the agreement at any time. The termination election must only require a consumer to input information that is necessary to process the termination. The termination election must include a checkbox, submission button, or similarly common and simple mechanism for the member to indicate a desire to terminate the agreement.

(b) For purposes of this section, "termination election" means a simple and easily accessible means for a consumer to quickly provide notice of termination, and that does not include undue complexity, confusion, or misrepresentation by the seller.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 60. **[325G.61] UNCONDITIONAL GIFTS.**

Any good, including but not limited to any ware, merchandise, or product, is an unconditional gift to the consumer if a seller sends the good under an indefinite subscription agreement without first obtaining the consumer's affirmative consent to the agreement in accordance with section 325G.57. The consumer may use or dispose of the good in any manner without any obligation to the seller, including but not limited to any obligation relating to shipping of the good.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 61. **[325G.62] EXEMPTION.**

Sections 325G.56 to 325G.61 do not apply to:

(1) contracts governed by another state or federal statute or regulation specifically intended to regulate automatic renewal or continuous service;

(2) any licensee as defined in section 60A.985, subdivision 8, and any affiliate of such a licensee as defined in section 60D.15, subdivision 2;

(3) an individual or business licensed by the Department of Labor and Industry as a technology system contractor or power limited technician as defined in section 326B.31;

(4) any service provided by a business or its affiliate where either the business or its affiliate is licensed or regulated by the Public Utilities Commission, the Federal Communications Commission, or the Federal Energy Regulatory Commission; or

(5) any person or entity registered or licensed with the Financial Industry Regulatory Authority, the Securities and Exchange Commission, or under the Minnesota Securities Act.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 62. **[325G.63] ENFORCEMENT.**

A seller is not subject to civil penalties if the seller has made a good faith effort to comply with each applicable provision of sections 325G.56 to 325G.61.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to contracts entered into, modified, or renewed on or after that date.

Sec. 63. **[325O.01] CITATION.**

This chapter may be cited as the "Prohibiting Social Media Manipulation Act."

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 64. **[325O.02] DEFINITIONS.**

(a) For purposes of this chapter, the following terms have the meanings given.

(b) "Accessible user interface" means a way for a user to input data, make a choice, or take an action on a social media platform in two clicks or fewer.

(c) "Account holder" means a natural person or legal person who holds an account or profile with a social media platform.

(d) "Account interactions" means any action that a user can make within a social media platform that could have a negative impact on another account holder. Account interactions include but are not limited to:

(1) sending messages or invitations to users;

(2) reporting users;

(3) commenting on, resharing, liking, voting, or otherwise reacting to users' user-generated content; and

(4) posting user-generated content or disseminating user-generated content to users. Actions that have no impact on other users, including viewing user-generated content or public content, are not account interactions.

(e) "Algorithmic ranking system" means a computational process, including one derived from algorithmic decision making, machine learning, statistical analysis, or other data processing or artificial intelligence

techniques, used to determine the selection, order, relative prioritization, or relative prominence of content from a set of information that is provided to a user on a social media platform, including search results ranking, content recommendations, content display, or any other automated content selection method.

(f) "Conspicuously" means the information is presented in a manner, given the information's size, color, contrast, location, and proximity to any related information, as to be readily noticed and understood by a reasonable user.

(g) "Content" means any media, including but not limited to written posts, images, visual or audio recordings, notifications, and games, that a user views, reads, watches, listens to, or otherwise interacts or engages with on a social media platform. Content includes other account holders' accounts or profiles when recommended to a user by the social media platform.

(h) "Engage" or "engagement" means a user's utilization of the social media platform.

(i) "Expressed preferences" means a freely given, considered, specific, and unambiguous indication of a user's preferences regarding the user's engagement with a social media platform. Expressed preferences must not be based on the user's time spent engaging with content on the social media platform or on the use of features that do not indicate explicit preference, including comments made, posts reshared, or similar actions that may be taken on content the user perceives to be of low quality. Expressed preferences must not be obtained through a user interface designed or manipulated with the substantial effect of subverting or impairing a user's decision making.

(j) "Social media platform" means an electronic medium, including a browser-based or application-based interactive computer service, Internet website, telephone network, or data network, that allows an account holder to create, share, and view user-generated content for a substantial purpose of social interaction, sharing user-generated content, or personal networking. Social media platform does not include:

(1) an Internet search provider;

(2) an Internet service provider;

(3) an email service;

(4) a streaming service, online video game, e-commerce, or other Internet website where the content is not user generated but where interactive functions enable chat, comments, reviews, or other interactive functionality that is incidental to, directly related to, or dependent upon providing the content;

(5) a communication service, including text, audio, or video communication technology, provided by a business to the business's employees and clients for use in the course of business activities and not for public distribution, except that social media platform includes a communication service provided by a social media platform;

(6) an advertising network with the sole function of delivering commercial content;

(7) a telecommunications carrier, as defined in United States Code, title 47, section 153;

(8) a broadband service, as defined in section 116J.39, subdivision 1;

(9) single-purpose community groups for education or public safety;

(10) teleconferencing or video-conferencing services that allow reception and transmission of audio and video signals for real-time communication, except that social media platform includes teleconferencing or video-conferencing services provided by a social media platform;

(11) cloud computing services, which may include cloud storage and shared document collaboration;

(12) providing or obtaining technical support for a platform, product, or service; or

(13) a platform designed primarily and specifically for creative professional users, as distinct from the general public, to share their portfolio and creative content, engage in professional networking, acquire clients, and market the creative professional user's creative content and creative services through facilitated transactions.

(k) "Time sensitive" means content that is welcomed under a user's expressed preferences and that has significantly reduced value to the user with the passing of time.

(l) "User" means a natural person who is located in Minnesota and who holds an account or profile with a social media platform.

(m) "User-generated content" means any content created by an account holder that is uploaded, posted, shared, or disseminated on the social media platform.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 65. **[325O.03] SCOPE; EXCLUSIONS.**

(a) A social media platform is subject to this chapter if the social media platform:

(1) does business in Minnesota or provides products or services that are targeted to residents of Minnesota; and

(2) has more than 10,000 monthly active account holders located in Minnesota.

(b) For purposes of this chapter, a social media platform may determine whether an account holder is located in Minnesota based on:

(1) the account holder's own supplied address or location;

(2) global positioning system-level latitude, longitude, or altitude coordinates;

(3) cellular phone system coordinates;

(4) Internet protocol device address; or

(5) other mechanisms that can be used to identify an account holder's location.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 66. **[325O.04] TRANSPARENCY REQUIREMENTS FOR SOCIAL MEDIA PLATFORMS.**

A social media platform must publicly and conspicuously post the following information on the social media platform's website:

(1) an explanation of how the social media platform limits excessive account interactions, including:

(i) the maximum limit on the number of times that a user can engage in each specific kind of account interaction in an hour, day, week, and month; and

(ii) whether and how the platform engages in any reduction in the ability of accounts to affect other users when the user engages in a high number of account interactions that is below the maximum limit;

(2) an explanation detailing how the platform:

(i) assesses the quality of content;

(ii) assesses users' expressed preferences regarding content; and

(iii) utilizes the assessments under items (i) and (ii) in each of the social media platform's algorithmic ranking system, including how the assessments are weighted in relation to other signals in the algorithmic ranking system;

(3) statistics on the platform's use with respect to the tenth, 25th, 50th, 75th, 90th, 95th, 99th, and 99.9th percentile of all platform account holders for each distinct type of account interaction or engagement, including but not limited to:

(i) sending invitations or messages to other platform account holders;

(ii) commenting on, resharing, liking, voting for, or otherwise reacting to content;

(iii) posting new user-generated content;

(iv) disseminating user-generated content to other platform account holders; and

(v) time spent on the platform;

(4) an explanation of how the platform determines whether a notification is time sensitive and how many time-sensitive and non-time-sensitive notifications are sent to users including:

(i) how many time-sensitive and non-time-sensitive notifications are sent with respect to the tenth, 25th, 50th, 75th, 90th, 95th, 99th, and 99.9th percentile of all platform account holders in a given day; and

(ii) how many time-sensitive and non-time-sensitive notifications are sent with respect to the tenth, 25th, 50th, 75th, 90th, 95th, 99th, and 99.9th percentile of all platform account holders during each hour between the hours of 11:00 p.m. and 7:00 a.m.; and

(5) a description of all product experiments that have been conducted on 1,000 or more users, including a description of the experimental conditions and the results of the product experiment for all experimental conditions on users' viewing or engaging with content that:

(i) users indicate to be high or low quality;

(ii) users indicate complies or does not comply with the users' expressed preferences; or

(iii) violates platform policies.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 67. **[325O.05] ENFORCEMENT AUTHORITY.**

(a) The attorney general may investigate and bring an action against a social media platform for an alleged violation of section 325O.04.

