

State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2770

03/12/2012 Authored by Wardlow and Lesch

The bill was read for the first time and referred to the Committee on Civil Law

03/20/2012 Adoption of Report: Pass and Read Second Time

A bill for an act

1.1 relating to legislative enactments; correcting erroneous, ambiguous, and
 1.2 omitted text and obsolete references; removing redundant, conflicting, and
 1.3 superseded provisions; making miscellaneous corrections to laws, statutes,
 1.4 and rules; amending Minnesota Statutes 2010, sections 5.25, subdivision 1;
 1.5 12A.04; 12A.08, subdivision 1; 12A.09, subdivision 2; 12A.10, subdivision
 1.6 1; 12A.12, subdivision 1; 13.383, subdivision 10; 13.6401, subdivision 2;
 1.7 13.716, subdivision 1; 13.7191, by adding subdivisions; 13.805, subdivision
 1.8 1; 60A.0811, subdivision 1; 62L.05, subdivision 13; 67A.40, subdivision
 1.9 1; 82B.195, subdivision 1; 124D.09, subdivision 16; 129D.01; 144.291,
 1.10 subdivision 2; 144A.01, subdivision 4; 145.883, subdivision 1; 145A.12,
 1.11 subdivision 7; 145A.131, subdivision 3; 148D.061; 148D.062, subdivision 4;
 1.12 148D.063, subdivision 2; 148E.100, subdivision 2a; 148E.105, subdivision 2a;
 1.13 148E.106, subdivision 2a; 148E.110, subdivision 1a; 148E.115, subdivision
 1.14 1a; 148E.130, subdivision 1a; 171.306, subdivision 7; 204B.04, subdivision 3;
 1.15 204B.07, subdivision 1; 204B.11, subdivision 2; 204B.13, subdivision 6; 205.02,
 1.16 subdivision 2; 205A.06, subdivision 1; 214.01, subdivision 2; 216B.1694,
 1.17 subdivision 2; 245.4835, subdivision 1; 256B.0625, subdivision 19c; 256B.0755,
 1.18 subdivision 1; 256B.094, subdivision 6; 256B.69, subdivision 20; 256B.75;
 1.19 256J.49, subdivision 4; 256L.12, subdivision 6; 270B.14, subdivision 11;
 1.20 273.1392; 282.08; 297I.06, subdivision 2; 298.018; 299L.03, subdivision 1;
 1.21 349.15, subdivision 2; 349.151, subdivisions 2, 4a; 349.166, subdivision 1;
 1.22 352.01, subdivision 11; 352D.05, subdivision 3; 353.46, subdivision 6; 390.32,
 1.23 subdivision 9; 609.131, subdivision 2; Minnesota Statutes 2011 Supplement,
 1.24 sections 12A.05, subdivision 1; 12A.06, subdivision 1; 12A.07, subdivision
 1.25 1; 60A.206, subdivision 3; 122A.41, subdivision 5; 123B.75, subdivision 5;
 1.26 124D.10, subdivision 15; 127A.441; 176.307; 256B.021, subdivision 4; 268.035,
 1.27 subdivision 29; 270C.991, subdivision 4; 297A.668, subdivision 7; 297A.70,
 1.28 subdivision 3; 297A.75, subdivision 1; 349.15, subdivision 1; 353.6511,
 1.29 subdivisions 2, 7; 353.667, subdivision 8; 353.668, subdivision 8; 402A.35,
 1.30 subdivision 4; 515B.1-102; 515B.3-105; 515B.3-1151; Laws 2011, First Special
 1.31 Session chapter 8, article 7, section 19; repealing Minnesota Statutes 2010,
 1.32 sections 62Q.10; 148C.04, subdivision 3; 326B.82, subdivision 1; Laws 2011,
 1.33 chapter 22, article 1, section 1; Laws 2011, First Special Session chapter 9, article
 1.34 6, section 87; Minnesota Rules, part 4604.0600, subpart 2.

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

2.1 **ARTICLE 1**2.2 **MISCELLANEOUS CORRECTIONS**

2.3 Section 1. Minnesota Statutes 2010, section 5.25, subdivision 1, is amended to read:

2.4 Subdivision 1. **Who may be served.** A process, notice, or demand required or
2.5 permitted by law to be served upon an entity governed by chapter 221, 302A, 303, 317A,
2.6 321, 322B, ~~323~~ 323A, 330, 540, or 543 may be served on: (1) the registered agent, if any;
2.7 (2) if no agent has been appointed then on an officer, manager, or general partner of the
2.8 entity; or (3) if no agent, officer, manager, or general partner can be found at the address
2.9 on file with the secretary of state, the secretary of state as provided in this section.

2.10 Sec. 2. Minnesota Statutes 2010, section 12A.04, is amended to read:

2.11 **12A.04 AGRICULTURE.**

2.12 The commissioner of agriculture may use state appropriations for disaster assistance.
2.13 The commissioner, in consultation with the chairs of the house of representatives and
2.14 senate committees with responsibility for agriculture finance, must develop eligibility
2.15 criteria to distribute disaster assistance to affected agricultural producers according to
2.16 need. Assistance may be provided for, but is not limited to, the following: livestock
2.17 investment grants, organic certification assistance, forage production loss offsets for
2.18 livestock producers, no-interest disaster recovery loans, other costs related to the disaster,
2.19 and mental health counseling support to farm families and business operators through farm
2.20 business management programs. To be eligible for disaster assistance under this section, a
2.21 producer must operate an agricultural operation in the disaster area.

2.22 Sec. 3. Minnesota Statutes 2011 Supplement, section 12A.05, subdivision 1, is
2.23 amended to read:

2.24 Subdivision 1. **Reinvest in Minnesota (RIM) conservation easements.** The Board
2.25 of Water and Soil Resources (board) may use appropriations to acquire easements from
2.26 landowners on marginal or damaged lands in the disaster area to provide flood attenuation,
2.27 to restore and protect soil and water resources, and to support related fish and wildlife
2.28 habitat as provided in section 103F.515.

2.29 The board may use appropriations, as provided in law, to implement the program.

2.30 Sec. 4. Minnesota Statutes 2011 Supplement, section 12A.06, subdivision 1, is
2.31 amended to read:

3.1 Subdivision 1. **Disaster enrollment impact aid.** As used in this section,
 3.2 "commissioner" means the commissioner of education. The commissioner may pay
 3.3 disaster enrollment impact aid to a school district in an amount set in law times the number
 3.4 of adjusted pupil units lost as a result of the disaster. An eligible district must provide to
 3.5 the commissioner documentation of the number of pupils in average daily membership
 3.6 lost by grade level as a result of the disaster.

3.7 Sec. 5. Minnesota Statutes 2011 Supplement, section 12A.07, subdivision 1, is
 3.8 amended to read:

3.9 Subdivision 1. **Minnesota investment fund.** As used in this section,
 3.10 "commissioner" means the commissioner of employment and economic development. The
 3.11 commissioner may use state appropriations for grants to local units of government for
 3.12 locally administered grants or loan programs as provided in this section for assistance to
 3.13 eligible organizations directly and adversely affected by the disaster. Funds may be used
 3.14 only to address physical damage to buildings and such personal property as machinery,
 3.15 equipment, fixtures, and furniture. A loan may not duplicate or replace equivalent
 3.16 assistance available from insurance, other organizations, or government agencies.

3.17 Sec. 6. Minnesota Statutes 2010, section 12A.08, subdivision 1, is amended to read:

3.18 Subdivision 1. **Commissioner responsibilities.** As used in this section,
 3.19 "commissioner" means the commissioner of health. In disaster-affected communities, the
 3.20 commissioner may provide for necessary assessment and evaluation of the following:
 3.21 access to health care; mental health concerns and needs; infectious disease concerns;
 3.22 indoor environments of public and nonprofit buildings and facilities including nursing
 3.23 homes and mass care facilities; food safety, lodging and shelter; public swimming pools;
 3.24 community and other drinking water systems; and private drinking water supply wells.

3.25 Sec. 7. Minnesota Statutes 2010, section 12A.09, subdivision 2, is amended to read:

3.26 Subd. 2. **Assistance.** Within the limits of state appropriations, assistance is provided
 3.27 to homeowners and rental property owners as forgivable loans up to a maximum set in
 3.28 law. Loans may be used for capital improvements to housing damaged by the disaster,
 3.29 including rehabilitation, replacement on the owner's site, or replacement on a different
 3.30 site within the disaster area. Loans are forgiven for owner-occupied housing if the home
 3.31 remains the borrower's primary residence for a period of time determined by the housing
 3.32 finance agency to encourage continued residence in the community after the date of the
 3.33 loan. Loans are forgiven for rental properties if the rents remain affordable to the local

4.1 work force for at least ten years after the date of the loan. The housing finance agency
4.2 may set income limits in excess of the limits established in section 462A.33, subdivision
4.3 5. Eligible applicants for assistance under this subdivision must apply for and accept
4.4 assistance from federal programs.

4.5 Sec. 8. Minnesota Statutes 2010, section 12A.10, subdivision 1, is amended to read:

4.6 Subdivision 1. **Costs eligible for payment.** As used in this section, "commissioner"
4.7 means the commissioner of human services. Notwithstanding the limitations of section
4.8 12A.01 and the requirement in section 12A.03 that all appropriations must be used to assist
4.9 with recovery, the commissioner may pay parties under contract, provider agreement, or
4.10 other arrangement with the commissioner as of the date of a natural disaster, or the date
4.11 when action was taken in anticipation of a possible natural disaster or other event that
4.12 threatens the health and safety of individuals served by a program that receives funding
4.13 from medical assistance for the costs of evacuation, transportation, medical, remedial, or
4.14 personal care services provided to vulnerable residents. Costs eligible for payment under
4.15 this section are those necessary to ensure the health and safety of medical assistance
4.16 recipients during and up to 60 days following the disaster. Only costs that are not already
4.17 paid for by another source are eligible. The commissioner may make payments for
4.18 documented incremental costs incurred by a party, may determine an estimate of the
4.19 costs at the sole discretion of the commissioner, or may use a combination of these two
4.20 methods. If after receiving payment from the commissioner for a documented cost, the
4.21 provider is able to acquire payment from another source for that cost, the provider shall
4.22 reimburse the commissioner in the amount paid.

4.23 Sec. 9. Minnesota Statutes 2010, section 12A.12, subdivision 1, is amended to read:

4.24 Subdivision 1. **Facility and natural resource damage.** As used in this section,
4.25 "commissioner" means the commissioner of natural resources. The commissioner may use
4.26 state appropriations to rehabilitate and replace state facilities damaged by the disaster and
4.27 to restore natural resources in the disaster area.

4.28 Sec. 10. Minnesota Statutes 2010, section 60A.0811, subdivision 1, is amended to read:

4.29 Subdivision 1. **Definitions.** For purposes of this section:

4.30 (1) "insurance policy" means a commercial or professional insurance policy or
4.31 contract other than:

4.32 (i) a workers' compensation insurance policy or contract;

5.1 (ii) a health insurance policy or contract issued, executed, renewed, maintained, or
 5.2 delivered in this state by a health carrier as defined in section 62A.011, subdivision 2;

5.3 (iii) a life insurance or disability insurance policy or contract; or

5.4 (iv) a policy or contract issued by a township mutual fire insurance company ~~or~~
 5.5 ~~farmers mutual fire insurance company~~ operating under chapter 65A ~~or 67A~~;

5.6 (2) "insured" means any named insured, additional insured, or insured under an
 5.7 insurance policy; and

5.8 (3) "insurer" means an insurer:

5.9 (i) incorporated or organized in this state; or

5.10 (ii) admitted, authorized, or licensed to do business or doing business in this state but
 5.11 not incorporated or organized in this state. Insurer does not include the joint underwriting
 5.12 association operating under chapter 62F or 62I; or a township mutual fire insurance
 5.13 company ~~or farmers mutual fire insurance company~~ operating under chapter 65A ~~or 67A~~.

5.14 Sec. 11. Minnesota Statutes 2011 Supplement, section 60A.206, subdivision 3, is
 5.15 amended to read:

5.16 Subd. 3. **Standards to be met by insurers.** (a) The commissioner shall recognize
 5.17 the insurer as an eligible surplus lines insurer when satisfied that the insurer is in a stable,
 5.18 unimpaired financial condition and that the insurer is qualified to provide coverage in
 5.19 compliance with sections 60A.195 to 60A.209. If filed with full supporting documentation
 5.20 before July 1 of any year, applications submitted under subdivision 2 shall be acted upon
 5.21 by the commissioner before December 31 of the year of submission.

5.22 (b) The commissioner shall not authorize a foreign insurer as an eligible surplus
 5.23 lines insurer unless the insurer:

5.24 (1) is domiciled within a United States jurisdiction and authorized to write the type
 5.25 of insurance in its domiciliary jurisdiction; and

5.26 (2) ~~qualifies under one of the following items:~~

5.27 ~~(i)~~ has capital and surplus or its equivalent under the laws of its domiciliary
 5.28 jurisdiction which equals the greater of:

5.29 ~~(A)~~ (i) the minimum capital and surplus requirements under the laws of Minnesota;

5.30 or

5.31 ~~(B)~~ (ii) \$15,000,000; ~~or~~ .