(b) Nothing in this chapter creates a private cause of action in favor of a person injured by a violation of section 325O.04.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 68. **[332.3352] WAIVER OF LICENSING AND REGISTRATION.**

The commissioner of commerce may, by order, waive the licensing and registration requirements of this chapter for a nonresident collection agency and the nonresident collection agency's affiliated collectors if: (1) a written reciprocal licensing agreement is in effect between the commissioner and the licensing officials of the nonresident collection agency's home state; and (2) the nonresident collection agency is licensed in good standing in the nonresident collection agency's home state.

Sec. 69. Minnesota Statutes 2023 Supplement, section 332.71, subdivision 2, is amended to read:

Subd. 2. **Coerced debt.** (a) "Coerced debt" means all or a portion of debt in a debtor's name that has been incurred as a result of:

(1) the use of the debtor's personal information without the debtor's knowledge, authorization, or consent;

(2) the use or threat of force, intimidation, undue influence, ~~harassment,~~ fraud, deception, coercion, or other similar means against the debtor; or

(3) economic abuse perpetrated against the debtor.

(b) Coerced debt does not include secured debt.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 70. Minnesota Statutes 2023 Supplement, section 332.71, subdivision 4, is amended to read:

Subd. 4. **Debtor.** "Debtor" means a person who (1) is a victim of domestic abuse, ~~harassment~~ economic abuse, or sex or labor trafficking, and (2) owes coerced debt.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 71. Minnesota Statutes 2023 Supplement, section 332.71, subdivision 5, is amended to read:

Subd. 5. **Documentation.** "Documentation" means ~~a writing that identifies a debt or a portion of a debt as coerced debt, describes the circumstances under which the coerced debt was incurred, and takes the form of~~:

(1) a police report;

(2) a Federal Trade Commission identity theft report;

(3) an order in a dissolution proceeding under chapter 518 that declares that one or more debts are coerced; or

(4) a sworn written certification.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 72. Minnesota Statutes 2023 Supplement, section 332.71, subdivision 7, is amended to read:

Subd. 7. **Economic abuse.** "Economic abuse" means behavior in the context of a domestic relationship that controls, restrains, restricts, impairs, or interferes with the ability of a ~~victim of domestic abuse, harassment, or sex or labor trafficking~~ debtor to acquire, use, or maintain economic resources, including but not limited to:

(1) withholding or restricting access to, or the acquisition of, money, assets, credit, or financial information;

(2) interfering with the victim's ability to work and earn wages; or

(3) exerting undue influence over a person's financial and economic behavior or decisions.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 73. Minnesota Statutes 2023 Supplement, section 332.72, is amended to read:

332.72 COERCED DEBT PROHIBITED.

(a) A person is prohibited from causing another person to incur coerced debt.

(b) A person who causes another person to incur a coerced debt in violation of this section is civilly liable to the creditor for the amount of the debt, or portion of the debt, determined by a court to be coerced debt, plus the creditor's reasonable attorney fees and costs, provided the creditor follows the procedures under section 332.74, subdivision 3, paragraph (b).

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 74. Minnesota Statutes 2023 Supplement, section 332.73, subdivision 1, is amended to read:

Subdivision 1. **Notification.** (a) Before taking an affirmative action under section 332.74, a debtor must, by certified mail, notify a creditor that the debt or a portion of a debt on which the creditor demands payment is coerced debt and request that the creditor cease all collection activity on the coerced debt. The notification and request must be in writing and include documentation. If not already included in documentation, the notification must include a signed statement that includes:

(1) an assertion that the debtor is a victim of domestic abuse, economic abuse, or sex or labor trafficking;

(2) a recitation of the facts supporting the claim that the debt is coerced; and

(3) if only a portion of the debt is claimed to be coerced debt, an itemization of the portion of the debt that is claimed to be coerced debt.

(b) The creditor, within 30 days of the date the notification and request is received, must notify the debtor in writing of the creditor's decision to either immediately cease all collection activity or continue to pursue collection. If a creditor ceases collection but subsequently decides to resume collection activity, the creditor must notify the debtor ten days prior to the date the collection activity resumes.

~~(b) If a creditor ceases collection but subsequently decides to resume collection activity, the creditor must notify the debtor ten days prior to the date the collection activity resumes.~~

(c) A debtor must not proceed with an action under section 332.74 until the 30-day period provided under paragraph (a) has expired.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 75. Minnesota Statutes 2023 Supplement, section 332.74, subdivision 3, is amended to read:

Subd. 3. **Relief.** (a) If a debtor shows by a preponderance of the evidence that the debtor has been aggrieved by a violation of section 332.72 and the debtor has incurred coerced debt, the debtor is entitled to one or more of the following:

(1) a declaratory judgment that the debt or portion of a debt is coerced debt;

(2) an injunction prohibiting the creditor from (i) holding or attempting to hold the debtor liable for the debt or portion of a debt, or (ii) enforcing a judgment related to the coerced debt; and

(3) an order dismissing any cause of action brought by the creditor to enforce or collect the coerced debt from the debtor or, if only a portion of the debt is established as coerced debt, an order directing that the judgment, if any, in the action be amended to reflect only the portion of the debt that is not coerced debt.

(b) If the court orders relief for the debtor under paragraph (a), the court, after the creditor's motion has been personally served on the person who violated section 332.72, or if personal service cannot be made, after service by United States mail to the last known address of the person ~~who violated section 332.72~~ and one-week published notice under section 645.11, ~~shall~~ must issue a judgment in favor of the creditor against the person in the amount of the debt or a portion thereof.

(c) This subdivision applies regardless of the judicial district in which the creditor's action or the debtor's petition was filed.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 76. Minnesota Statutes 2023 Supplement, section 332.74, subdivision 5, is amended to read:

Subd. 5. **Burden.** In any affirmative action taken under subdivision 1 or any affirmative defense asserted in subdivision 4, the debtor bears the burden to show by a preponderance of the evidence that the debtor incurred coerced debt. There is a presumption that the debtor has incurred coerced debt if the person alleged to have caused the debtor to incur the coerced debt has been ~~criminally~~ convicted~~, entered a guilty plea, or entered an Alford plea under~~ of or received a stay of adjudication for a violation of section 609.27, 609.282, 609.322, or 609.527.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 77. **[332C.01] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of this chapter, the following terms have the meanings given.

Subd. 2. **Collecting party.** "Collecting party" means a party engaged in collecting medical debt. Collecting party does not include parties when complying with a court order or statutory obligation to garnish or levy a debtor's property, including banks, credit unions, public officers, and garnishees.

Subd. 3. **Debtor.** "Debtor" means a person obligated or alleged to be obligated to pay any debt.

Subd. 4. **Medical debt.** (a) "Medical debt" means debt incurred primarily for medically necessary health treatment or services. Medical debt includes debt charged to a credit card or other credit instrument, on or after October 1, 2024, under an open-end or closed-end credit plan offered specifically to pay for health treatment or services.

(b) Medical debt does not include:

(1) debt charged to a credit card or other credit instrument, under an open-end or closed-end credit plan, that is not offered specifically to pay for health treatment or services;

(2) services provided by a veterinarian;

(3) services provided by a dentist; or

(4) debt charged to a home equity line of credit.

Subd. 5. **Medically necessary.** "Medically necessary" has the meaning given in section 62J.805, subdivision 7.

Subd. 6. **Person.** "Person" means any individual, partnership, association, or corporation.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 78. **[332C.02] PROHIBITED PRACTICES.**

A collecting party must not:

(1) in a collection letter, publication, invoice, or any oral or written communication, threaten wage garnishment or legal suit by a particular lawyer, unless the collecting party has actually retained the lawyer to do so;

(2) use or employ sheriffs or any other officer authorized to serve legal papers in connection with collecting a claim, except when performing the sheriff's or other officer's legally authorized duties;

(3) use or threaten to use methods of collection that violate Minnesota law;

(4) furnish legal advice to debtors or represent that the collecting party is competent or able to furnish legal advice to debtors;

(5) communicate with debtors in a misleading or deceptive manner by falsely using the stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare, or instruments which simulate the form and appearance of judicial process;

(6) publish or cause to be published any list of debtors, use shame cards or shame automobiles, advertise or threaten to advertise for sale any claim as a means of forcing payment of the claim, or use similar devices or methods of intimidation;

(7) operate under a name or in a manner which falsely implies the collecting party is a branch of or associated with any department of federal, state, county, or local government or an agency thereof;

(8) transact business or hold the collecting party out as a debt settlement company, debt management company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates, or pays the indebtedness

of a debtor, unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to court order or under the supervision of a creditor's committee;

(9) unless an exemption in the law exists, violate Code of Federal Regulations, title 12, part 1006, while attempting to collect on any account, bill, or other indebtedness. For purposes of this section, Public Law 95-109 and Code of Federal Regulations, title 12, part 1006, apply to collecting parties other than health care providers collecting medical debt in the health care provider's own name;

(10) communicate with a debtor about medical debt by use of an automatic telephone dialing system or an artificial or prerecorded voice after the debtor expressly informs the collecting party to cease communication utilizing an automatic telephone dialing system or an artificial or prerecorded voice. For purposes of this clause, an automatic telephone dialing system or an artificial or prerecorded voice includes but is not limited to (i) artificial intelligence chat bots, and (ii) the usage of the term under the Telephone Consumer Protection Act, United States Code, title 47, section 227(b)(1)(A);

(11) in collection letters or publications, or in any oral or written communication, imply or suggest that medically necessary health treatment or services are denied as a result of a medical debt;

(12) when a debtor has a listed telephone number, enlist the aid of a neighbor or third party to request that the debtor contact the collecting party, except a person who resides with the debtor or a third party with whom the debtor has authorized with the collecting party to place the request. This clause does not apply to a call-back message left at the debtor's place of employment which is limited solely to the collecting party's telephone number and name;

(13) when attempting to collect a medical debt, fail to provide the debtor with the full name of the collecting party, as registered with the secretary of state;

(14) fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345;

(15) accept currency or coin as payment for a medical debt without issuing an original receipt to the debtor and maintaining a duplicate receipt in the debtor's payment records;

(16) except for court costs for filing a civil action with the court and service of process, attempt to collect any interest, fee, charge, or expense incidental to the charge-off obligation from a debtor unless the amount is expressly authorized by the agreement creating the medical debt or is otherwise permitted by law;

(17) falsify any documents with the intent to deceive;

(18) when initially contacting a Minnesota debtor by mail to collect a medical debt, fail to include a disclosure on the contact notice, in a type size or font which is equal to or larger than the largest other type of type size or font used in the text of the notice, that includes and identifies the Office of the Minnesota Attorney General's general telephone number, and states: "You have the right to hire your own attorney to represent you in this matter.";

(19) commence legal action to collect a medical debt outside the limitations period set forth in section 541.053;

(20) report to a credit reporting agency any medical debt that the collecting party knows or should know is or was originally owed to a health care provider, as defined in section 62J.805, subdivision 4; or

(21) challenge a debtor's claim of exemption to garnishment or levy in a manner that is baseless, frivolous, or otherwise in bad faith.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 79. **[332C.03] MEDICAL DEBT REPORTING PROHIBITED.**

(a) A collecting party is prohibited from reporting medical debt to a consumer reporting agency.

(b) A consumer reporting agency is prohibited from making a consumer report containing an item of information that the consumer reporting agency knows or should know concerns medical debt.

(c) For purposes of this section, "consumer report" and "consumer reporting agency" have the meanings given in the Fair Credit Reporting Act, United States Code, title 15, section 1681a.

(d) This section also applies to collection agencies and debt buyers licensed under chapter 332.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 80. **[332C.04] DEFENDING MEDICAL DEBT CASES.**

(a) A debtor who successfully defends against a claim for payment of medical debt that is alleged by a collecting party must be awarded the debtor's costs and a reasonable attorney fee, as determined by the court, incurred to defend against the collecting party's claim for debt payment.

(b) For purposes of this section, a resolution mutually agreed upon by the debtor and collecting party is not a successful defense subject to an additional award of an attorney fee.

EFFECTIVE DATE. This section is effective October 1, 2024, for causes of action commenced on or after that date.

Sec. 81. **[332C.05] ENFORCEMENT.**

(a) The attorney general may enforce this chapter under section 8.31.

(b) A collecting party that violates this chapter is strictly liable to the debtor in question for the sum of:

(1) actual damage sustained by the debtor as a result of the violation;

(2) additional damages as the court may allow, but not exceeding $1,000 per violation; and

(3) in the case of any successful action to enforce the foregoing, the costs of the action, together with a reasonable attorney fee as determined by the court.

(c) A collecting party that willfully and maliciously violates this chapter is strictly liable to the debtor for three times the sums allowable under paragraph (b), clauses (1) and (2).

(d) The dollar amount limit under paragraph (b), clause (2), changes on July 1 of each even-numbered year in an amount equal to changes made in the Consumer Price Index, compiled by the United States Bureau of Labor Statistics. The Consumer Price Index for December 2024 is the reference base index. If the Consumer Price Index is revised, the percentage of change made under this section must be calculated on the basis of the revised Consumer Price Index. If a Consumer Price Index revision changes the reference base index, a revised reference base index must be determined by multiplying the reference base index that is effective at the time by the rebasing factor furnished by the Bureau of Labor Statistics.

(e) If the Consumer Price Index is superseded, the Consumer Price Index referred to in this section is the Consumer Price Index represented by the Bureau of Labor Statistics as most accurately reflecting changes in the prices paid by consumers for consumer goods and services.

(f) The attorney general must publish the base reference index under paragraph (d) in the State Register no later than September 1, 2024. The attorney general must calculate and publish the revised Consumer Price Index under paragraph (d) in the State Register no later than September 1 each even-numbered year.

(g) A collecting party must not be held liable in any action brought under this section if the collecting party shows by a preponderance of evidence that the violation:

(1) was not intentional and resulted from a bona fide error made notwithstanding the maintenance of procedures reasonably adopted to avoid any bona fide error; or

(2) was the result of inaccurate or incorrect information provided to the collecting party by a health care provider as defined in section 62J.805, subdivision 4; a health carrier as defined in section 62A.011, subdivision 2; or another collecting party currently or previously engaged in collection of the medical debt in question.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 82. **[513.80] RESIDENTIAL REAL ESTATE SERVICE AGREEMENTS; UNFAIR SERVICE AGREEMENTS.**

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

(b) "County recorder" has the meaning given in section 13.045, subdivision 1.

(c) "Person" means natural persons, corporations both foreign and domestic, trusts, partnerships both limited and general, incorporated or unincorporated associations, companies, business entities, and any other legal entity or any other group associated in fact although not a legal entity or any agent, assignee, heir, employee, representative, or servant thereof.

(d) "Record" or "recording" means placement of a document or instrument in the official county public land records.

(e) "Residential real property" means real property that is located in Minnesota occupied, or intended to be occupied, by one to four families as their residence.

(f) "Service agreement" means a contract under which a person agrees to provide real estate broker services as defined in section 82.55, subdivision 19, in connection with the purchase or sale of residential real property.

(g) "Service provider" means an individual or entity that provides services to a person pursuant to a service agreement.

Subd. 2. **Unfair service agreements; prohibition.** (a) A service agreement subject to this section is unfair and prohibited if any part of the agreement provides an exclusive right to a service provider for a term in excess of one year after the time the service agreement is entered into and:

(1) purports to run with the land or to be binding on future owners of interests in the real property;

(2) allows for assignment of the right to provide service without notice to and consent of the residential real property's owner, including a contract for deed vendee;

(3) is recorded or purports to create a lien, encumbrance, or other real property security interest; or

(4) contains a provision that purports to automatically renew the agreement upon its expiration.

(b) The following are not unfair service agreements under this section:

(1) a home warranty or similar product that covers the cost of maintaining a major home system or appliance for a fixed period;

(2) an insurance contract;

(3) a mortgage loan or a commitment to make or receive a mortgage loan;

(4) an option or right of refusal to purchase a residential real property;

(5) a declaration of any covenants, conditions, or restrictions created in the formation of a homeowners association, a group of condominium owners, or other common interest community or an amendment to the covenants, conditions, or restrictions;

(6) a maintenance or service agreement entered by a homeowners association in a common interest community;

(7) a security agreement governed by chapter 336 that relates to the sale or rental of personal property or fixtures; or

(8) a contract with a gas, water, sewer, electric, telephone, cable, or other utility service provider.

(c) This section does not impair any lien right granted under Minnesota law or that is judicially imposed.

Subd. 3. **Recording prohibited.** (a) A person is prohibited from:

(1) presenting or sending an unfair service agreement or notice or memorandum of an unfair service agreement to any county recorder to record; or

(2) causing an unfair service agreement or notice or memorandum of an unfair service agreement to be recorded by a county recorder.

(b) If a county recorder records an unfair service agreement, the county recorder does not incur liability.

(c) If an unfair service agreement is recorded, the recording does not create a lien or provide constructive notice to any third party, bona fide purchaser, or creditor.

Subd. 4. **Unfair service agreements unenforceable.** A service agreement that is unfair under this section is unenforceable and does not create a contractual obligation or relationship. Any waiver of a consumer right, including a right to trial by jury, in an unfair service agreement is void.