5.32 ~~(ii)~~ The requirements of item (i) ~~(A)~~ may be satisfied by an insurer's possessing less
 5.33 than the minimum capital and surplus upon an affirmative finding of acceptability by the
 5.34 commissioner. The finding shall be based upon factors such as quality of management,
 5.35 capital and surplus of any parent company, company underwriting profit and investment

6.1 income trends, market availability, and company record and reputation within the industry.
 6.2 In no event shall the commissioner make an affirmative finding of acceptability when the
 6.3 surplus lines insurer's capital and surplus is less than \$4,500,000.

6.4 (c) Eligible surplus lines insurers domiciled within the United States shall file an
 6.5 annual statement and an annual financial audit, under the terms and conditions of section
 6.6 60A.13, subdivisions 1, 3a, and 6, and are subject to the penalties of section 72A.061,
 6.7 and are subject to section 60A.03, subdivision 5, in regard to those requirements. The
 6.8 commissioner also has the powers provided in section 60A.13, subdivision 2, in regard
 6.9 to eligible surplus lines insurers.

6.10 (d) Eligible surplus lines insurers domiciled outside the United States shall file
 6.11 an annual statement on the standard nonadmitted insurers information office financial
 6.12 reporting format as prescribed by the National Association of Insurance Commissioners
 6.13 and an annual financial audit performed by an independent accounting firm. The
 6.14 commissioner shall not prohibit a surplus lines broker from placing nonadmitted insurance
 6.15 with, or procuring nonadmitted insurance from, an alien insurer that is included on the
 6.16 Quarterly Listing of Alien Insurers maintained by the National Association of Insurance
 6.17 Commissioners International Insurers Department.

6.18 Sec. 12. Minnesota Statutes 2010, section 62L.05, subdivision 13, is amended to read:

6.19 Subd. 13. **Notice of plan availability.** Each health carrier in the small employer
 6.20 market must provide information to small employers regarding the availability of the plans
 6.21 described in subdivisions 2 and 3, and in section ~~62L.056~~ 62Q.188. At a minimum, each
 6.22 health carrier must provide information describing the plans and their availability:

6.23 (1) displayed with other small employer product information on the health carrier's
 6.24 public Web site; and

6.25 (2) delivered to each small employer currently insured by the health carrier at the
 6.26 time of the small employer's renewal, at the same time and in the same manner as the
 6.27 small employer's renewal information.

6.28 Sec. 13. Minnesota Statutes 2010, section 67A.40, subdivision 1, is amended to read:

6.29 Subdivision 1. **Organization and purpose.** Not less than six duly licensed township
 6.30 mutual fire insurance companies ~~or farmers mutual fire insurance companies~~ may organize
 6.31 a mutual association for the purpose of reinsuring any part or all of any risk or risks,
 6.32 written by any of the member companies.

6.33 Sec. 14. Minnesota Statutes 2010, section 82B.195, subdivision 1, is amended to read:

7.1 Subdivision 1. **Compliance with uniform standards of professional appraisal**
 7.2 **practice.** In addition to an act compelled or prohibited by this chapter, an appraiser
 7.3 must act according to the standards of professional appraisal practice defined in section
 7.4 82B.021, subdivision ~~3~~ 26.

7.5 Sec. 15. Minnesota Statutes 2011 Supplement, section 122A.41, subdivision 5, is
 7.6 amended to read:

7.7 Subd. 5. **Development, evaluation, and peer coaching for continuing contract**
 7.8 **teachers.** (a) To improve student learning and success, a school board and an exclusive
 7.9 representative of the teachers in the district, consistent with paragraph (b), may develop an
 7.10 annual teacher evaluation and peer review process for probationary and nonprobationary
 7.11 teachers through joint agreement. If a school board and the exclusive representative of
 7.12 the teachers in the district do not agree to an annual teacher evaluation and peer review
 7.13 process, then the school board and the exclusive representative of the teachers must
 7.14 implement the plan for evaluation and review developed under paragraph (c). The process
 7.15 must include having trained observers serve as peer coaches or having teachers participate
 7.16 in professional learning communities, consistent with paragraph (b).

7.17 (b) To develop, improve, and support qualified teachers and effective teaching
 7.18 practices and improve student learning and success, the annual evaluation process for
 7.19 teachers:

7.20 (1) must, for probationary teachers, provide for all evaluations required under
 7.21 subdivision ~~5~~ 2;

7.22 (2) must establish a three-year professional review cycle for each teacher that
 7.23 includes an individual growth and development plan, a peer review process, the
 7.24 opportunity to participate in a professional learning community under paragraph (a), and
 7.25 at least one summative evaluation performed by a qualified and trained evaluator such
 7.26 as a school administrator;

7.27 (3) must be based on professional teaching standards established in rule;

7.28 (4) must coordinate staff development activities under sections 122A.60 and
 7.29 122A.61 with this evaluation process and teachers' evaluation outcomes;

7.30 (5) may provide time during the school day and school year for peer coaching and
 7.31 teacher collaboration;

7.32 (6) may include mentoring and induction programs;

7.33 (7) must include an option for teachers to develop and present a portfolio
 7.34 demonstrating evidence of reflection and professional growth, consistent with section
 7.35 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment

8.1 based on student work samples and examples of teachers' work, which may include video
8.2 among other activities for the summative evaluation;

8.3 (8) must use an agreed upon teacher value-added assessment model for the grade
8.4 levels and subject areas for which value-added data are available and establish state
8.5 or local measures of student growth for the grade levels and subject areas for which
8.6 value-added data are not available as a basis for 35 percent of teacher evaluation results;

8.7 (9) must use longitudinal data on student engagement and connection and other
8.8 student outcome measures explicitly aligned with the elements of curriculum for which
8.9 teachers are responsible;

8.10 (10) must require qualified and trained evaluators such as school administrators to
8.11 perform summative evaluations;

8.12 (11) must give teachers not meeting professional teaching standards under clauses
8.13 (3) through (10) support to improve through a teacher improvement process that includes
8.14 established goals and timelines; and

8.15 (12) must discipline a teacher for not making adequate progress in the teacher
8.16 improvement process under clause (11) that may include a last chance warning,
8.17 termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or
8.18 other discipline a school administrator determines is appropriate.

8.19 Data on individual teachers generated under this subdivision are personnel data
8.20 under section 13.43.

8.21 (c) The department, in consultation with parents who may represent parent
8.22 organizations and teacher and administrator representatives appointed by their respective
8.23 organizations, representing the Board of Teaching, the Minnesota Association of School
8.24 Administrators, the Minnesota School Boards Association, the Minnesota Elementary
8.25 and Secondary Principals Associations, Education Minnesota, and representatives of
8.26 the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota
8.27 Chamber of Commerce, and Minnesota postsecondary institutions with research expertise
8.28 in teacher evaluation, must create and publish a teacher evaluation process that complies
8.29 with the requirements in paragraph (b) and applies to all teachers under this section and
8.30 section ~~122A.41~~ 122A.40 for whom no agreement exists under paragraph (a) for an annual
8.31 teacher evaluation and peer review process. The teacher evaluation process created under
8.32 this subdivision does not create additional due process rights for probationary teachers
8.33 under subdivision ~~5~~ 2.

8.34 Sec. 16. Minnesota Statutes 2011 Supplement, section 123B.75, subdivision 5, is
8.35 amended to read:

9.1 Subd. 5. **Levy recognition.** (a) For fiscal years 2009 and 2010, in June of each
9.2 year, the school district must recognize as revenue, in the fund for which the levy was
9.3 made, the lesser of:

9.4 (1) the sum of May, June, and July school district tax settlement revenue received in
9.5 that calendar year, plus general education aid according to section 126C.13, subdivision
9.6 4, received in July and August of that calendar year; or

9.7 (2) the sum of:

9.8 (i) 31 percent of the referendum levy certified according to section 126C.17, in
9.9 calendar year 2000; and

9.10 (ii) the entire amount of the levy certified in the prior calendar year according to
9.11 section 124D.86, subdivision 4, for school districts receiving revenue under sections
9.12 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph
9.13 (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; ~~126C.457~~; and 126C.48,
9.14 subdivision 6; plus

9.15 (iii) zero percent of the amount of the levy certified in the prior calendar year for the
9.16 school district's general and community service funds, plus or minus auditor's adjustments,
9.17 not including the levy portions that are assumed by the state, that remains after subtracting
9.18 the referendum levy certified according to section 126C.17 and the amount recognized
9.19 according to item (ii).

9.20 (b) For fiscal year 2011 and later years, in June of each year, the school district must
9.21 recognize as revenue, in the fund for which the levy was made, the lesser of:

9.22 (1) the sum of May, June, and July school district tax settlement revenue received in
9.23 that calendar year, plus general education aid according to section 126C.13, subdivision
9.24 4, received in July and August of that calendar year; or

9.25 (2) the sum of:

9.26 (i) the greater of 48.6 percent of the referendum levy certified according to section
9.27 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified
9.28 according to section 126C.17 in calendar year 2000; plus

9.29 (ii) the entire amount of the levy certified in the prior calendar year according to
9.30 section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under
9.31 sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2,
9.32 paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48,
9.33 subdivision 6; plus

9.34 (iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the
9.35 school district's general and community service funds, plus or minus auditor's adjustments,

10.1 that remains after subtracting the referendum levy certified according to section 126C.17
 10.2 and the amount recognized according to item (ii).

10.3 Sec. 17. Minnesota Statutes 2010, section 124D.09, subdivision 16, is amended to read:

10.4 Subd. 16. **Financial arrangements for courses provided according to**
 10.5 **agreements.** (a) The agreement between a board and the governing body of a public
 10.6 postsecondary system or private postsecondary institution shall set forth the payment
 10.7 amounts and arrangements, if any, from the board to the postsecondary institution. No
 10.8 payments shall be made by the department according to subdivision 13 ~~or 15~~. For the
 10.9 purpose of computing state aids for a district, a pupil enrolled according to subdivision
 10.10 10 shall be counted in the average daily membership of the district as though the pupil
 10.11 were enrolled in a secondary course that is not offered in connection with an agreement.
 10.12 Nothing in this subdivision shall be construed to prohibit a public postsecondary system
 10.13 or private postsecondary institution from receiving additional state funding that may
 10.14 be available under any other law.

10.15 (b) If a course is provided under subdivision 10, offered at a secondary school, and
 10.16 taught by a secondary teacher, the postsecondary system or institution must not require a
 10.17 payment from the school board that exceeds the cost to the postsecondary institution that
 10.18 is directly attributable to providing that course.

10.19 Sec. 18. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 15,
 10.20 is amended to read:

10.21 Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written
 10.22 evaluation of the school's performance before the authorizer renews the charter contract.
 10.23 The department must review and comment on the authorizer's evaluation process at the
 10.24 time the authorizer submits its application for approval and each time the authorizer
 10.25 undergoes its five-year review under subdivision 3, paragraph ~~(e)~~ (i).

10.26 (b) An authorizer shall monitor and evaluate the fiscal, operational, and student
 10.27 performance of the school, and may for this purpose annually assess a charter school
 10.28 a fee according to paragraph (c). The agreed-upon fee structure must be stated in the
 10.29 charter school contract.

10.30 (c) The fee that each charter school pays to an authorizer each year is the greater of:

10.31 (1) the basic formula allowance for that year; or

10.32 (2) the lesser of:

10.33 (i) the maximum fee factor times the basic formula allowance for that year; or

11.1 (ii) the fee factor times the basic formula allowance for that year times the charter
 11.2 school's adjusted marginal cost pupil units for that year. The fee factor equals .005 in fiscal
 11.3 year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013
 11.4 and later. The maximum fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011,
 11.5 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

11.6 (d) The department and any charter school it charters must not assess or pay a fee
 11.7 under paragraphs (b) and (c).

11.8 (e) For the preoperational planning period, the authorizer may assess a charter school
 11.9 a fee equal to the basic formula allowance.

11.10 (f) By September 30 of each year, an authorizer shall submit to the commissioner
 11.11 a statement of expenditures related to chartering activities during the previous school
 11.12 year ending June 30. A copy of the statement shall be given to all schools chartered by
 11.13 the authorizer.

11.14 Sec. 19. Minnesota Statutes 2011 Supplement, section 127A.441, is amended to read:

11.15 **127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

11.16 (a) Each year, the state aids payable to any school district for that fiscal year that are
 11.17 recognized as revenue in the school district's general and community service funds shall
 11.18 be adjusted by an amount equal to (1) the amount the district recognized as revenue for the
 11.19 prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b), minus (2)
 11.20 the amount the district recognized as revenue for the current fiscal year pursuant to section
 11.21 123B.75, subdivision 5, paragraph (a) or (b). For purposes of making the aid adjustments
 11.22 under this section, the amount the district recognizes as revenue for either the prior fiscal
 11.23 year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b),
 11.24 shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school
 11.25 districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3);
 11.26 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2;
 11.27 ~~126C.457~~; and 126C.48, subdivision 6. Payment from the permanent school fund shall
 11.28 not be adjusted pursuant to this section.

11.29 (b) The commissioner shall schedule the timing of the adjustments under paragraph
 11.30 (a) as close to the end of the fiscal year as possible.