Subd. 5. **Unfair service agreements; solicitation.** Encouraging any consumer to enter into an unfair service agreement by any service provider constitutes:

(1) an unfair method of competition; and

(2) an unfair or deceptive act or practice under section 82.81, subdivision 12, paragraph (c), and section 325F.69.

Subd. 6. **Enforcement authority.** (a) This section may be enforced by the attorney general under section 8.31, except that any private cause of action brought under subdivision 7 is subject to the limitation under subdivision 7, paragraph (d).

(b) The commissioner of commerce may enforce this section with respect to a service provider's real estate license.

Subd. 7. **Remedies.** (a) A consumer that is party to an unfair service agreement related to residential real property or a person with an interest in the property that is the subject of that agreement may bring an action under section 8.31 or 325F.70 in district court in the county where the property is located.

(b) If an unfair service agreement or a notice or memorandum of an unfair service agreement is recorded against any residential real property, any judgment obtained under this section, after being certified by the clerk having custody of the unfair service agreement or notice or memorandum of the unfair service agreement, may be recorded and indexed against the real property encumbered or clouded by the unfair service agreement.

(c) The remedies provided under this section are not exclusive and do not reduce any other rights or remedies a party may have in equity or in law.

(d) No private action may be brought under this section more than six years after the date the term printed in the unfair service agreement expires.

Sec. 83. Minnesota Statutes 2022, section 519.05, is amended to read:

519.05 LIABILITY OF ~~HUSBAND AND WIFE~~ SPOUSES.

(a) A spouse is not liable to a creditor for any debts of the other spouse. ~~Where husband and wife are living together, they shall be jointly and severally liable for necessary medical services that have been furnished to either spouse, including any claims arising under section 246.53, 256B.15, 256D.16, or 261.04, and necessary household articles and supplies furnished to and used by the family.~~ Notwithstanding this paragraph, in a proceeding under chapter 518 the court may apportion such debt between the spouses.

(b) Either spouse may close a credit card account or other unsecured consumer line of credit on which both spouses are contractually liable, by giving written notice to the creditor.

(c) Nothing in this section prevents a creditor's claim against a decedent's estate.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 84. Minnesota Statutes 2022, section 550.37, subdivision 2, is amended to read:

Subd. 2. ~~**Bible and musical instrument**~~ **Sacred possessions.** The ~~family~~ Bible, ~~library, and musical instruments~~ Torah, Qur'an, prayer rug, and other religious items in an aggregate amount not exceeding $2,000.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 85. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to read:

Subd. 2a. **Library.** A personal library in an aggregate amount not exceeding $750.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 86. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to read:

Subd. 2b. **Musical instruments.** Musical instruments in an aggregate amount not exceeding $2,000.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 87. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to read:

Subd. 2c. **Family pets.** Family pets in an aggregate amount not exceeding $1,000.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 88. Minnesota Statutes 2022, section 550.37, subdivision 4, is amended to read:

Subd. 4. **Personal goods.** (a) All wearing apparel, one watch, utensils, and foodstuffs of the debtor and the debtor's family.

(b) Household furniture, household appliances, ~~phonographs, radio and television receivers~~ radios, computers, tablets, televisions, printers, cell phones, smart phones, and other consumer electronics of the debtor and the debtor's family, not exceeding $11,250 in value.

(c) The debtor's aggregate interest, not exceeding $3,062.50 in value, in ~~wedding rings or other religious or culturally recognized symbols of marriage exchanged between the debtor and spouse at the time of the marriage and in the debtor's possession~~ jewelry.

The exemption provided by this subdivision may not be waived except with regard to purchase money security interests. Except for a pawnbroker's possessory lien, a nonpurchase money security interest in the property exempt under this subdivision is void.

If a debtor has property of the type which would qualify for the exemption under clause (b), of a value in excess of $11,250 an itemized list of the exempt property, together with the value of each item listed, shall be attached to the security agreement at the time a security interest is taken, and a creditor may take a nonpurchase money security interest in the excess over $11,250 by requiring the debtor to select the exemption in writing at the time the loan is made.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 89. Minnesota Statutes 2022, section 550.37, subdivision 12a, is amended to read:

Subd. 12a. **Motor vehicles.** One of the following: (1) one motor vehicle, to the extent of a value not exceeding ~~$5,000~~ $10,000; ~~or~~ (2) one motor vehicle that is regularly used by or for the benefit of a physically disabled person, as defined under section 169.345, subdivision 2, to the extent of a value not exceeding $25,000; (3) one motor vehicle, to the extent of a value not exceeding ~~$50,000~~ $100,000, that has been designed or modified~~, at a cost of not less than $3,750,~~ to accommodate the ~~physical~~ disability making a disabled person eligible for a certificate authorized by section 169.345; or (4) one motor vehicle reasonably

necessary for use in the trade, business, or profession of the debtor, to the extent of a value not to exceed $12,500.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 90. Minnesota Statutes 2022, section 550.37, subdivision 14, is amended to read:

Subd. 14. **Public assistance.** All government assistance based on need, and the earnings or salary of a person who is a recipient of government assistance based on need, shall be exempt from all claims of creditors including any contractual setoff or security interest asserted by a financial institution. For the purposes of this chapter, government assistance based on need includes but is not limited to Minnesota family investment program~~,~~; Supplemental Security Income~~,~~; medical assistance~~,~~; MinnesotaCare, payment of Medicare part B premiums or receipt of part D extra help~~,~~; MFIP diversionary work program~~,~~; work participation cash benefit~~,~~; Minnesota supplemental assistance~~,~~; emergency Minnesota supplemental assistance~~,~~; general assistance~~,~~; emergency general assistance~~,~~; emergency assistance or county crisis funds~~,~~; energy or fuel assistance~~, and~~; Supplemental Nutrition Assistance Program (SNAP); and any federal or state tax credit received by eligible low-income taxpayers, including but not limited to the earned income tax credit, the Minnesota working family credit, and renter's credit. The salary or earnings of any debtor who is or has been an eligible recipient of government assistance based on need, or an inmate of a correctional institution shall, upon the debtor's return to private employment or farming after having been an eligible recipient of government assistance based on need, or an inmate of a correctional institution, be exempt from attachment, garnishment, or levy of execution for a period of six months after the debtor's return to employment or farming and after all public assistance for which eligibility existed has been terminated. The exemption provisions contained in this subdivision also apply for 60 days after deposit in any financial institution, whether in a single or joint account. In tracing the funds, the first-in first-out method of accounting shall be used. The burden of establishing that funds are exempt rests upon the debtor. Agencies distributing government assistance and the correctional institutions shall, at the request of creditors, inform them whether or not any debtor has been an eligible recipient of government assistance based on need, or an inmate of a correctional institution, within the preceding six months.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 91. Minnesota Statutes 2022, section 550.37, subdivision 22, is amended to read:

Subd. 22. **Rights of action.** Rights of action or money received for injuries to the person of the debtor or of a relative whether or not resulting in death. Injuries to the person include physical, mental, and emotional injuries.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 92. Minnesota Statutes 2022, section 550.37, subdivision 23, is amended to read:

Subd. 23. **Life insurance aggregate interest.** The debtor's aggregate interest not to exceed in value $10,000 in any accrued ~~dividend~~ dividends or interest under or loan value of any unmatured life insurance ~~contract~~ contracts owned by the debtor under which the insured is the debtor or an individual of whom the debtor is a dependent.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 93. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to read:

Subd. 27. **Household tools and equipment.** The debtor's aggregate interest, not to exceed $3,000, in household tools and equipment, including but not limited to hand and power tools, snow removal equipment, and lawnmowers.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 94. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to read:

Subd. 28. **Wild card exemption in bankruptcy.** In a bankruptcy, a debtor may exempt any property, including funds in a bank account, up to $1,500 in value.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to exemptions claimed on or after that date.

Sec. 95. Minnesota Statutes 2022, section 550.39, is amended to read:

550.39 EXEMPTION OF INSURANCE POLICIES.

The net amount payable to any insured or to any beneficiary under any policy of accident or disability insurance or under accident or disability clauses attached to any policy of life insurance shall be exempt and free and clear from the claims of all creditors of such insured or such beneficiary and from all legal and judicial processes of execution, attachment, garnishment, or otherwise, up to a total amount of $1,000,000 per claim and subsequent award.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 96. Minnesota Statutes 2022, section 571.72, subdivision 6, is amended to read:

Subd. 6. **Bad faith claim.** If, in a proceeding brought under subdivision 9, section 571.91, or a similar proceeding under this chapter to determine a claim of exemption, the claim of exemption is not upheld, and the court finds that it was asserted in bad faith, the creditor shall be awarded actual damages, costs, reasonable attorney fees resulting from the additional proceedings, and an amount not to exceed $100. If the claim of exemption is upheld, and the court finds that the creditor disregarded the claim of exemption in bad faith, the debtor shall be awarded actual damages, costs, reasonable attorney fees resulting from the additional proceedings, and an amount not to exceed $100. The underlying judgment shall be modified to reflect assessment of damages, costs, and attorney fees. However, if the party in whose favor a penalty assessment is made is not actually indebted to that party's attorney for fees, the attorney's fee award shall be made directly to the attorney and if not paid an appropriate judgment in favor of the attorney shall be entered.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 97. Minnesota Statutes 2022, section 571.72, subdivision 9, is amended to read:

Subd. 9. **Motion to determine objections.** (a) This subdivision applies to all garnishment proceedings governed by this chapter. An objection regarding a garnishment must be interposed as provided in section 571.914, subdivision 1, in the form provided under section 571.914, subdivision 2.

(b) Upon motion of any party in interest, on notice, the court shall determine the validity of any claim of exemption and may make any order necessary to protect the rights of those interested.

(c) Upon receipt of a claim of exemption by the debtor, the creditor must, within six business days of the receipt of the exemption claim, either return any of the debtor's funds released by the garnishee and held by the creditor or interpose an objection. An objection must be interposed by:

(1) in the district court that issued the judgment, filing the Notice of Objection and requesting a hearing; and

(2) mailing or delivering one copy of the Notice of Objection and Notice of Hearing to the garnishee and one copy of the Notice of Objection and Notice of Hearing to the debtor.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 98. Minnesota Statutes 2022, section 571.914, subdivision 1, is amended to read:

Subdivision 1. **Objections and request for hearing.** ~~An objection shall be interposed, within six business days of receipt by the creditor of an exemption claim from the debtor, by mailing or delivering one copy of the Notice of Objection and Notice of Hearing to the financial institution and one copy of the Notice of Objection and Notice of Hearing to the debtor.~~

(a) The Notice of Objection and Notice of Hearing form must be substantially in the form set out in subdivision 2.

(b) The court administrator may charge a fee of $1 for the filing of a Notice of Objection and Notice of Hearing. Upon the filing of a Notice of Objection and Notice of Hearing, the court administrator shall schedule the matter for hearing no sooner than five business days but no later than seven business days from the date of filing. A debtor may request continuance of the hearing by notifying the creditor and the court. The court shall schedule the continued hearing within seven days of the original hearing date.

(c) An order stating whether the debtor's funds are exempt shall be issued by the court within three days of the date of the hearing.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 99. Minnesota Statutes 2022, section 571.92, is amended to read:

571.92 GARNISHMENT OF EARNINGS.

Sections 571.921 to 571.926 relate to the garnishment of earnings. The exemptions available under section 550.37 apply to the garnishment of earnings if the debtor is a resident of Minnesota and the debtor's place of employment is in Minnesota, regardless of where the employer is domiciled. For the purposes of this section, "place of employment" means the location where an employee earns wages.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 100. Minnesota Statutes 2022, section 571.921, is amended to read:

571.921 DEFINITIONS.

For purposes of sections 571.921 to ~~571.926~~ 571.927, the following terms have the meanings given them:

(a) "Earnings" means:

(1) compensation paid or payable to an employee, independent contractor, or self-employed person for personal service whether denominated as wages, salary, commissions, bonus, payments, profit-sharing distribution, severance payment, fees, or otherwise, and includes periodic payments pursuant to a pension or retirement program;

(2) compensation paid or payable to the producer for the sale of agricultural products; livestock or livestock products; milk or milk products; or fruit or other horticultural products produced when the producer is operating a family farm, a family farm corporation, or an authorized farm corporation, as defined in section 500.24, subdivision 2; or

(3) maintenance as defined in section 518.003, subdivision 3a.

(b) "Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of amounts required by law to be withheld.

(c) "Employee" means an individual ~~who performs services subject to the right of the employer to control both what is done and how it is done.~~, whether currently or formerly employed, who is owed earnings and who is treated by an employer as an employee for federal employment tax purposes.

(d) "Employer" means a person ~~for whom an individual performs services as an employee~~ who owes or will owe earnings to an employee or independent contractor.

(e) "Independent contractor" means an individual who (1) receives or is owed earnings from an employer through periodic payments, and (2) is not treated by the employer as an employee for federal employment tax purposes.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 101. Minnesota Statutes 2022, section 571.922, is amended to read:

571.922 LIMITATION ON WAGE GARNISHMENT.

(a) Unless the judgment is for child support, the maximum part of the aggregate disposable earnings of an individual for any pay period subjected to garnishment may not exceed the lesser of:

(1) 25 percent of the debtor's disposable earnings, if the debtor's weekly income exceeds 80 times the greater of the hourly wage described in paragraph (b); ~~or~~

(2) 15 percent of the debtor's disposable earnings, if the debtor's weekly income exceeds 60 times, but is less than or equal to 80 times, the greater of the hourly wages described in paragraph (b); or

(3) ten percent of the debtor's disposable earnings, if the debtor's weekly income exceeds 40 times, but is less than or equal to 60 times, the greater of the hourly wages described in paragraph (b).

(b) The amount by which the debtor's disposable earnings exceed the greater of:

(i) 40 times the hourly wage described in section 177.24, subdivision 1, paragraph (b), clause (1), item (iii); or

(ii) 40 times the federal minimum hourly wages prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938, United States Code, title 29, section 206(a)(1). The calculation of the amount that is subject to garnishment must be based on the hourly wage in effect at the time the earnings are payable, times the number of work weeks in the pay period. When a pay period consists of other than a whole number of work weeks, each day of that pay period in excess of the number of completed work weeks shall be counted as a fraction of a work week equal to the number of excess workdays divided by the number of days in the normal work week.

~~(b)~~ (c) If the judgment is for child support, the garnishment may not exceed:

(1) 50 percent of the judgment debtor's disposable income, if the judgment debtor is supporting a spouse or dependent child and the judgment is 12 weeks old or less (12 weeks to be calculated to the beginning of the work week in which the execution levy is received);

(2) 55 percent of the judgment debtor's disposable income, if the judgment debtor is supporting a spouse or dependent child, and the judgment is over 12 weeks old (12 weeks to be calculated to the beginning of the work week in which the garnishment summons is received);

(3) 60 percent of the judgment debtor's disposable income, if the judgment debtor is not supporting a spouse or dependent child and the judgment is 12 weeks old or less (12 weeks to be calculated to the beginning of the work week in which the execution levy is received); or

(4) 65 percent of the judgment debtor's disposable income, if the judgment debtor is not supporting a spouse or dependent child, and the judgment is over 12 weeks old (12 weeks to be calculated to the beginning of the work week in which the garnishment summons is received).

Wage garnishments on judgments for child support are effective until the judgments are satisfied if the judgment creditor is a county and the employer is notified by the county when the judgment is satisfied.

~~(c)~~ (d) No court may make, execute, or enforce an order or any process in violation of this section.

EFFECTIVE DATE. This section is effective April 1, 2025, and applies to causes of action commenced on or after that date.

Sec. 102. Minnesota Statutes 2022, section 571.927, is amended to read:

571.927 PENALTY FOR RETALIATION FOR GARNISHMENT.

Subdivision 1. **Prohibition.** An employer shall not discharge or otherwise discipline an employee or independent contractor as a result of an earnings garnishment authorized by this chapter.

Subd. 2. **Remedy.** If an employer violates this section, a court may order the reinstatement of an aggrieved party who demonstrates a violation of this section, and other relief the court considers appropriate. The aggrieved party may bring a civil action within 90 days of the date of the prohibited action. If an employer-employee or employer-independent contractor relationship existed before the violation of this

section, the employee or independent contractor shall recover twice the ~~wages~~ earnings lost as a result of this violation.

Subd. 3. **Nonwaiver.** The rights guaranteed by this section may not be waived or altered by ~~employment~~ contract.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 103. **GARNISHMENT FORMS REVISION.**

(a) The attorney general must review and make recommendations to revise into plain language, and ensure comportment with the law, the notices and forms found in Minnesota Statutes, sections 571.72, subdivisions 8 and 10; 571.74; 571.75, subdivision 2; 571.912; and 571.925.

(b) The attorney general must review and determine whether the forms contained in Minnesota Statutes, sections 571.711; 571.914, subdivision 2; 571.931, subdivision 6; and 571.932, subdivision 2, should be revised (1) into a more easily readable and understandable format, and (2) to ensure comportment with law. If the attorney general determines the forms should be revised, the attorney general must make recommendations for legislative revisions to the forms.