11.31 The school district shall be notified of the amount of the adjustment made to each
 11.32 payment pursuant to this section.

11.33 Sec. 20. Minnesota Statutes 2010, section 129D.01, is amended to read:

11.34 **129D.01 DEFINITIONS.**

12.1 As used in this chapter, the following terms shall have the definitions given them:

12.2 (a) "arts" means activities resulting in the artistic creation or artistic performance
 12.3 of works of the imagination. Artistic activities include but are not limited to the
 12.4 following forms: music, dance, drama, folk art, architecture and allied fields, painting,
 12.5 sculpture, photography, graphic and craft arts, costume and fashion design, motion
 12.6 pictures, television, radio, tape and sound recording, activities related to the presentation,
 12.7 performance, execution, and exhibition of the art forms, and the study of the arts and
 12.8 their application to the human environment;

12.9 (b) "board" means the Board of the Arts;

12.10 (c) "director" means the executive director of the board;

12.11 (d) "sponsoring organization" means an association, corporation or other group of
 12.12 persons (1) providing an opportunity for citizens of the state to participate in the creation,
 12.13 performance or appreciation of the arts and (2) qualifying as a tax-exempt organization
 12.14 within the meaning of section 290.05, subdivision 1, ~~clause (1) 2~~; and

12.15 (e) "regional arts council" means an autonomous grassroots organization designated
 12.16 by the board to make final decisions on the use of appropriations for local or regional
 12.17 arts development.

12.18 Sec. 21. Minnesota Statutes 2010, section 144.291, subdivision 2, is amended to read:

12.19 Subd. 2. **Definitions.** For the purposes of sections 144.291 to 144.298, the following
 12.20 terms have the meanings given.

12.21 (a) "Group purchaser" has the meaning given in section 62J.03, subdivision 6.

12.22 (b) "Health information exchange" means a legal arrangement between health care
 12.23 providers and group purchasers to enable and oversee the business and legal issues
 12.24 involved in the electronic exchange of health records between the entities for the delivery
 12.25 of patient care.

12.26 (c) "Health record" means any information, whether oral or recorded in any form or
 12.27 medium, that relates to the past, present, or future physical or mental health or condition of
 12.28 a patient; the provision of health care to a patient; or the past, present, or future payment
 12.29 for the provision of health care to a patient.

12.30 (d) "Identifying information" means the patient's name, address, date of birth,
 12.31 gender, parent's or guardian's name regardless of the age of the patient, and other
 12.32 nonclinical data which can be used to uniquely identify a patient.

12.33 (e) "Individually identifiable form" means a form in which the patient is or can be
 12.34 identified as the subject of the health records.

13.1 (f) "Medical emergency" means medically necessary care which is immediately
 13.2 needed to preserve life, prevent serious impairment to bodily functions, organs, or parts,
 13.3 or prevent placing the physical or mental health of the patient in serious jeopardy.

13.4 (g) "Patient" means a natural person who has received health care services from a
 13.5 provider for treatment or examination of a medical, psychiatric, or mental condition, the
 13.6 surviving spouse and parents of a deceased patient, or a person the patient appoints in
 13.7 writing as a representative, including a health care agent acting according to chapter 145C,
 13.8 unless the authority of the agent has been limited by the principal in the principal's health
 13.9 care directive. Except for minors who have received health care services under sections
 13.10 144.341 to 144.347, in the case of a minor, patient includes a parent or guardian, or a
 13.11 person acting as a parent or guardian in the absence of a parent or guardian.

13.12 (h) "Provider" means:

13.13 (1) any person who furnishes health care services and is regulated to furnish the
 13.14 services under chapter 147, 147A, 147B, 147C, 147D, 148, 148B, 148C, 148D, 150A,
 13.15 151, 153, or 153A;

13.16 (2) a home care provider licensed under section 144A.46;

13.17 (3) a health care facility licensed under this chapter or chapter 144A; and

13.18 (4) a physician assistant registered under chapter 147A; and

13.19 ~~(5) an unlicensed mental health practitioner regulated under sections 148B.60 to~~
 13.20 ~~148B.71.~~

13.21 (i) "Record locator service" means an electronic index of patient identifying
 13.22 information that directs providers in a health information exchange to the location of
 13.23 patient health records held by providers and group purchasers.

13.24 (j) "Related health care entity" means an affiliate, as defined in section 144.6521,
 13.25 subdivision 3, paragraph (b), of the provider releasing the health records.

13.26 Sec. 22. Minnesota Statutes 2010, section 144A.01, subdivision 4, is amended to read:

13.27 Subd. 4. **Controlling person.** "Controlling person" means any public body,
 13.28 governmental agency, business entity, officer, nursing home administrator, or director
 13.29 whose responsibilities include the direction of the management or policies of a nursing
 13.30 home. "Controlling person" also means any person who, directly or indirectly, beneficially
 13.31 owns any interest in:

13.32 (a) Any corporation, partnership or other business association which is a controlling
 13.33 person;

13.34 (b) The land on which a nursing home is located;

13.35 (c) The structure in which a nursing home is located;

14.1 (d) Any mortgage, contract for deed, or other obligation secured in whole or part by
 14.2 the land or structure comprising a nursing home; or

14.3 (e) Any lease or sublease of the land, structure, or facilities comprising a nursing
 14.4 home.

14.5 "Controlling person" does not include:

14.6 (a) A bank, savings bank, trust company, savings association, credit union, industrial
 14.7 loan and thrift company, investment banking firm, or insurance company unless the entity
 14.8 directly or through a subsidiary operates a nursing home;

14.9 (b) An individual state official or state employee, or a member or employee of the
 14.10 governing body of a political subdivision of the state which operates one or more nursing
 14.11 homes, unless the individual is also an officer or director of a nursing home, receives any
 14.12 remuneration from a nursing home, or owns any of the beneficial interests not excluded
 14.13 in this subdivision;

14.14 (c) A natural person who is a member of a tax-exempt organization under section
 14.15 290.05, ~~subdivision 1, clause (i)~~ subdivision 2, unless the individual is also an officer or
 14.16 director of a nursing home, or owns any of the beneficial interests not excluded in this
 14.17 subdivision; and

14.18 (d) A natural person who owns less than five percent of the outstanding common
 14.19 shares of a corporation:

14.20 (1) whose securities are exempt by virtue of section 80A.45, clause (6); or

14.21 (2) whose transactions are exempt by virtue of section 80A.46, clause (7).

14.22 Sec. 23. Minnesota Statutes 2010, section 145.883, subdivision 1, is amended to read:

14.23 Subdivision 1. **Scope.** For purposes of sections ~~145.881 to 145.882~~ 145.882 and 145.883, the
 14.24 terms defined in this section shall have the meanings given them.

14.25 Sec. 24. Minnesota Statutes 2010, section 145A.12, subdivision 7, is amended to read:

14.26 Subd. 7. **Statewide outcomes.** (a) The commissioner, in consultation with the State
 14.27 Community Health Advisory Committee established under section 145A.10, subdivision
 14.28 10, paragraph (a), shall establish statewide outcomes for local public health grant funds
 14.29 allocated to community health boards between January 1, 2004, and December 31, 2005.

14.30 (b) At least one statewide outcome must be established in each of the following
 14.31 public health areas:

14.32 (1) preventing diseases;

14.33 (2) protecting against environmental hazards;

14.34 (3) preventing injuries;

15.1 (4) promoting healthy behavior;

15.2 (5) responding to disasters; and

15.3 (6) ensuring access to health services.

15.4 (c) The commissioner shall use Minnesota's public health goals established under
15.5 section 62J.212 and the essential public health services under section 145A.10, subdivision
15.6 5a, as a basis for the development of statewide outcomes.

15.7 (d) The statewide maternal and child health outcomes established under section
15.8 145.8821 shall be included as statewide outcomes under this section.

15.9 (e) By December 31, 2004, and every five years thereafter, the commissioner, in
15.10 consultation with the State Community Health Advisory Committee established under
15.11 section 145A.10, subdivision 10, paragraph (a), ~~and the Maternal and Child Health~~
15.12 ~~Advisory Task Force established under section 145.881~~, shall develop statewide outcomes
15.13 for the local public health grant established under section 145A.131, based on state
15.14 and local assessment data regarding the health of Minnesota residents, the essential
15.15 public health services under section 145A.10, and current Minnesota public health goals
15.16 established under section 62J.212.

15.17 Sec. 25. Minnesota Statutes 2010, section 145A.131, subdivision 3, is amended to read:

15.18 Subd. 3. **Accountability.** (a) Community health boards accepting local public health
15.19 grants must document progress toward the statewide outcomes established in section
15.20 145A.12, subdivision 7, to maintain eligibility to receive the local public health grant.

15.21 (b) In determining whether or not the community health board is documenting
15.22 progress toward statewide outcomes, the commissioner shall consider the following
15.23 factors:

15.24 (1) whether the community health board has documented progress to meeting
15.25 essential local activities related to the statewide outcomes, as specified in the grant
15.26 agreement;

15.27 (2) the effort put forth by the community health board toward the selected statewide
15.28 outcomes;

15.29 (3) whether the community health board has previously failed to document progress
15.30 toward selected statewide outcomes under this section;

15.31 (4) the amount of funding received by the community health board to address the
15.32 statewide outcomes; and

15.33 (5) other factors as the commissioner may require, if the commissioner specifically
15.34 identifies the additional factors in the commissioner's written notice of determination.

16.1 (c) If the commissioner determines that a community health board has not by
16.2 the applicable deadline documented progress toward the selected statewide outcomes
16.3 established under section 145.8821 or 145A.12, subdivision 7, the commissioner shall
16.4 notify the community health board in writing and recommend specific actions that the
16.5 community health board should take over the following 12 months to maintain eligibility
16.6 for the local public health grant.

16.7 (d) During the 12 months following the written notification, the commissioner shall
16.8 provide administrative and program support to assist the community health board in
16.9 taking the actions recommended in the written notification.

16.10 (e) If the community health board has not taken the specific actions recommended by
16.11 the commissioner within 12 months following written notification, the commissioner may
16.12 determine not to distribute funds to the community health board under section 145A.12,
16.13 subdivision 2, for the next fiscal year.

16.14 (f) If the commissioner determines not to distribute funds for the next fiscal year, the
16.15 commissioner must give the community health board written notice of this determination
16.16 and allow the community health board to appeal the determination in writing.

16.17 (g) If the commissioner determines not to distribute funds for the next fiscal year
16.18 to a community health board that has not documented progress toward the statewide
16.19 outcomes and not taken the actions recommended by the commissioner, the commissioner
16.20 may retain local public health grant funds that the community health board would have
16.21 otherwise received and directly carry out essential local activities to meet the statewide
16.22 outcomes, or contract with other units of government or community-based organizations
16.23 to carry out essential local activities related to the statewide outcomes.

16.24 (h) If the community health board that does not document progress toward the
16.25 statewide outcomes is a city, the commissioner shall distribute the local public health
16.26 funds that would have been allocated to that city to the county in which the city is located,
16.27 if that county is part of a community health board.

16.28 (i) The commissioner shall establish a reporting system by which community health
16.29 boards will document their progress toward statewide outcomes. This system will be
16.30 developed in consultation with the State Community Health Services Advisory Committee
16.31 established in section 145A.10, subdivision 10, paragraph (a), ~~and the Maternal and Child~~
16.32 ~~Health Advisory Committee established in section 145.881.~~

16.33 Sec. 26. Minnesota Statutes 2010, section 171.306, subdivision 7, is amended to read:

17.1 Subd. 7. **Venue.** In addition to the provisions of Rule 24 of the Rules of Criminal
 17.2 Procedure and section 627.01, a violation of subdivision 6 or section 171.09, subdivision
 17.3 1, paragraph ~~(e)~~ (g), may be prosecuted in:

17.4 (1) the county in which the vehicle involved in the offense is found;

17.5 (2) the county in which the accused resides;

17.6 (3) any county through which the vehicle traveled in the course of the trip during or
 17.7 after which the offense was committed; or

17.8 (4) the county in which the impaired driving incident occurred, which resulted in the
 17.9 accused being issued a driver's license with an ignition interlock restriction.

17.10 Sec. 27. Minnesota Statutes 2011 Supplement, section 176.307, is amended to read:

17.11 **176.307 COMPENSATION JUDGES; BLOCK SYSTEM.**

17.12 The chief administrative law judge may assign workers' compensation cases to
 17.13 compensation judges using a block system type of assignment that, among other things,
 17.14 ensures that a case will remain with the same judge from commencement to conclusion,
 17.15 except that the judge must be removed from the case when:

17.16 (1) a party exercises a legal right to do so;

17.17 (2) the judge is incapacitated or is otherwise unable to hold a hearing; or

17.18 (3) assignment of a different judge is required by section 176.106, subdivision 7;
 17.19 176.238, subdivision 6; or 176.305, subdivision 1a~~2~~, or the Minnesota Code of Judicial
 17.20 Conduct.

17.21 The block system shall be the preferred means of assigning cases, but it may be
 17.22 supplemented by other systems of case assignment to ensure that cases are timely decided.