(c) The recommendations made under paragraphs (a) and (b) must include proposals to (1) explain in simple terms the meaning of garnishment in any form that uses the term garnishment, and (2) prominently place on forms the name, telephone number, and email address of the creditor.

(d) When developing the recommendations, the attorney general must consult with the Center for Plain Language and other plain language experts the attorney general may identify, and must obtain approval from affected business and consumer groups, including but not limited to:

(1) the Minnesota Creditors' Rights Association;

(2) the Great Lakes Credit and Collections Association;

(3) the Minnesota Bankers' Association;

(4) the Minnesota Credit Union Network;

(5) BankIn Minnesota;

(6) Mid-Minnesota Legal Aid;

(7) the Minnesota chapter of the National Association of Consumer Advocates;

(8) the Minnesota chapter of the National Association of Consumer Bankruptcy Attorneys;

(9) Lutheran Social Services; and

(10) Family Means.

(e) For the purposes of this section, "plain language" means communication in which the wording, structure, and design are so clear that the intended reader can easily: (1) find what the reader needs; (2) understand what the reader needs; and (3) use what the reader finds to meet the reader's needs.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 104. **REPEALER.**

(a) Minnesota Statutes 2022, sections 45.014; 82B.25; 239.791, subdivision 3; and 325G.25, subdivision 1a, are repealed.

(b) Minnesota Statutes 2023 Supplement, sections 53B.58; and 332.71, subdivision 8, are repealed.

(c) Minnesota Statutes 2022, section 82B.25, is repealed.

EFFECTIVE DATE. Paragraph (c) is effective January 1, 2026.

ARTICLE 4

TELECOMMUNICATIONS POLICY

Section 1. Minnesota Statutes 2022, section 237.121, is amended to read:

237.121 PROHIBITED PRACTICES.

(a) A telephone company or telecommunications carrier may not do any of the following with respect to services regulated by the commission:

(1) upon request, fail to disclose in a timely and uniform manner information necessary for the design of equipment and services that will meet the specifications for interconnection;

(2) intentionally impair the speed, quality, or efficiency of services, products, or facilities offered to a consumer under a tariff, contract, or price list;

(3) fail to provide a service, product, or facility to a consumer other than a telephone company or telecommunications carrier in accordance with its applicable tariffs, price lists, or contracts and with the commission's rules and orders;

(4) refuse to provide a service, product, or facility to a telephone company or telecommunications carrier in accordance with its applicable tariffs, price lists, or contracts and with the commission's rules and orders;

(5) impose unreasonable or discriminatory restrictions on the resale of its services, provided that:

(i) it may require that residential service may not be resold as a different class of service; and

(ii) the commission may prohibit resale of services it has approved for provision for not-for-profit entities at rates less than those offered to the general public; ~~or~~

(6) provide telephone service to a person acting as a telephone company or telecommunications carrier if the commission has ordered the telephone company or telecommunications carrier to discontinue service to that person~~.~~; or

(7) upon cancellation of telecommunications service, refuse to provide a prorated refund of payment made in advance by a customer.

(b) A telephone company or telecommunications carrier may not violate a provision of sections 325F.692 and 325F.693, with regard to any of the services provided by the company or carrier.

Sec. 2. Minnesota Statutes 2022, section 237.19, is amended to read:

237.19 MUNICIPAL TELECOMMUNICATIONS SERVICES.

(a) Any municipality shall have the right to own and operate a telephone exchange within its own borders, subject to the provisions of this chapter. It may construct such plant, or purchase an existing plant by agreement with the owner, or where it cannot agree with the owner on price, it may acquire an existing plant by condemnation~~, as hereinafter provided, but in no case shall a municipality construct or purchase such a plant or proceed to acquire an existing plant by condemnation until such action by it is authorized by a majority of the electors voting upon the proposition at a general election or a special election called for that purpose, and if the proposal is to construct a new exchange where an exchange already exists, it shall not be authorized to do so unless 65 percent of those voting thereon vote in favor of the undertaking~~.

(b) A municipality that owns and operates a telephone exchange may enter into a joint venture as a partner or shareholder with a telecommunications organization to provide telecommunications services within its service area.

(c) A municipality may acquire an existing plant through condemnation only if:

(1) a provider of telephone service ceases to offer telephone service and no other provider offering telephone service is available; and

(2) absent a condemnation process under this section, public safety would be negatively impacted or 911 service would become unreliable, as determined by the commission.

(d) A municipality is prohibited from using the municipality's condemnation authority under this section to intervene in the transfer or sale of a telecommunications service provider's assets.

(e) A condemnation process undertaken under this section must apply to all customers within the existing telephone exchange.

Sec. 3. **[325F.6945] INTERNET SERVICE PROVIDERS; PROHIBITED ACTIONS.**

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

(b) "Broadband Internet access service" means:

(1) a mass-market retail service by wire or radio that provides the capability, including any capability that is incidental to and enables the operation of the communications service, to transmit data to and receive data from all or substantially all Internet endpoints;

(2) any service that provides a functional equivalent of the service described in clause (1); or

(3) any service that is used to evade the protections established under this section.

Broadband Internet access service includes a service that serves end users at fixed endpoints using stationary equipment or end users using mobile stations, but does not include dial-up Internet access service.

(c) "Edge provider" means any person or entity that provides:

(1) any content, application, or service over the Internet; or

(2) a device used to access any content, application, or service over the Internet.

Edge provider does not include a person or entity providing obscene material, as defined in section 617.241.

(d) "Impairing or degrading lawful Internet traffic on the basis of Internet content, application, or service, or use of a nonharmful device" means impairing or degrading any of the following:

(1) particular content, applications, or services;

(2) particular classes of content, applications, or services;

(3) lawful Internet traffic to particular nonharmful devices; or

(4) lawful Internet traffic to particular classes of nonharmful devices.

Impairing or degrading lawful Internet traffic on the basis of Internet content, application, or service, or use of a nonharmful device includes, without limitation, differentiating positively or negatively between any of the following:

(i) particular content, applications, or services;

(ii) particular classes of content, applications, or services;

(iii) lawful Internet traffic to particular nonharmful devices; or

(iv) lawful Internet traffic to particular classes of nonharmful devices.

(e) "Internet service provider" means a business that provides broadband Internet access service to a customer in Minnesota.

(f) "Paid prioritization" means the management of an Internet service provider's network to directly or indirectly favor some traffic over other traffic:

(1) in exchange for monetary or other consideration from a third party; or

(2) to benefit an affiliated entity.

(g) "Reasonable network management" means a network management practice that has a primarily technical network-management justification, but does not include other business practices, which is reasonable if the practice is primarily used for and tailored to achieving a legitimate network-management purpose, taking into account the particular network architecture and technology of the broadband Internet access service.

(h) "Zero-rating" means exempting some Internet traffic from a customer's data usage allowance.

Subd. 2. **Prohibited actions.** An Internet service provider is prohibited from engaging in any of the following activities with respect to any of the Internet service provider's Minnesota customers:

(1) subject to reasonable network management, blocking lawful content, applications, services, or nonharmful devices;

(2) subject to reasonable network management, impairing, impeding, or degrading lawful Internet traffic on the basis of (i) Internet content, application, or service, or (ii) use of a nonharmful device;

(3) engaging in paid prioritization;

(4) unreasonably interfering with or unreasonably disadvantaging:

(i) a customer's ability to select, access, and use broadband Internet service or lawful Internet content, applications, services, or devices of the customer's choice; or

(ii) an edge provider's ability to provide lawful Internet content, applications, services, or devices to a customer.

Reasonable network management is not a violation of this clause;

(5) engaging in deceptive or misleading marketing practices that misrepresent the treatment of Internet traffic or content;

(6) engaging in zero-rating in exchange for consideration, monetary or otherwise, from a third party; or

(7) zero-rating some Internet content, applications, services, or devices in a category of Internet content, applications, services, or devices, but not the entire category.

Subd. 3. **Exceptions.** This section does not apply to software or applications sponsored by the federal government, a state government, or a federally recognized Tribal government when the Internet service provider allows an advantage to customers for free or improved access, or data for access to government services and programs.

Subd. 4. **Other laws.** This section does not: (1) supersede any obligation or authorization an Internet service provider may have to address the needs of emergency communications or law enforcement, public safety, or national security authorities, consistent with or as permitted by applicable law; or (2) limit the provider's ability to meet, address, or comply with the needs identified in clause (1).

Subd. 5. **Enforcement.** A violation of subdivision 2 may be enforced by the commissioner of commerce under section 45.027. The venue for enforcement proceedings is Ramsey County.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 429.021, subdivision 1, is amended to read:

Subdivision 1. **Improvements authorized.** The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water, or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend, and maintain steam heating mains.

(4) To install, replace, extend, and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care, and removal.

(8) To abate nuisances and to drain swamps, marshes, and ponds on public or private property and to fill the same.

(9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

(10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

(11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and promote a pedestrian skyway system. Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.

(12) To acquire, construct, reconstruct, extend, operate, maintain, and promote underground pedestrian concourses.

(13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public malls, plazas or courtyards.

(14) To construct, reconstruct, extend, and maintain district heating systems.

(15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.

(16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway sound barriers.

(17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution facilities owned by a municipal gas or electric utility.

(18) To purchase, install, and maintain signs, posts, and other markers for addressing related to the operation of enhanced 911 telephone service.

(19) To improve, construct, extend, and maintain facilities for Internet access and other communications purposes, ~~if the council finds that:~~ provided that the municipality must:

~~(i) the facilities are necessary to make available Internet access or other communications services that are not and will not be available through other providers or the private market in the reasonably foreseeable future; and~~

~~(ii) the service to be provided by the facilities will not compete with service provided by private entities.~~

(i) not discriminate in favor of the municipality's own communications facilities by granting the municipality more favorable or less burdensome terms and conditions than a nonmunicipal service provider with respect to: (A) access and use of public rights-of-way; (B) access and use of municipally owned or controlled conduit, towers, and utility poles; and (C) permitting fees charged to access municipally owned and managed facilities;

(ii) maintain separation between the municipality's role as a regulator over firms that offer services in competition with the services offered by the municipality over the municipality's communications service facilities, and the municipality's role as a competitive provider of services over the municipality's communications service facilities; and

(iii) not share inside information between employees or contractors responsible for executing the municipality's role as a regulator over firms that offer communications services in competition with the communication services offered by the municipality, and employees or contractors responsible for executing the municipality's role as a competitive communications services provider.

(20) To assess affected property owners for all or a portion of the costs agreed to with an electric utility, telecommunications carrier, or cable system operator to bury or alter a new or existing distribution system within the public right-of-way that exceeds the utility's design and construction standards, or those set by law, tariff, or franchise, but only upon petition under section 429.031, subdivision 3.

(21) To assess affected property owners for repayment of voluntary energy improvement financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

(22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy improvement projects in existing buildings, provided that:

(i) a petition for the improvement is made by a property owner under section 429.031, subdivision 3;

(ii) the municipality funds and administers the energy improvement project;

(iii) project funds are only used for the installation of improvements to heating, ventilation, and air conditioning equipment and building envelope and for the installation of renewable energy systems;

(iv) each property owner petitioning for the improvement receives notice that free or low-cost energy improvements may be available under federal, state, or utility programs;

(v) for energy improvement projects on residential property, only residential property having five or more units may obtain financing for projects under this clause; and

(vi) prior to financing an energy improvement project or imposing an assessment for a project, written notice is provided to the mortgage lender of any mortgage encumbering or otherwise secured by the property proposed to be improved.

ARTICLE 5

LIQUOR

Section 1. Minnesota Statutes 2022, section 340A.101, subdivision 13, is amended to read:

Subd. 13. **Hotel.** "Hotel" is an establishment where food and lodging are regularly furnished to transients and which has:

(1) a dining room serving the general public at tables and having facilities for seating at least 30 guests at one time; ~~and~~ or

(2) guest rooms in the following minimum numbers: in first class cities, 50; in second class cities, ~~25~~ 15; in all other cities and unincorporated areas, 10.

Sec. 2. Minnesota Statutes 2022, section 340A.404, subdivision 1, is amended to read:

Subdivision 1. **Cities.** (a) A city may issue an on-sale intoxicating liquor license to the following establishments located within its jurisdiction:

(1) hotels;

(2) restaurants;

(3) bowling centers;

(4) clubs or congressionally chartered veterans organizations with the approval of the commissioner, provided that the organization has been in existence for at least three years and liquor sales will only be to members and bona fide guests, except that a club may permit the general public to participate in a wine tasting conducted at the club under section 340A.419;

(5) sports facilities, restaurants, clubs, or bars located on land owned or leased by the Minnesota Sports Facilities Authority;

(6) sports facilities located on land owned by the Metropolitan Sports Commission;

(7) exclusive liquor stores; and

(8) resorts as defined in section 157.15, subdivision 11.

(b) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a theater within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the theater.

(c) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a convention center within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the convention center. This paragraph does not apply to convention centers located in the seven-county metropolitan area.

(d) A municipality may issue an on-sale wine license and an on-sale malt liquor license to a person who is the owner of a summer collegiate league baseball team or baseball team competing in a league established by the Minnesota Baseball Association, or to a person holding a concessions or management contract with the owner, for beverage sales at a ballpark or stadium located within the municipality for the purposes of summer collegiate league baseball games, town ball games, and any other events at the ballpark or stadium, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending baseball games and any other events at the ballpark or stadium.

(e) A municipality may issue an on-sale malt liquor license to a resort as defined in section 157.15, subdivision 11, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons staying at the resort and their guests.

Sec. 3. Minnesota Statutes 2022, section 340A.404, subdivision 2, is amended to read:

Subd. 2. **Special provision; city of Minneapolis.** (a) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the Orpheum Theatre, the State Theatre, and the Historic Pantages Theatre, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for performances presented by the theaters and to members of the nonprofit corporations holding the licenses and to their guests.

(b) The city of Minneapolis may issue an intoxicating liquor license to 510 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter provision.

(c) The city of Minneapolis may issue an on-sale intoxicating liquor license to Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540 Park Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(d) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Association of University Women, Minneapolis branch, for use on the premises owned by the American Association of University Women, Minneapolis branch, at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provisions relating to zoning or school or church distances.

(e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

(f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue South, the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue South, the Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring Playhouse located at 1633 Hennepin Avenue South, the Jungle Theater located at 2951 Lyndale Avenue South, Brave New Institute located at 2605 Hennepin Avenue South, the Guthrie Lab located at 700 North First Street, and the Southern Theatre located at 1420 Washington Avenue South, notwithstanding any law or local ordinance or charter provision. The license authorizes sales on all days of the week.

(g) The city of Minneapolis may issue an on-sale intoxicating liquor license to University Gateway Corporation, a Minnesota nonprofit corporation, for use by a restaurant or catering operator at the building owned and operated by the University Gateway Corporation on the University of Minnesota campus, notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

(h) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Walker Art Center's concessionaire or operator, for a restaurant and catering operator on the premises of the Walker Art Center, notwithstanding limitations of law, or local ordinance or charter provisions. The license authorizes sales on all days of the week.

(i) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater's concessionaire or operator for a restaurant and catering operator on the premises of the Guthrie Theater, notwithstanding limitations of law, local ordinance, or charter provisions. The license authorizes sales on all days of the week.

(j) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Minnesota Book and Literary Arts Building, Inc.'s concessionaire or operator for a restaurant and catering operator on the premises of the Minnesota Book and Literary Arts Building, Inc. (dba Open Book), notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

(k) The city of Minneapolis may issue an on-sale intoxicating liquor license to a restaurant located at 5411 Penn Avenue South, notwithstanding any law or local ordinance or charter provision.

(l) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Museum of Russian Art's concessionaire or operator for a restaurant and catering operator on the premises of the Museum of Russian Art located at 5500 Stevens Avenue South, notwithstanding any law or local ordinance or charter provision.

(m) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Swedish Institute or to its concessionaire or operator for use on the premises owned by the American Swedish Institute at 2600 Park Avenue South, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(n) Notwithstanding any other law, local ordinance, or charter provision, the city of Minneapolis may issue one or more on-sale intoxicating liquor licenses to the Minneapolis Society of Fine Arts (dba Minneapolis Institute of Arts), or to an entity holding a concessions or catering contract with the Minneapolis Institute of Arts for use on the premises of the Minneapolis Institute of Arts. The licenses authorized by this subdivision may be issued for space that is not compact and contiguous, provided that all such space is included in the description of the licensed premises on the approved license application. The licenses authorize sales on all days of the week.

(o) The city of Minneapolis may issue an on-sale intoxicating liquor license to Norway House or to its concessionaire or operator for use on the premises owned by Norway House at 913 East Franklin Avenue, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(p) Notwithstanding any other law, including section 340A.504, subdivision 3, relating to seating requirements, local ordinance, or charter provision, the city of Minneapolis may issue one or more on-sale intoxicating liquor licenses to any entity holding a concessions or catering contract with the Minneapolis Park and Recreation Board for use on ~~the~~ Minneapolis Park and Recreation Board premises ~~of the Downtown Commons Park, the Minneapolis Sculpture Garden, or at Boom Island Park~~. The licenses authorized by this subdivision may be used for space specified within the park property, provided all such space is included in the description of the licensed premises on the approved license application. The licenses authorize sales on the dates on the approved license application.