17.23 Sec. 28. Minnesota Statutes 2010, section 204B.04, subdivision 3, is amended to read:

17.24 Subd. 3. **Nomination for nonpartisan office.** No individual shall be nominated
 17.25 by nominating petition for any nonpartisan office ~~except in the event of a vacancy in~~
 17.26 ~~nomination as provided in section 204B.13.~~

17.27 Sec. 29. Minnesota Statutes 2010, section 204B.07, subdivision 1, is amended to read:

17.28 Subdivision 1. **Form of petition.** A nominating petition may consist of one or more
 17.29 separate pages each of which shall state:

17.30 (a) the office sought;

17.31 (b) the candidate's name and residence address, including street and number if
 17.32 any; and

18.1 (c) the candidate's political party or political principle expressed in not more than
 18.2 three words. No candidate who files for a partisan office by nominating petition shall use
 18.3 the term "nonpartisan" as a statement of political principle or the name of the candidate's
 18.4 political party. No part of the name of a major political party may be used to designate the
 18.5 political party or principle of a candidate who files for a partisan office by nominating
 18.6 petition, except that the word "independent" may be used to designate the party or
 18.7 principle. A candidate who files ~~by nominating petition~~ an affidavit of candidacy to fill a
 18.8 vacancy in nomination for a nonpartisan office pursuant to section 204B.13, shall not state
 18.9 any political principle or the name of any political party on the petition.

18.10 Sec. 30. Minnesota Statutes 2010, section 204B.11, subdivision 2, is amended to read:

18.11 Subd. 2. **Petition in place of filing fee.** At the time of filing an affidavit of
 18.12 candidacy, a candidate may present a petition in place of the filing fee. The petition may
 18.13 be signed by any individual eligible to vote for the candidate. A nominating petition filed
 18.14 pursuant to section 204B.07 ~~or 204B.13, subdivision 4,~~ is effective as a petition in place of
 18.15 a filing fee if the nominating petition includes a prominent statement informing the signers
 18.16 of the petition that it will be used for that purpose.

18.17 The number of signatures on a petition in place of a filing fee shall be as follows:

18.18 (a) for a state office voted on statewide, or for president of the United States, or
 18.19 United States senator, 2,000;

18.20 (b) for a congressional office, 1,000;

18.21 (c) for a county or legislative office, or for the office of district judge, 500; and

18.22 (d) for any other office which requires a filing fee as prescribed by law, municipal
 18.23 charter, or ordinance, the lesser of 500 signatures or five percent of the total number of
 18.24 votes cast in the municipality, ward, or other election district at the preceding general
 18.25 election at which that office was on the ballot.

18.26 An official with whom petitions are filed shall make sample forms for petitions in
 18.27 place of filing fees available upon request.

18.28 Sec. 31. Minnesota Statutes 2010, section 204B.13, subdivision 6, is amended to read:

18.29 Subd. 6. **Vacancy after deadline.** If a candidate withdraws after the 16th day before
 18.30 the general election but before four days before the general election, the secretary of state
 18.31 shall instruct the election judges to strike the name of the withdrawn candidate from the
 18.32 general election ballot and shall substitute no other candidate's name. Filing officers may
 18.33 not accept a nomination certificate for filing to fill a vacancy in nomination resulting from
 18.34 the filing of an affidavit of withdrawal by a candidate after the 14th day before the general

19.1 election. ~~Vacancies occurring through death or catastrophic illness after the 16th day~~
19.2 ~~before the general election are governed by section 204B.41.~~

19.3 Sec. 32. Minnesota Statutes 2010, section 205.02, subdivision 2, is amended to read:

19.4 Subd. 2. **City elections.** In all statutory and home rule charter cities, the primary,
19.5 general and special elections held for choosing city officials and deciding public questions
19.6 relating to the city shall be held as provided in this chapter, except that sections 205.065,
19.7 subdivisions 4 to ~~7~~6; 205.07, subdivision 3; 205.10; 205.121; and 205.17, subdivisions 2
19.8 and 3, do not apply to a city whose charter provides the manner of holding its primary,
19.9 general or special elections.

19.10 Sec. 33. Minnesota Statutes 2010, section 205A.06, subdivision 1, is amended to read:

19.11 Subdivision 1. **Affidavit of candidacy.** An individual who is eligible and desires to
19.12 become a candidate for an office to be voted on at the election must file an affidavit of
19.13 candidacy with the school district clerk. The affidavit must be in substantially the same
19.14 form as that in section 204B.06, subdivision 1. The school district clerk shall also accept
19.15 an application signed by at least five voters and filed on behalf of an eligible voter in the
19.16 school district whom they desire to be a candidate, if service of a copy of the application
19.17 has been made on the candidate and proof of service is endorsed on the application being
19.18 filed. No individual shall be nominated by nominating petition for a school district elective
19.19 office ~~except in the event of a vacancy in nomination as provided in section 205A.03,~~
19.20 ~~subdivision 6.~~ Upon receipt of the proper filing fee, the clerk shall place the name of the
19.21 candidate on the official ballot without partisan designation.

19.22 Sec. 34. Minnesota Statutes 2010, section 216B.1694, subdivision 2, is amended to
19.23 read:

19.24 Subd. 2. **Regulatory incentives.** (a) An innovative energy project:

19.25 (1) is exempted from the requirements for a certificate of need under section
19.26 216B.243, for the generation facilities, and transmission infrastructure associated with the
19.27 generation facilities, but is subject to all applicable environmental review and permitting
19.28 procedures of chapter 216E;

19.29 (2) once permitted and constructed, is eligible to increase the capacity of the
19.30 associated transmission facilities without additional state review upon filing notice with
19.31 the commission;

19.32 (3) has the power of eminent domain, which shall be limited to the sites and routes
19.33 approved by the Environmental Quality Board for the project facilities. The project shall

20.1 be considered a utility as defined in section 216E.01, subdivision 10, for the limited
 20.2 purpose of section 216E.12. The project shall report any intent to exercise eminent
 20.3 domain authority to the board;

20.4 ~~(4) shall qualify as a "clean energy technology" as defined in section 216B.1693;~~

20.5 ~~(5)~~ shall, prior to the approval by the commission of any arrangement to build or
 20.6 expand a fossil-fuel-fired generation facility, or to enter into an agreement to purchase
 20.7 capacity or energy from such a facility for a term exceeding five years, be considered
 20.8 as a supply option for the generation facility, and the commission shall ensure such
 20.9 consideration and take any action with respect to such supply proposal that it deems to be
 20.10 in the best interest of ratepayers;

20.11 ~~(6)~~ (5) shall make a good faith effort to secure funding from the United States
 20.12 Department of Energy and the United States Department of Agriculture to conduct a
 20.13 demonstration project at the facility for either geologic or terrestrial carbon sequestration
 20.14 projects to achieve reductions in facility emissions or carbon dioxide;

20.15 ~~(7)~~ (6) shall be entitled to enter into a contract with a public utility that owns a
 20.16 nuclear generation facility in the state to provide 450 megawatts of base-load capacity and
 20.17 energy under a long-term contract, subject to the approval of the terms and conditions of
 20.18 the contract by the commission. The commission may approve, disapprove, amend, or
 20.19 modify the contract in making its public interest determination, taking into consideration
 20.20 the project's economic development benefits to the state; the use of abundant domestic
 20.21 fuel sources; the stability of the price of the output from the project; the project's potential
 20.22 to contribute to a transition to hydrogen as a fuel resource; and the emissions reductions
 20.23 achieved compared to other solid fuel base-load technologies; and

20.24 ~~(8)~~ (7) shall be eligible for a grant from the renewable development account, subject
 20.25 to the approval of the entity administering that account, of \$2,000,000 a year for five years
 20.26 for development and engineering costs, including those costs related to mercury-removal
 20.27 technology; thermal efficiency optimization and emission minimization; environmental
 20.28 impact statement preparation and licensing; development of hydrogen production
 20.29 capabilities; and fuel cell development and utilization.

20.30 (b) This subdivision does not apply to nor affect a proposal to add utility-owned
 20.31 resources that is pending on May 29, 2003, before the Public Utilities Commission or to
 20.32 competitive bid solicitations to provide capacity or energy that is scheduled to be on line
 20.33 by December 31, 2006.

20.34 Sec. 35. Minnesota Statutes 2010, section 245.4835, subdivision 1, is amended to read:

21.1 Subdivision 1. **Required expenditures.** (a) Counties must maintain a level of
 21.2 expenditures for mental health services under sections 245.461 to 245.484 and 245.487 to
 21.3 245.4889 so that each year's county expenditures are at least equal to that county's average
 21.4 expenditures for those services for calendar years 2004 and 2005. The commissioner will
 21.5 adjust each county's base level for minimum expenditures in each year by the amount of
 21.6 any increase or decrease in that county's state grants or other noncounty revenues for
 21.7 mental health services under sections 245.461 to 245.484 and 245.487 to 245.4889.

21.8 (b) In order to simplify administration and improve budgeting predictability, the
 21.9 commissioner:

21.10 (1) shall use each county's actual prior year revenues to adjust the county's minimum
 21.11 required expenditures for the coming year;

21.12 (2) may use more current information regarding major changes in revenues if the
 21.13 change is known early enough to allow counties time to adjust their budgets;

21.14 (3) shall allocate each county's revenues proportionally across applicable
 21.15 expenditures; and

21.16 ~~(4) shall adjust each county's base to allow for major changes in state or federal~~
 21.17 ~~block grants or other revenues that can be used for mental health services, but are not~~
 21.18 ~~dedicated to mental health; in this case, the commissioner shall calculate the mental health~~
 21.19 ~~share of total county expenditures that were eligible to be funded from that revenue~~
 21.20 ~~source in the base year, and use that mental health share to allocate the change in those~~
 21.21 ~~revenues to mental health. This clause applies to changes in revenues that are beyond~~
 21.22 ~~the county's control; and~~

21.23 ~~(5)~~ (4) may adjust a county's base if the county's population is substantially declining
 21.24 and the county's per capita mental health expenditures are substantially higher than the
 21.25 state average, and the commissioner has determined that mental health services in that
 21.26 county would not be negatively impacted.

21.27 ~~(c) Paragraph (b), clause (4), expires December 31, 2011.~~

21.28 Sec. 36. Minnesota Statutes 2011 Supplement, section 256B.021, subdivision 4,
 21.29 is amended to read:

21.30 Subd. 4. **Projects.** The commissioner shall request permission and funding to
 21.31 further the following initiatives.

21.32 (a) Health care delivery demonstration projects. This project involves testing
 21.33 alternative payment and service delivery models in accordance with Minnesota Statutes,
 21.34 sections 256B.0755 and 256B.0756. These demonstrations will allow the Minnesota
 21.35 Department of Human Services to engage in alternative payment arrangements with

22.1 provider organizations that provide services to a specified patient population for an agreed
22.2 upon total cost of care or risk/gain sharing payment arrangement, but are not limited
22.3 to these models of care delivery or payment. Quality of care and patient experience
22.4 will be measured and incorporated into payment models alongside the cost of care.
22.5 Demonstration sites should include Minnesota health care programs fee-for-services
22.6 recipients and managed care enrollees and support a robust primary care model and
22.7 improved care coordination for recipients.

22.8 (b) Promote personal responsibility and encourage and reward healthy outcomes.
22.9 This project provides Medicaid funding to provide individual and group incentives to
22.10 encourage healthy behavior, prevent the onset of chronic disease, and reward healthy
22.11 outcomes. Focus areas may include diabetes prevention and management, tobacco
22.12 cessation, reducing weight, lowering cholesterol, and lowering blood pressure.

22.13 (c) Encourage utilization of high quality, cost-effective care. This project creates
22.14 incentives through Medicaid and MinnesotaCare enrollee cost-sharing and other means to
22.15 encourage the utilization of high-quality, low-cost, high-value providers, as determined by
22.16 the state's provider peer grouping initiative under Minnesota Statutes, section 62U.04.

22.17 (d) Adults without children. This proposal includes requesting federal authority to
22.18 impose a limit on assets for adults without children in medical assistance, as defined in
22.19 Minnesota Statutes, section 256B.055, subdivision 15, who have a household income
22.20 equal to or less than 75 percent of the federal poverty limit, consistent with Minnesota
22.21 Statutes, section 256L.17, subdivision 2, and to impose a 180-day durational residency
22.22 requirement in MinnesotaCare, consistent with Minnesota Statutes, section ~~256B.056,~~
22.23 ~~subdivision 3~~ 256L.09, subdivision 4, for adults without children, regardless of income.

22.24 (e) Empower and encourage work, housing, and independence. This project provides
22.25 services and supports for individuals who have an identified health or disabling condition
22.26 but are not yet certified as disabled, in order to delay or prevent permanent disability,
22.27 reduce the need for intensive health care and long-term care services and supports, and to
22.28 help maintain or obtain employment or assist in return to work. Benefits may include:

- 22.29 (1) coordination with health care homes or health care coordinators;
- 22.30 (2) assessment for wellness, housing needs, employment, planning, and goal setting;
- 22.31 (3) training services;
- 22.32 (4) job placement services;
- 22.33 (5) career counseling;
- 22.34 (6) benefit counseling;
- 22.35 (7) worker supports and coaching;
- 22.36 (8) assessment of workplace accommodations;

- 23.1 (9) transitional housing services; and
- 23.2 (10) assistance in maintaining housing.
- 23.3 (f) Redesign home and community-based services. This project realigns existing
- 23.4 funding, services, and supports for people with disabilities and older Minnesotans to
- 23.5 ensure community integration and a more sustainable service system. This may involve
- 23.6 changes that promote a range of services to flexibly respond to the following needs:
- 23.7 (1) provide people less expensive alternatives to medical assistance services;
- 23.8 (2) offer more flexible and updated community support services under the Medicaid
- 23.9 state plan;
- 23.10 (3) provide an individual budget and increased opportunity for self-direction;
- 23.11 (4) strengthen family and caregiver support services;
- 23.12 (5) allow persons to pool resources or save funds beyond a fiscal year to cover
- 23.13 unexpected needs or foster development of needed services;
- 23.14 (6) use of home and community-based waiver programs for people whose needs
- 23.15 cannot be met with the expanded Medicaid state plan community support service options;
- 23.16 (7) target access to residential care for those with higher needs;
- 23.17 (8) develop capacity within the community for crisis intervention and prevention;
- 23.18 (9) redesign case management;
- 23.19 (10) offer life planning services for families to plan for the future of their child
- 23.20 with a disability;
- 23.21 (11) enhance self-advocacy and life planning for people with disabilities;
- 23.22 (12) improve information and assistance to inform long-term care decisions; and
- 23.23 (13) increase quality assurance, performance measurement, and outcome-based
- 23.24 reimbursement.

23.25 This project may include different levels of long-term supports that allow seniors to

23.26 remain in their homes and communities, and expand care transitions from acute care to

23.27 community care to prevent hospitalizations and nursing home placement. The levels

23.28 of support for seniors may range from basic community services for those with lower

23.29 needs, access to residential services if a person has higher needs, and targets access to

23.30 nursing home care to those with rehabilitation or high medical needs. This may involve

23.31 the establishment of medical need thresholds to accommodate the level of support

23.32 needed; provision of a long-term care consultation to persons seeking residential services,

23.33 regardless of payer source; adjustment of incentives to providers and care coordination

23.34 organizations to achieve desired outcomes; and a required coordination with medical

23.35 assistance basic care benefit and Medicare/Medigap benefit. This proposal will improve

23.36 access to housing and improve capacity to maintain individuals in their existing home;

24.1 adjust screening and assessment tools, as needed; improve transition and relocation
24.2 efforts; seek federal financial participation for alternative care and essential community
24.3 supports; and provide Medigap coverage for people having lower needs.

24.4 (g) Coordinate and streamline services for people with complex needs, including
24.5 those with multiple diagnoses of physical, mental, and developmental conditions. This
24.6 project will coordinate and streamline medical assistance benefits for people with complex
24.7 needs and multiple diagnoses. It would include changes that:

24.8 (1) develop community-based service provider capacity to serve the needs of this
24.9 group;

24.10 (2) build assessment and care coordination expertise specific to people with multiple
24.11 diagnoses;

24.12 (3) adopt service delivery models that allow coordinated access to a range of services
24.13 for people with complex needs;

24.14 (4) reduce administrative complexity;

24.15 (5) measure the improvements in the state's ability to respond to the needs of this
24.16 population; and

24.17 (6) increase the cost-effectiveness for the state budget.

24.18 (h) Implement nursing home level of care criteria. This project involves obtaining
24.19 any necessary federal approval in order to implement the changes to the level of care
24.20 criteria in Minnesota Statutes, section 144.0724, subdivision 11, and implement further
24.21 changes necessary to achieve reform of the home and community-based service system.

24.22 (i) Improve integration of Medicare and Medicaid. This project involves reducing
24.23 fragmentation in the health care delivery system to improve care for people eligible for
24.24 both Medicare and Medicaid, and to align fiscal incentives between primary, acute, and
24.25 long-term care. The proposal may include:

24.26 (1) requesting an exception to the new Medicare methodology for payment
24.27 adjustment for fully integrated special needs plans for dual eligible individuals;

24.28 (2) testing risk adjustment models that may be more favorable to capturing the
24.29 needs of frail dually eligible individuals;

24.30 (3) requesting an exemption from the Medicare bidding process for fully integrated
24.31 special needs plans for the dually eligible;

24.32 (4) modifying the Medicare bid process to recognize additional costs of health
24.33 home services; and

24.34 (5) requesting permission for risk-sharing and gain-sharing.

24.35 (j) Intensive residential treatment services. This project would involve providing
24.36 intensive residential treatment services for individuals who have serious mental illness

25.1 and who have other complex needs. This proposal would allow such individuals to remain
25.2 in these settings after mental health symptoms have stabilized, in order to maintain their
25.3 mental health and avoid more costly or unnecessary hospital or other residential care due
25.4 to their other complex conditions. The commissioner may pursue a specialized rate for
25.5 projects created under this section.

25.6 (k) Seek federal Medicaid matching funds for Anoka Metro Regional Treatment
25.7 Center (AMRTC). This project involves seeking Medicaid reimbursement for medical
25.8 services provided to patients to AMRTC, including requesting a waiver of United States
25.9 Code, title 42, section 1396d, which prohibits Medicaid reimbursement for expenditures
25.10 for services provided by hospitals with more than 16 beds that are primarily focused on
25.11 the treatment of mental illness. This waiver would allow AMRTC to serve as a statewide
25.12 resource to provide diagnostics and treatment for people with the most complex conditions.

25.13 (l) Waivers to allow Medicaid eligibility for children under age 21 receiving care
25.14 in residential facilities. This proposal would seek Medicaid reimbursement for any
25.15 Medicaid-covered service for children who are placed in residential settings that are
25.16 determined to be "institutions for mental diseases," under United States Code, title 42,
25.17 section 1396d.

25.18 Sec. 37. Minnesota Statutes 2010, section 256B.0755, subdivision 1, is amended to
25.19 read:

25.20 Subdivision 1. **Implementation.** (a) The commissioner shall develop and
25.21 authorize a demonstration project to test alternative and innovative health care delivery
25.22 systems, including accountable care organizations that provide services to a specified
25.23 patient population for an agreed-upon total cost of care or risk/gain sharing payment
25.24 arrangement. The commissioner shall develop a request for proposals for participation in
25.25 the demonstration project in consultation with hospitals, primary care providers, health
25.26 plans, and other key stakeholders.

25.27 (b) In developing the request for proposals, the commissioner shall:

25.28 (1) establish uniform statewide methods of forecasting utilization and cost of care
25.29 for the appropriate Minnesota public program populations, to be used by the commissioner
25.30 for the health care delivery system projects;

25.31 (2) identify key indicators of quality, access, patient satisfaction, and other
25.32 performance indicators that will be measured, in addition to indicators for measuring
25.33 cost savings;

25.34 (3) allow maximum flexibility to encourage innovation and variation so that a variety
25.35 of provider collaborations are able to become health care delivery systems;

- 26.1 (4) encourage and authorize different levels and types of financial risk;
- 26.2 (5) encourage and authorize projects representing a wide variety of geographic
- 26.3 locations, patient populations, provider relationships, and care coordination models;
- 26.4 (6) encourage projects that involve close partnerships between the health care
- 26.5 delivery system and counties and nonprofit agencies that provide services to patients
- 26.6 enrolled with the health care delivery system, including social services, public health,
- 26.7 mental health, community-based services, and continuing care;
- 26.8 (7) encourage projects established by community hospitals, clinics, and other
- 26.9 providers in rural communities;
- 26.10 (8) identify required covered services for a total cost of care model or services
- 26.11 considered in whole or partially in an analysis of utilization for a risk/gain sharing model;
- 26.12 (9) establish a mechanism to monitor enrollment;
- 26.13 (10) establish quality standards for the delivery system demonstrations; and
- 26.14 (11) encourage participation of privately insured population so as to create sufficient
- 26.15 alignment in demonstration systems; ~~and~~
- 26.16 ~~(12) coordinate projects with any coordinated care delivery systems established~~
- 26.17 ~~under section 256D.031.~~
- 26.18 (c) To be eligible to participate in the demonstration project, a health care delivery
- 26.19 system must:
- 26.20 (1) provide required covered services and care coordination to recipients enrolled in
- 26.21 the health care delivery system;
- 26.22 (2) establish a process to monitor enrollment and ensure the quality of care provided;
- 26.23 (3) in cooperation with counties and community social service agencies, coordinate
- 26.24 the delivery of health care services with existing social services programs;
- 26.25 (4) provide a system for advocacy and consumer protection; and
- 26.26 (5) adopt innovative and cost-effective methods of care delivery and coordination,
- 26.27 which may include the use of allied health professionals, telemedicine, patient educators,
- 26.28 care coordinators, and community health workers.
- 26.29 (d) A health care delivery system demonstration may be formed by the following
- 26.30 groups of providers of services and suppliers if they have established a mechanism for
- 26.31 shared governance:
- 26.32 (1) professionals in group practice arrangements;
- 26.33 (2) networks of individual practices of professionals;
- 26.34 (3) partnerships or joint venture arrangements between hospitals and health care
- 26.35 professionals;
- 26.36 (4) hospitals employing professionals; and

27.1 (5) other groups of providers of services and suppliers as the commissioner
27.2 determines appropriate.

27.3 A managed care plan or county-based purchasing plan may participate in this
27.4 demonstration in collaboration with one or more of the entities listed in clauses (1) to (5).

27.5 A health care delivery system may contract with a managed care plan or a
27.6 county-based purchasing plan to provide administrative services, including the
27.7 administration of a payment system using the payment methods established by the
27.8 commissioner for health care delivery systems.

27.9 (e) The commissioner may require a health care delivery system to enter into
27.10 additional third-party contractual relationships for the assessment of risk and purchase of
27.11 stop loss insurance or another form of insurance risk management related to the delivery
27.12 of care described in paragraph (c).

27.13 Sec. 38. Minnesota Statutes 2010, section 256B.094, subdivision 6, is amended to read:

27.14 Subd. 6. **Medical assistance reimbursement of case management services.** (a)
27.15 Medical assistance reimbursement for services under this section shall be made on a
27.16 monthly basis. Payment is based on face-to-face or telephone contacts between the case
27.17 manager and the client, client's family, primary caregiver, legal representative, or other
27.18 relevant person identified as necessary to the development or implementation of the goals
27.19 of the individual service plan regarding the status of the client, the individual service
27.20 plan, or the goals for the client. These contacts must meet the minimum standards in
27.21 clauses (1) and (2):

27.22 (1) there must be a face-to-face contact at least once a month except as provided in
27.23 clause (2); and

27.24 (2) for a client placed outside of the county of financial responsibility, or a client
27.25 served by tribal social services placed outside the reservation, in an excluded time facility
27.26 under section 256G.02, subdivision 6, or through the Interstate Compact on the Placement
27.27 of Children, section 260.851, and the placement in either case is more than 60 miles
27.28 beyond the county or reservation boundaries, there must be at least one contact per month
27.29 and not more than two consecutive months without a face-to-face contact.

27.30 (b) Except as provided under paragraph (c), the payment rate is established using
27.31 time study data on activities of provider service staff and reports required under sections
27.32 245.482 and 256.01, subdivision 2, paragraph ~~(17)~~ (q).

27.33 (c) Payments for tribes may be made according to section 256B.0625 or other
27.34 relevant federally approved rate setting methodology for child welfare targeted case

28.1 management provided by Indian health services and facilities operated by a tribe or tribal
28.2 organization.

28.3 (d) Payment for case management provided by county or tribal social services
28.4 contracted vendors shall be based on a monthly rate negotiated by the host county or
28.5 tribal social services. The negotiated rate must not exceed the rate charged by the vendor
28.6 for the same service to other payers. If the service is provided by a team of contracted
28.7 vendors, the county or tribal social services may negotiate a team rate with a vendor who
28.8 is a member of the team. The team shall determine how to distribute the rate among its
28.9 members. No reimbursement received by contracted vendors shall be returned to the
28.10 county or tribal social services, except to reimburse the county or tribal social services for
28.11 advance funding provided by the county or tribal social services to the vendor.

28.12 (e) If the service is provided by a team that includes contracted vendors and county
28.13 or tribal social services staff, the costs for county or tribal social services staff participation
28.14 in the team shall be included in the rate for county or tribal social services provided
28.15 services. In this case, the contracted vendor and the county or tribal social services may
28.16 each receive separate payment for services provided by each entity in the same month. To
28.17 prevent duplication of services, each entity must document, in the recipient's file, the need
28.18 for team case management and a description of the roles and services of the team members.

28.19 Separate payment rates may be established for different groups of providers to
28.20 maximize reimbursement as determined by the commissioner. The payment rate will be
28.21 reviewed annually and revised periodically to be consistent with the most recent time
28.22 study and other data. Payment for services will be made upon submission of a valid
28.23 claim and verification of proper documentation described in subdivision 7. Federal
28.24 administrative revenue earned through the time study, or under paragraph (c), shall be
28.25 distributed according to earnings, to counties, reservations, or groups of counties or
28.26 reservations which have the same payment rate under this subdivision, and to the group
28.27 of counties or reservations which are not certified providers under section 256F.10. The
28.28 commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300
28.29 to 9550.0370, as necessary to accomplish this.