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

Sec. 4. Minnesota Statutes 2022, section 340A.404, subdivision 6, is amended to read:

Subd. 6. **Counties.** (a) A county board may issue an annual on-sale intoxicating liquor license within the area of the county that is unorganized or unincorporated to a bowling center, restaurant, club, hotel, or resort as defined in section 157.15, subdivision 11, with the approval of the commissioner.

(b) A county board may also with the approval of the commissioner issue up to ten seasonal on-sale licenses to restaurants and clubs for the sale of intoxicating liquor within the area of the county that is unorganized or unincorporated. Notwithstanding section 340A.412, subdivision 8, a seasonal license is valid for a period specified by the board, not to exceed nine months. Not more than one license may be issued for any one premises during any consecutive 12-month period.

(c) A county board may issue an annual on-sale malt liquor license to a resort as defined in section 157.15, subdivision 11, within the area of the county that is unorganized or unincorporated, notwithstanding any law or local ordinance. A license issued under this paragraph authorizes sales on all days of the week to persons staying at the resort and their guests.

Sec. 5. Laws 2022, chapter 86, article 2, section 3, is amended to read:

Sec. 3. **CITY OF ST. PAUL; LICENSE AUTHORIZED.**

Notwithstanding Minnesota Statutes, section 340A.412, subdivision 4, the city of St. Paul may issue a temporary on-sale malt liquor license to the Thai Cultural Council of Minnesota or to a person or entity holding a concessions contract with the Thai Cultural Council of Minnesota. The license may authorize the sale of malt liquor on the grounds of the State Capitol for both days of the Minnesota Songkran Festival. All provisions of Minnesota Statutes, section 340A.404, subdivision 10, not inconsistent with this section, apply to the license authorized by this section.

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

Sec. 6. Laws 2022, chapter 86, article 2, section 5, is amended to read:

Sec. 5. ~~**CITY OF ANOKA; SPECIAL LICENSE**~~ **SOCIAL DISTRICT LICENSE; CITIES OF ANOKA, SHAKOPEE, AND STILLWATER.**

Subdivision 1. **Social district; consumption allowed.** The ~~city of Anoka~~ cities of Anoka, Shakopee, and Stillwater may issue a social district license to any holder of an on-sale license whose on-sale premises is contiguous with the premises of the social district designated in subdivision 2. The license authorizes consumption, but not sales or service, of alcoholic beverages sold by the on-sale licensee within the social district.

Subd. 2. **Designation of social district.** (a) Prior to issuing the license in subdivision 1, the city ~~of Anoka~~ must designate and describe the premises of the social district. The district may not include any area under the ownership or control of a person that objects to the extension of the social district to that area.

(b) The designation must include the specific premises where consumption of alcoholic beverages is allowed and also include the proposed hours and days in which consumption of alcoholic beverages is allowed in the social district. The city ~~of Anoka~~ must adopt the designation by ordinance prior to issuing the license in subdivision 1.

Subd. 3. **Boundaries clearly defined.** The social district must be clearly defined with signs posted in a conspicuous location indicating the area included in the social district and the days and hours during which alcoholic beverages may be consumed in the district. In addition, signs must include:

(1) the local law enforcement agency with jurisdiction over the area comprising the social district; and

(2) a clear statement that an alcoholic beverage purchased for consumption in the social district shall:

(i) only be consumed in the social district; and

(ii) be disposed of before the person in possession of the alcoholic beverage exits the social district unless the person is reentering the licensed premises where the alcoholic beverage was purchased.

Subd. 4. **Management and maintenance.** The city ~~of Anoka~~ must establish management and maintenance plans for the social district and post these plans, along with a rendering of the boundaries of the social district and days and hours during which alcoholic beverages may be consumed in the district, on the website for the city ~~of Anoka~~. The social district must be maintained in a manner that protects the health and safety of the general public.

Subd. 5. **Requirements for on-sale licensees.** An on-sale licensee holding a social district license may only sell and serve alcoholic beverages on the premises specified in the licensee's on-sale license. The licensee must not allow a person to enter or reenter its on-sale licensed premises with an alcoholic beverage not sold by the on-sale licensee. Sales for consumption in the social district must meet the following container requirements:

(1) the container clearly identifies the on-sale licensee from which the alcoholic beverage was purchased;

(2) the container clearly displays a logo or some other mark that is unique to the social district in which it will be consumed;

(3) the container is not comprised of glass;

(4) the container displays, in no less than 12-point font, the statement, "Drink Responsibly - Be 21."; and

(5) the container shall not hold more than 16 fluid ounces.

Subd. 6. **Additional social district requirements.** The possession and consumption of an alcoholic beverage in a social district is subject to all of the following requirements:

(1) only alcoholic beverages purchased from an on sale-licensee holding a social district license located in or contiguous to the social district may be possessed and consumed in the district;

(2) alcoholic beverages shall only be in containers meeting the requirements set forth in subdivision 5;

(3) alcoholic beverages shall only be possessed and consumed during the days and hours set by the city ~~of Anoka~~ as specified in subdivision 2; and

(4) a person shall dispose of any alcoholic beverage in the person's possession prior to exiting the social district unless the person is reentering the on-sale licensed premises where the alcoholic beverage was purchased.

Subd. 7. **Report required.** Within 24 months from the first issuance of a social district license, the city of Anoka must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over liquor regulation. The report must include a discussion of the following subjects:

(1) the process used by the city in designating the social district;

(2) the community response to the social district, with a concentration on residents living and businesses operating within a one-mile radius of the district;

(3) the response to the social district from both on-sale licensees holding a social district license and not holding a social district license;

(4) the problems or challenges encountered in establishing and overseeing the social district and social district licenses;

(5) any public safety concerns that arose due to the operation of the social district;

(6) the benefits and drawbacks to the city of continuing the social district; and

(7) recommendations for modifications to the social district special law established in this section.

EFFECTIVE DATE. This section is effective after August 31, 2025, for each of the cities of Shakopee and Stillwater upon approval by each city council and compliance with Minnesota Statutes, section 645.021.

Sec. 7. **SPECIAL LIQUOR LAW; CITY OF LITCHFIELD.**

Notwithstanding Minnesota Statutes, section 624.701, the city of Litchfield may issue an on-sale license under Minnesota Statutes, section 340A.404, subdivision 1, paragraph (d), for sales at town ball games played at a ballpark on school grounds, provided that the board of Independent School District No. 465, Litchfield, adopts a resolution approving the issuance of the license. The provisions of Minnesota Statutes, section 624.701, do not apply to the school grounds or buildings for a license issued under this section.

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

Sec. 8. **SPECIAL LIQUOR LAW; CITY OF WATKINS.**

Notwithstanding Minnesota Statutes, section 624.701, the city of Watkins may issue an on-sale license under Minnesota Statutes, section 340A.404, subdivision 1, paragraph (d), for sales at town ball games played at a ballpark on school grounds, provided the board of Independent School District No. 463, Eden Valley-Watkins, adopts a resolution approving the issuance of the license. The provisions of Minnesota Statutes, section 624.701, do not apply to the school grounds or buildings for a license issued under this section.

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

Sec. 9. **SPORTS AND EVENT CENTER LICENSE; EAGAN.**

Notwithstanding Minnesota Statutes, chapter 340A, or any other local law or ordinance to the contrary, the city of Eagan may issue up to three on-sale intoxicating liquor licenses to the owner of a multiuse sports and event center located on property in the city of Eagan, legally described as Outlot A, Viking Lakes 3rd Addition, or as may be described hereafter due to subdivision or replatting, or to any facility operator, concessionaire, catering operator, or other third-party food and beverage vendor for the center under contract with the owner. A license issued under this section may be issued for a space that is not compact and contiguous, provided that the licensed premises shall only be the space described in the approved license. A license issued under this section authorizes sales on all days of the week. The provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to a license issued under this section.

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

ARTICLE 6

MEDICAL SUPPLEMENT IMPLEMENTATION DELAY

Section 1. Laws 2023, chapter 57, article 2, section 7, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Sec. 2. Laws 2023, chapter 57, article 2, section 8, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Sec. 3. Laws 2023, chapter 57, article 2, section 9, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Sec. 4. Laws 2023, chapter 57, article 2, section 10, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Sec. 5. Laws 2023, chapter 57, article 2, section 11, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Sec. 6. Laws 2023, chapter 57, article 2, section 12, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Sec. 7. Laws 2023, chapter 57, article 2, section 13, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Sec. 8. Laws 2023, chapter 57, article 2, section 14, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Sec. 9. Laws 2023, chapter 57, article 2, section 15, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2025~~ 2026, and applies to policies offered, issued, or renewed on or after that date.

Presented to the governor May 18, 2024

Signed by the governor May 21, 2024, 1:51 p.m.