28.30 Sec. 39. Minnesota Statutes 2010, section 256B.69, subdivision 20, is amended to read:

28.31 Subd. 20. **Ombudsperson.** ~~(a)~~ The commissioner shall designate an ombudsperson
28.32 to advocate for persons required to enroll in prepaid health plans under this section. The
28.33 ombudsperson shall advocate for recipients enrolled in prepaid health plans through
28.34 complaint and appeal procedures and ensure that necessary medical services are provided
28.35 either by the prepaid health plan directly or by referral to appropriate social services. At

29.1 the time of enrollment in a prepaid health plan, the local agency shall inform recipients
 29.2 about the ombudsperson program and their right to a resolution of a complaint by the
 29.3 prepaid health plan if they experience a problem with the plan or its providers.

29.4 ~~(b) The commissioner shall designate an ombudsperson to advocate for persons~~
 29.5 ~~enrolled in a care coordination delivery system under section 256D.031. The~~
 29.6 ~~ombudsperson shall advocate for recipients enrolled in a care coordination delivery~~
 29.7 ~~system through the state appeal process and assist enrollees in accessing necessary~~
 29.8 ~~medical services through the care coordination delivery systems directly or by referral to~~
 29.9 ~~appropriate services. At the time of enrollment in a care coordination delivery system, the~~
 29.10 ~~local agency shall inform recipients about the ombudsperson program.~~

29.11 Sec. 40. Minnesota Statutes 2010, section 256B.75, is amended to read:

29.12 **256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.**

29.13 (a) For outpatient hospital facility fee payments for services rendered on or after
 29.14 October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted
 29.15 charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those
 29.16 services for which there is a federal maximum allowable payment. Effective for services
 29.17 rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital
 29.18 facility fees and emergency room facility fees shall be increased by eight percent over the
 29.19 rates in effect on December 31, 1999, except for those services for which there is a federal
 29.20 maximum allowable payment. Services for which there is a federal maximum allowable
 29.21 payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum
 29.22 allowable payment. Total aggregate payment for outpatient hospital facility fee services
 29.23 shall not exceed the Medicare upper limit. If it is determined that a provision of this
 29.24 section conflicts with existing or future requirements of the United States government with
 29.25 respect to federal financial participation in medical assistance, the federal requirements
 29.26 prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to
 29.27 avoid reduced federal financial participation resulting from rates that are in excess of
 29.28 the Medicare upper limitations.

29.29 (b) Notwithstanding paragraph (a), payment for outpatient, emergency, and
 29.30 ambulatory surgery hospital facility fee services for critical access hospitals designated
 29.31 under section 144.1483, clause ~~(10)~~ (9), shall be paid on a cost-based payment system that
 29.32 is based on the cost-finding methods and allowable costs of the Medicare program.

29.33 (c) Effective for services provided on or after July 1, 2003, rates that are based
 29.34 on the Medicare outpatient prospective payment system shall be replaced by a budget
 29.35 neutral prospective payment system that is derived using medical assistance data. The

30.1 commissioner shall provide a proposal to the 2003 legislature to define and implement
30.2 this provision.

30.3 (d) For fee-for-service services provided on or after July 1, 2002, the total payment,
30.4 before third-party liability and spenddown, made to hospitals for outpatient hospital
30.5 facility services is reduced by .5 percent from the current statutory rate.

30.6 (e) In addition to the reduction in paragraph (d), the total payment for fee-for-service
30.7 services provided on or after July 1, 2003, made to hospitals for outpatient hospital
30.8 facility services before third-party liability and spenddown, is reduced five percent from
30.9 the current statutory rates. Facilities defined under section 256.969, subdivision 16, are
30.10 excluded from this paragraph.

30.11 (f) In addition to the reductions in paragraphs (d) and (e), the total payment for
30.12 fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient
30.13 hospital facility services before third-party liability and spenddown, is reduced three
30.14 percent from the current statutory rates. Mental health services and facilities defined under
30.15 section 256.969, subdivision 16, are excluded from this paragraph.

30.16 Sec. 41. Minnesota Statutes 2010, section 256J.49, subdivision 4, is amended to read:

30.17 Subd. 4. **Employment and training service provider.** "Employment and training
30.18 service provider" means:

30.19 (1) a public, private, or nonprofit agency with which a county has contracted to
30.20 provide employment and training services and which is included in the county's service
30.21 agreement submitted under section 256J.626, subdivision 4;

30.22 (2) a county agency, if the county has opted to provide employment and training
30.23 services and the county has indicated that fact in the service agreement submitted under
30.24 section 256J.626, subdivision 4; or

30.25 (3) a local public health department under section 145A.17, subdivision ~~3a~~ 4a, that a
30.26 county has designated to provide employment and training services and is included in the
30.27 county's service agreement submitted under section 256J.626, subdivision 4.

30.28 Notwithstanding section 116L.871, an employment and training services provider
30.29 meeting this definition may deliver employment and training services under this chapter.

30.30 Sec. 42. Minnesota Statutes 2010, section 256L.12, subdivision 6, is amended to read:

30.31 Subd. 6. **Co-payments and benefit limits.** Enrollees are responsible for all
30.32 co-payments in ~~sections~~ section 256L.03, subdivision 5, ~~and 256L.035~~, and shall pay
30.33 co-payments to the managed care plan or to its participating providers. The enrollee is also

31.1 responsible for payment of inpatient hospital charges which exceed the MinnesotaCare
31.2 benefit limit.

31.3 Sec. 43. Minnesota Statutes 2011 Supplement, section 268.035, subdivision 29,
31.4 is amended to read:

31.5 Subd. 29. **Wages.** (a) "Wages" means all compensation for services, including
31.6 commissions; bonuses, awards, and prizes; severance payments; standby pay; vacation and
31.7 holiday pay; back pay as of the date of payment; tips and gratuities paid to an employee by
31.8 a customer of an employer and accounted for by the employee to the employer; sickness
31.9 and accident disability payments, except as otherwise provided in this subdivision; and the
31.10 cash value of housing, utilities, meals, exchanges of services, and any other goods and
31.11 services provided to compensate for an employee's services, except:

31.12 (1) the amount of any payment made to, or on behalf of, an employee under a plan
31.13 established by an employer that makes provision for employees generally or for a class
31.14 or classes of employees, including any amount paid by an employer for insurance or
31.15 annuities, or into a plan, to provide for a payment, on account of (i) retirement or (ii)
31.16 medical and hospitalization expenses in connection with sickness or accident disability,
31.17 or (iii) death;

31.18 (2) the payment by an employer of the tax imposed upon an employee under United
31.19 States Code, title 26, section 3101 of the Federal Insurance Contribution Act, with respect
31.20 to compensation paid to an employee for domestic employment in a private household of
31.21 the employer or for agricultural employment;

31.22 (3) any payment made to, or on behalf of, an employee or beneficiary (i) from or
31.23 to a trust described in United States Code, title 26, section 401(a) of the federal Internal
31.24 Revenue Code, that is exempt from tax under section 501(a) at the time of the payment
31.25 unless the payment is made to an employee of the trust as compensation for services as an
31.26 employee and not as a beneficiary of the trust, or (ii) under or to an annuity plan that, at
31.27 the time of the payment, is a plan described in section 403(a);

31.28 (4) the value of any special discount or markdown allowed to an employee on goods
31.29 purchased from or services supplied by the employer where the purchases are optional and
31.30 do not constitute regular or systematic payment for services;

31.31 (5) customary and reasonable directors' fees paid to individuals who are not
31.32 otherwise employed by the corporation of which they are directors;

31.33 (6) the payment to employees for reimbursement of meal expenses when employees
31.34 are required to perform work after their regular hours;

32.1 (7) the payment into a trust or plan for purposes of providing legal or dental services
32.2 if provided for all employees generally or for a class or classes of employees;

32.3 (8) the value of parking facilities provided or paid for by an employer, in whole or in
32.4 part, if provided for all employees generally or for a class or classes of employees;

32.5 (9) royalties to an owner of a franchise, license, copyright, patent, oil, mineral,
32.6 or other right;

32.7 (10) advances or reimbursements for traveling or other bona fide ordinary and
32.8 necessary expenses incurred or reasonably expected to be incurred in the business of the
32.9 employer. Traveling and other reimbursed expenses must be identified either by making
32.10 separate payments or by specifically indicating the separate amounts where both wages
32.11 and expense allowances are combined in a single payment;

32.12 (11) residual payments to radio, television, and similar artists that accrue after
32.13 the production of television commercials, musical jingles, spot announcements, radio
32.14 transcriptions, film sound tracks, and similar activities;

32.15 (12) payments made to supplement unemployment benefits under a plan established
32.16 by an employer, that makes provisions for employees generally or for a class or classes of
32.17 employees under the written terms of an agreement, contract, trust arrangement, or other
32.18 instrument. The plan must provide supplemental payments solely for the supplementing
32.19 of weekly state or federal unemployment benefits. The plan must provide supplemental
32.20 payments only for those weeks the applicant has been paid regular, extended, or additional
32.21 unemployment benefits ~~available~~. The supplemental payments, when combined with the
32.22 applicant's weekly unemployment benefits paid, may not exceed the applicant's regular
32.23 weekly pay. The plan must not allow the assignment of supplemental payments or provide
32.24 for any type of additional payment. The plan must not require any consideration from
32.25 the applicant and must not be designed for the purpose of avoiding the payment of Social
32.26 Security obligations, or unemployment taxes on money disbursed from the plan;

32.27 (13) sickness or accident disability payments made by the employer after the
32.28 expiration of six calendar months following the last calendar month that the individual
32.29 worked for the employer;

32.30 (14) disability payments made under the provisions of any workers' compensation
32.31 law;

32.32 (15) sickness or accident disability payments made by a third-party payer such as
32.33 an insurance company; or

32.34 (16) payments made into a trust fund, or for the purchase of insurance or an annuity,
32.35 to provide for sickness or accident disability payments to employees under a plan or

33.1 system established by the employer that provides for the employer's employees generally
33.2 or for a class or classes of employees.

33.3 (b) Nothing in this subdivision excludes from the term "wages" any payment
33.4 made under any type of salary reduction agreement, including payments made under a
33.5 cash or deferred arrangement and cafeteria plan, as defined in United States Code, title
33.6 26, sections 401(k) and 125 of the federal Internal Revenue Code, to the extent that the
33.7 employee has the option to receive the payment in cash.

33.8 (c) Wages includes payments made for services as a caretaker. Unless there is a
33.9 contract or other proof to the contrary, compensation is considered as being equally
33.10 received by a married couple where the employer makes payment to only one spouse, or
33.11 by all tenants of a household who perform services where two or more individuals share
33.12 the same dwelling and the employer makes payment to only one individual.

33.13 (d) Wages includes payments made for services by a migrant family. Where services
33.14 are performed by a married couple or a family and an employer makes payment to only
33.15 one individual, each worker is considered as having received an equal share of the
33.16 compensation unless there is a contract or other proof to the contrary.

33.17 (e) Wages includes advances or draws against future earnings, when paid, unless
33.18 the payments are designated as a loan or return of capital on the books of the employer
33.19 at the time of payment.

33.20 (f) Wages includes payments made by a subchapter "S" corporation, as organized
33.21 under the Internal Revenue Code, to or on behalf of officers and shareholders that are
33.22 reasonable compensation for services performed for the corporation.

33.23 For a subchapter "S" corporation, wages does not include:

33.24 (1) a loan for business purposes to an officer or shareholder evidenced by a
33.25 promissory note signed by an officer before the payment of the loan proceeds and recorded
33.26 on the books and records of the corporation as a loan to an officer or shareholder;

33.27 (2) a repayment of a loan or payment of interest on a loan made by an officer to the
33.28 corporation and recorded on the books and records of the corporation as a liability;

33.29 (3) a reimbursement of reasonable corporation expenses incurred by an officer and
33.30 documented by a written expense voucher and recorded on the books and records of
33.31 the corporation as corporate expenses; and

33.32 (4) a reasonable lease or rental payment to an officer who owns property that is
33.33 leased or rented to the corporation.

33.34 Sec. 44. Minnesota Statutes 2010, section 270B.14, subdivision 11, is amended to read:

34.1 Subd. 11. **Disclosure to commissioner of health.** (a) On the request of the
 34.2 commissioner of health, the commissioner may disclose return information to the extent
 34.3 provided in paragraph (b) and for the purposes provided in paragraph (c).

34.4 (b) Data that may be disclosed are limited to the taxpayer's identity, as defined in
 34.5 section 270B.01, subdivision 5.

34.6 (c) The commissioner of health may request data only for the purposes of carrying
 34.7 out epidemiologic investigations, which includes conducting occupational health and
 34.8 safety surveillance, and locating and notifying individuals exposed to health hazards as a
 34.9 result of employment. Requests for data by the commissioner of health must be in writing
 34.10 and state the purpose of the request. Data received may be used only for the purposes of
 34.11 section 144.0525.

34.12 ~~(d) The commissioner may disclose health care service revenue data to the~~
 34.13 ~~commissioner of health as provided by section 62J.41, subdivision 2.~~

34.14 Sec. 45. Minnesota Statutes 2011 Supplement, section 270C.991, subdivision 4,
 34.15 is amended to read:

34.16 Subd. 4. **Property tax working group.** (a) A property tax working group is
 34.17 established as provided in this subdivision. The goals of the working group are:

34.18 (1) to investigate ways to simplify the property tax system and make advisory
 34.19 recommendations on ways to make the system more understandable;

34.20 (2) to reexamine the property tax calendar to determine what changes could be made
 34.21 to shorten the two-year cycle from assessment through property tax collection; and

34.22 (3) to determine the cost versus the benefits of the various property tax components,
 34.23 including property classifications, credits, aids, exclusions, exemptions, and abatements,
 34.24 and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

34.25 (b) The 12-member working group shall consist of the following members:

34.26 (1) two state representatives, both appointed by the chair of the house of
 34.27 representatives Taxes Committee, one from the majority party and one from the largest
 34.28 minority party;

34.29 (2) two senators appointed by the Subcommittee on Committees of the Senate Rules
 34.30 and Administration Committee, one from the majority party and one from the largest
 34.31 minority party;

34.32 (3) one person appointed by the Association of Minnesota Counties;

34.33 (4) one person appointed by the League of Minnesota Cities;

34.34 (5) one person appointed by the Minnesota Association of Townships;

34.35 (6) one person appointed by the Minnesota Chamber of Commerce;

35.1 (7) one person appointed by the Minnesota Association of Assessing Officers;

35.2 (8) two homeowners, one who is under 65 years of age, and one who is 65 years of
35.3 age or older, both appointed by the commissioner of revenue; and

35.4 (9) one person jointly appointed by the Minnesota Farm Bureau and the Minnesota
35.5 Farmers Union.

35.6 The commissioner of revenue shall chair the initial meeting, and the working
35.7 group shall elect a chair at that initial meeting. The working group will meet at the call
35.8 of the chair. Members of the working group shall serve without compensation. The
35.9 commissioner of revenue must provide administrative support to the working group.
35.10 Chapter 13D does not apply to meetings of the working group. Meetings of the working
35.11 group must be open to the public and the working group must provide notice of a meeting
35.12 to potentially interested persons at least seven days before the meeting. A meeting of the
35.13 ~~council~~ working group occurs when a quorum is present.

35.14 (c) The working group shall make its advisory recommendations to the chairs of the
35.15 house of representatives and senate Taxes Committees on or before February 1, 2013, at
35.16 which time the working group shall be finished and this subdivision expires. The advisory
35.17 recommendations should be reviewed by the Taxes Committees under subdivision 5.

35.18 Sec. 46. Minnesota Statutes 2010, section 273.1392, is amended to read:

35.19 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

35.20 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
35.21 conservation tax credits under section 273.119; disaster or emergency reimbursement
35.22 under sections 273.1231 to 273.1235; homestead and agricultural credits under section
35.23 273.1384; aids and credits under section 273.1398; ~~wetlands reimbursement under~~
35.24 ~~section 275.295~~; enterprise zone property credit payments under section 469.171; and
35.25 metropolitan agricultural preserve reduction under section 473H.10 for school districts,
35.26 shall be certified to the Department of Education by the Department of Revenue. The
35.27 amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

35.28 Sec. 47. Minnesota Statutes 2010, section 282.08, is amended to read:

35.29 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

35.30 The net proceeds from the sale or rental of any parcel of forfeited land, or from the
35.31 sale of products from the forfeited land, must be apportioned by the county auditor to the
35.32 taxing districts interested in the land, as follows:

35.33 (1) the portion required to pay any amounts included in the appraised value
35.34 under section 282.01, subdivision 3, as representing increased value due to any public

36.1 improvement made after forfeiture of the parcel to the state, but not exceeding the
36.2 amount certified by the appropriate governmental authority must be apportioned to the
36.3 governmental subdivision entitled to it;

36.4 (2) the portion required to pay any amount included in the appraised value under
36.5 section 282.019, subdivision 5, representing increased value due to response actions
36.6 taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses
36.7 certified by the Pollution Control Agency or the commissioner of agriculture, must be
36.8 apportioned to the agency or the commissioner of agriculture and deposited in the fund
36.9 from which the expenses were paid;

36.10 (3) the portion of the remainder required to discharge any special assessment
36.11 chargeable against the parcel for drainage or other purpose whether due or deferred at the
36.12 time of forfeiture, must be apportioned to the governmental subdivision entitled to it; and

36.13 (4) any balance must be apportioned as follows:

36.14 (i)(A) ~~Except as provided in subitem (B),~~ The county board may annually by
36.15 resolution set aside no more than 30 percent of the receipts remaining to be used for forest
36.16 development on tax-forfeited land and dedicated memorial forests, to be expended under
36.17 the supervision of the county board. It must be expended only on projects improving the
36.18 health and management of the forest resource.

36.19 ~~(B) For a county that received an aid payment in calendar year 2009 under section~~
36.20 ~~477A.0124, subdivision 5, paragraph (b), the county board is authorized to use some of the~~
36.21 ~~money set aside under subitem (A) to replace all or a portion of the amount of aid or credit~~
36.22 ~~reimbursement that the county was to receive under sections 273.1384 and 477A.0124,~~
36.23 ~~but did not receive due to aid cuts or unallotment from the state. Within six months of~~
36.24 ~~the actual aid or credit reimbursement loss, the county board may adopt a resolution~~
36.25 ~~transferring money from this fund to the county's general fund, not to exceed the amount of~~
36.26 ~~aid or credit reimbursement loss to the county. This subitem expires December 31, 2010.~~

36.27 (ii) The county board may annually by resolution set aside no more than 20 percent
36.28 of the receipts remaining to be used for the acquisition and maintenance of county parks
36.29 or recreational areas as defined in sections 398.31 to 398.36, to be expended under the
36.30 supervision of the county board.

36.31 (iii) Any balance remaining must be apportioned as follows: county, 40 percent;
36.32 town or city, 20 percent; and school district, 40 percent, provided, however, that in
36.33 unorganized territory that portion which would have accrued to the township must be
36.34 administered by the county board of commissioners.

37.1 Sec. 48. Minnesota Statutes 2011 Supplement, section 297A.668, subdivision 7,
37.2 is amended to read:

37.3 Subd. 7. **Advertising and promotional direct mail.** (a) Notwithstanding other
37.4 subdivisions of this section, the provisions in paragraphs (b) to (e) apply to the sale of
37.5 advertising and promotional direct mail. "Advertising and promotional direct mail" means
37.6 printed material that is direct mail as defined in section 297A.61, subdivision 35, the
37.7 primary purpose of which is to attract public attention to a product, person, business, or
37.8 organization, or to attempt to sell, popularize, or secure financial support for a person,
37.9 business, organization, or product. "Product" includes tangible personal property, a digital
37.10 product transferred electronically, or a service.

37.11 (b) A purchaser of advertising and promotional direct mail may provide the seller
37.12 with ~~either~~ one of the following:

37.13 (1) a fully completed exemption certificate as described in section 297A.72
37.14 indicating that the purchaser is authorized to pay any sales or use tax due on purchases
37.15 made by the purchaser directly to the commissioner under section 297A.89;

37.16 (2) a fully completed exemption certificate claiming an exemption for direct mail; or

37.17 (3) information showing the jurisdictions to which the advertising and promotional
37.18 direct mail is to be delivered to recipients.

37.19 (c) In the absence of bad faith, if the purchaser provides one of the exemption
37.20 certificates indicated in paragraph (b), clauses (1) and (2), the seller is relieved of all
37.21 obligations to collect, pay, or remit the applicable tax and the purchaser is obligated to pay
37.22 or remit the tax on any transaction involving advertising and promotional direct mail to
37.23 which the certificate applies. The purchaser shall source the sale to the jurisdictions to
37.24 which the advertising and promotional direct mail is to be delivered to the recipients of
37.25 the mail, and shall report and pay any applicable tax due.

37.26 (d) If the purchaser provides the seller information showing the jurisdictions to
37.27 which the advertising and promotional direct mail is to be delivered to recipients, the seller
37.28 shall source the sale to the jurisdictions to which the advertising and promotional direct
37.29 mail is to be delivered and shall collect and remit the applicable tax. In the absence of
37.30 bad faith, the seller is relieved of any further obligation to collect any additional tax on
37.31 the sale of advertising and promotional direct mail where the seller has sourced the sale
37.32 according to the delivery information provided by the purchaser.

37.33 (e) If the purchaser does not provide the seller with any of the items listed in
37.34 paragraph (b), the sale shall be sourced under subdivision 2, paragraph (f). Nothing in
37.35 this paragraph limits a purchaser's obligation for sales or use tax to any state to which the
37.36 direct mail is delivered.

38.1 (f) This subdivision does not apply to printed materials that result from developing
38.2 billing information or providing any data processing service that is more than incidental
38.3 to producing the printed materials, regardless of whether advertising and promotional
38.4 direct mail is included in the same mailing.

38.5 (g) If a transaction is a bundled transaction that includes advertising and promotional
38.6 direct mail, this subdivision applies only if the primary purpose of the transaction is
38.7 the sale of products or services that meet the definition of advertising and promotional
38.8 direct mail.

38.9 Sec. 49. Minnesota Statutes 2011 Supplement, section 297A.70, subdivision 3, is
38.10 amended to read:

38.11 Subd. 3. **Sales of certain goods and services to government.** (a) The following
38.12 sales to or use by the specified governments and political subdivisions of the state are
38.13 exempt:

38.14 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and
38.15 fire apparatus to a political subdivision;

38.16 (2) machinery and equipment, except for motor vehicles, used directly for mixed
38.17 municipal solid waste management services at a solid waste disposal facility as defined in
38.18 section 115A.03, subdivision 10;

38.19 (3) chore and homemaking services to a political subdivision of the state to be
38.20 provided to elderly or disabled individuals;

38.21 (4) telephone services to the Office of Enterprise Technology that are used to provide
38.22 telecommunications services through the enterprise technology revolving fund;

38.23 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased
38.24 or authorized by and for the use of an organized fire department, fire protection district, or
38.25 fire company regularly charged with the responsibility of providing fire protection to the
38.26 state or a political subdivision;

38.27 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma
38.28 protection, if purchased by a law enforcement agency of the state or a political subdivision
38.29 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

38.30 (7) motor vehicles purchased or leased by political subdivisions of the state if the
38.31 vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b),
38.32 exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax
38.33 under section 297B.03, clause (12);

39.1 (8) equipment designed to process, dewater, and recycle biosolids for wastewater
 39.2 treatment facilities of political subdivisions, and materials incidental to installation of
 39.3 that equipment;

39.4 (9) the removal of trees, bushes, or shrubs for the construction and maintenance
 39.5 of roads, trails, or firebreaks when purchased by an agency of the state or a political
 39.6 subdivision of the state;

39.7 (10) purchases by the Metropolitan Council or the Department of Transportation of
 39.8 vehicles and repair parts to equip operations provided for in section 174.90, including,
 39.9 but not limited to, the Northstar Corridor Rail project; and

39.10 (11) purchases of water used directly in providing public safety services by an
 39.11 organized fire department, fire protection district, or fire company regularly charged with
 39.12 the responsibility of providing fire protection to the state or a political subdivision.

39.13 (b) For purposes of this subdivision, "firefighters personal protective equipment"
 39.14 means helmets, including face shields, chin straps, and neck liners; bunker coats and
 39.15 pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets;
 39.16 protective coveralls; goggles; self-contained breathing apparatus; canister filter masks;
 39.17 personal alert safety systems; spanner belts; optical or thermal imaging search devices;
 39.18 and all safety equipment required by the Occupational Safety and Health Administration.

39.19 (c) For purchases of items listed in paragraph (a), clause ~~(11)~~ (10), the tax must be
 39.20 imposed and collected as if the rate under section 297A.62, subdivision 1, applied and
 39.21 then refunded in the manner provided in section 297A.75.

39.22 Sec. 50. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 1, is
 39.23 amended to read:

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

39.27 (1) capital equipment exempt under section 297A.68, subdivision 5;

39.28 (2) building materials for an agricultural processing facility exempt under section
 39.29 297A.71, subdivision 13;

39.30 (3) building materials for mineral production facilities exempt under section
 39.31 297A.71, subdivision 14;

39.32 (4) building materials for correctional facilities under section 297A.71, subdivision
 39.33 3;

39.34 (5) building materials used in a residence for disabled veterans exempt under section
 39.35 297A.71, subdivision 11;

- 40.1 (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- 40.2 (7) building materials for the Long Lake Conservation Center exempt under section
- 40.3 297A.71, subdivision 17;
- 40.4 (8) materials and supplies for qualified low-income housing under section 297A.71,
- 40.5 subdivision 23;
- 40.6 (9) materials, supplies, and equipment for municipal electric utility facilities under
- 40.7 section 297A.71, subdivision 35;
- 40.8 (10) equipment and materials used for the generation, transmission, and distribution
- 40.9 of electrical energy and an aerial camera package exempt under section 297A.68,
- 40.10 subdivision 37;
- 40.11 (11) tangible personal property and taxable services and construction materials,
- 40.12 supplies, and equipment exempt under section 297A.68, subdivision 41;
- 40.13 (12) commuter rail vehicle and repair parts under section 297A.70, subdivision 3,
- 40.14 paragraph (a), clause ~~(11)~~ (10);
- 40.15 (13) materials, supplies, and equipment for construction or improvement of projects
- 40.16 and facilities under section 297A.71, subdivision 40;
- 40.17 (14) materials, supplies, and equipment for construction or improvement of a meat
- 40.18 processing facility exempt under section 297A.71, subdivision 41;
- 40.19 (15) materials, supplies, and equipment for construction, improvement, or expansion
- 40.20 of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision
- 40.21 42; and
- 40.22 (16) enterprise information technology equipment and computer software for use in
- 40.23 a qualified data center exempt under section 297A.68, subdivision 42.

40.24 Sec. 51. Minnesota Statutes 2010, section 297I.06, subdivision 2, is amended to read:

40.25 Subd. 2. **Exemptions.** (a) This section does not apply to a ~~farmers' mutual fire~~

40.26 ~~insurance company or~~ township mutual fire insurance company in Minnesota organized

40.27 under chapter 67A.

40.28 (b) An insurer described in section 297I.05, subdivisions 3 and 4, authorized

40.29 to transact business in Minnesota shall elect to remit to the Department of Revenue

40.30 for deposit in the fire safety account either (1) the surcharge amount imposed under

40.31 subdivision 1 on all premiums subject to that surcharge, or (2) a surcharge of one-half

40.32 of one percent on the gross fire premiums and assessments, less return premiums, on all

40.33 direct business received by the insurer or agents of the insurer in Minnesota, in cash or

40.34 otherwise, during the year.

41.1 (c) The election must be made by December 31 of each year for insurance policies
 41.2 written or renewed in the succeeding calendar year. An insurer who elects to remit the
 41.3 one-half of one percent surcharge on gross fire premiums and assessments must not charge
 41.4 the insured the surcharge imposed under subdivision 1.

41.5 (d) For purposes of this subdivision, "gross fire premiums and assessments" includes
 41.6 premiums on policies covering fire risks only on automobiles, whether written or under
 41.7 floater form or otherwise.

41.8 Sec. 52. Minnesota Statutes 2010, section 298.018, is amended to read:

41.9 **298.018 DISTRIBUTION OF PROCEEDS.**

41.10 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid
 41.11 under sections 298.015 to ~~298.017~~ and 298.016 on minerals and energy resources mined
 41.12 or extracted within the taconite assistance area defined in section 273.1341, shall be
 41.13 allocated as follows:

41.14 (1) five percent to the city or town within which the minerals or energy resources
 41.15 are mined or extracted;

41.16 (2) ten percent to the taconite municipal aid account to be distributed as provided
 41.17 in section 298.282;

41.18 (3) ten percent to the school district within which the minerals or energy resources
 41.19 are mined or extracted;

41.20 (4) 20 percent to a group of school districts comprised of those school districts
 41.21 wherein the mineral or energy resource was mined or extracted or in which there is a
 41.22 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion
 41.23 to school district indexes as follows: for each school district, its pupil units determined
 41.24 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
 41.25 average adjusted net tax capacity per pupil unit for school districts receiving aid under
 41.26 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
 41.27 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
 41.28 Each district shall receive that portion of the distribution which its index bears to the sum
 41.29 of the indices for all school districts that receive the distributions;

41.30 (5) 20 percent to the county within which the minerals or energy resources are
 41.31 mined or extracted;

41.32 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be
 41.33 distributed as provided in sections 273.134 to 273.136;

41.34 (7) five percent to the Iron Range Resources and Rehabilitation Board for the
 41.35 purposes of section 298.22;

- 42.1 (8) five percent to the Douglas J. Johnson economic protection trust fund; and
 42.2 (9) five percent to the taconite environmental protection fund.

42.3 The proceeds of the tax shall be distributed on July 15 each year.

42.4 Subd. 2. **Outside taconite assistance area.** The proceeds of the tax paid under
 42.5 sections 298.015 to ~~298.017~~ and 298.016 on minerals and energy resources mined or
 42.6 extracted outside of the taconite assistance area defined in section 273.1341, shall be
 42.7 deposited in the general fund.

42.8 Sec. 53. Minnesota Statutes 2010, section 299L.03, subdivision 1, is amended to read:

42.9 Subdivision 1. **Inspections; access.** In conducting any inspection authorized under
 42.10 this chapter or chapter 240, 349, or 349A, the division employees have free and open
 42.11 access to all parts of the regulated business premises, and may conduct the inspection at
 42.12 any reasonable time without notice and without a search warrant. For purposes of this
 42.13 subdivision, "regulated business premises" means premises where:

42.14 (1) lawful gambling is conducted by an organization licensed under chapter 349 or
 42.15 by an organization exempt from licensing under section 349.166;

42.16 (2) gambling equipment is manufactured, sold, distributed, or serviced by a
 42.17 manufacturer or distributor licensed under chapter 349;

42.18 (3) records required to be maintained under chapter 240, 297E, 349, or 349A are
 42.19 prepared or retained;

42.20 (4) lottery tickets are sold by a lottery retailer under chapter ~~340A~~ 349A;

42.21 (5) races are conducted by a person licensed under chapter 240; or

42.22 (6) gambling devices are manufactured, distributed, or tested, including places of
 42.23 storage under section 299L.07.

42.24 Sec. 54. Minnesota Statutes 2011 Supplement, section 349.15, subdivision 1, is
 42.25 amended to read:

42.26 Subdivision 1. **Expenditure restrictions, requirements, and civil penalties.**

42.27 (a) Gross profits from lawful gambling may be expended only for lawful purposes or
 42.28 allowable expenses as authorized by the membership of the conducting organization at a
 42.29 monthly meeting of the organization's membership.

42.30 ~~(b) Provided that no more than 70 percent of the gross profit from bingo, and no~~
 42.31 ~~more than 60 percent of the gross profit from other forms of lawful gambling, may be~~
 42.32 ~~expended biennially during the term of the license for allowable expenses related to lawful~~
 42.33 ~~gambling, except that for the period of July 1, 2008, to June 30, 2009, no more than 75~~
 42.34 ~~percent of the gross profit from bingo, and no more than 65 percent of the gross profit~~

43.1 ~~from other forms of lawful gambling, may be expended for allowable expenses related to~~
 43.2 ~~lawful gambling. This provision expires June 30, 2009.~~

43.3 ~~(e)~~ (b) For each 12-month period beginning July 1, 2009, a licensed organization
 43.4 will be evaluated by the board to determine a rating based on the percentage of annual
 43.5 lawful purpose expenditures when compared to available gross profits for the same period.
 43.6 The rating will be used to determine the organization's profitability percent and is not a
 43.7 rating of the organization's lawful gambling operation. An organization will be evaluated
 43.8 according to the following criteria:

43.9 (1) an organization that expends 50 percent or more of gross profits on lawful
 43.10 purposes will receive a five-star rating;

43.11 (2) an organization that expends 40 percent or more but less than 50 percent of gross
 43.12 profits on lawful purposes will receive a four-star rating;

43.13 (3) an organization that expends 30 percent or more but less than 40 percent of gross
 43.14 profits on lawful purposes will receive a three-star rating;

43.15 (4) an organization that expends 20 percent or more but less than 30 percent of gross
 43.16 profits on lawful purposes will receive a two-star rating; and

43.17 (5) an organization that expends less than 20 percent of gross profits on lawful
 43.18 purposes will receive a one-star rating.

43.19 ~~(d)~~ (c) An organization that fails to expend a minimum of 30 percent annually of
 43.20 gross profits on lawful purposes, or 20 percent annually for organizations that conduct
 43.21 lawful gambling in a location where the primary business is bingo, is automatically on
 43.22 probation effective July 1 for a period of one year. The organization must increase its
 43.23 rating to the required minimum or be subject to sanctions by the board. If an organization
 43.24 fails to meet the minimum after a one-year probation, the board may suspend the
 43.25 organization's license or impose a civil penalty as follows:

43.26 (1) in determining any suspension or penalty for a violation of this paragraph, the
 43.27 board must consider any unique factors or extraordinary circumstances that caused the
 43.28 organization to not meet the minimum rate of profitability. Unique factors or extraordinary
 43.29 circumstances include, but are not limited to, the purchase of capital assets necessary to
 43.30 conduct lawful gambling; road or other construction causing impaired access to the lawful
 43.31 gambling premises; and flood, tornado, or other catastrophe that had a direct impact on the
 43.32 continuing lawful gambling operation; and

43.33 (2) notwithstanding section 349.151, subdivision 4, paragraph (a), clause (10), the
 43.34 board may impose a civil penalty under this subdivision up to \$10,000.

43.35 Sec. 55. Minnesota Statutes 2010, section 349.15, subdivision 2, is amended to read:

44.1 Subd. 2. **Cash shortages.** In computing gross profit to determine maximum amounts
 44.2 which may be expended for allowable expenses under subdivision 1, an organization may
 44.3 not reduce its gross receipts by any cash shortages. An organization may report cash
 44.4 shortages to the board only as an allowable expense. An organization may not report cash
 44.5 shortages ~~in any fiscal year~~ for each 12-month period beginning ~~on~~ July 1, 2004, that in
 44.6 total exceed three-tenths of one percent of the organization's gross receipts from lawful
 44.7 gambling at each permitted premises where the organization conducts lawful gambling.

44.8 Sec. 56. Minnesota Statutes 2010, section 349.151, subdivision 2, is amended to read:

44.9 Subd. 2. **Membership.** (a) ~~On and after July 1, 1991,~~ The board consists of seven
 44.10 members, as follows: (1) ~~those five~~ five members appointed by the governor ~~before July~~
 44.11 ~~1, 1991, whose terms expire June 30, 1992, June 30, 1993, and June 30, 1994;~~ (2) ~~one~~
 44.12 ~~member appointed by the governor for a term expiring June 30, 1994;~~ (3) (2) one member
 44.13 appointed by the commissioner of public safety ~~for a term expiring June 30, 1995;~~ and
 44.14 ~~(4)~~ (3) one member appointed by the attorney general ~~for a term expiring June 30, 1995.~~

44.15 (b) All appointments under this subdivision are with the advice and consent of
 44.16 the senate.

44.17 (c) After expiration of the initial terms, appointments are for four years.

44.18 (d) The board shall select one of its members to serve as chair. No more than three
 44.19 members appointed by the governor under this subdivision may belong to the same
 44.20 political party.

44.21 Sec. 57. Minnesota Statutes 2010, section 349.151, subdivision 4a, is amended to read:

44.22 Subd. 4a. **Paddle wheel rules.** The board shall promulgate rules governing paddle
 44.23 wheels ~~before July 1, 1992. The rules must provide~~ for operation procedures, internal
 44.24 control standards, posted information, records, and reports.

44.25 Sec. 58. Minnesota Statutes 2010, section 349.166, subdivision 1, is amended to read:

44.26 Subdivision 1. **Exclusions.** (a) Bingo, with the exception of linked bingo games,
 44.27 may be conducted without a license and without complying with sections 349.168,
 44.28 subdivisions 1 and 2; 349.17, subdivisions ~~4~~, 4, and 5; 349.18, subdivision 1; and 349.19,
 44.29 if it is conducted:

44.30 (1) by an organization in connection with a county fair, the state fair, or a civic
 44.31 celebration and is not conducted for more than 12 consecutive days and is limited to no
 44.32 more than four separate applications for activities applied for and approved in a calendar
 44.33 year; or

45.1 (2) by an organization that conducts bingo on four or fewer days in a calendar year.

45.2 An organization that holds a license to conduct lawful gambling under this chapter
45.3 may not conduct bingo under this subdivision.

45.4 (b) Bingo may be conducted within a nursing home or a senior citizen housing
45.5 project or by a senior citizen organization if the prizes for a single bingo game do not
45.6 exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more
45.7 than two bingo occasions are held by the organization or at the facility each week, only
45.8 members of the organization or residents of the nursing home or housing project are
45.9 allowed to play in a bingo game, no compensation is paid for any persons who conduct the
45.10 bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this
45.11 paragraph is exempt from sections 349.11 to 349.23, and the board may not require an
45.12 organization that conducts bingo under this paragraph, or the manager who supervises the
45.13 bingo, to register or file a report with the board. The gross receipts from bingo conducted
45.14 under the limitations of this subdivision are exempt from taxation under chapter 297A.

45.15 (c) Raffles may be conducted by an organization without registering with the board
45.16 if the value of all raffle prizes awarded by the organization in a calendar year does not
45.17 exceed \$1,500.

45.18 (d) Except as provided in paragraph (b), the organization must maintain all required
45.19 records of excluded gambling activity for 3-1/2 years.

45.20 Sec. 59. Minnesota Statutes 2010, section 352.01, subdivision 11, is amended to read:

45.21 Subd. 11. **Allowable service.** (a) "Allowable service" means:

45.22 (1) service by an employee for which on or before July 1, 1961, the employee chose
45.23 to obtain credit for service by making payments to the fund under Minnesota Statutes
45.24 1961, section 352.24;

45.25 (2) service by an employee after July 1, 1957, for any calendar month in which the
45.26 employee is paid salary from which deductions are made, deposited, and credited in the
45.27 fund, including deductions made, deposited, and credited as provided in section 352.041;

45.28 (3) service by an employee for any calendar month for which payments in lieu of
45.29 salary deductions are made, deposited, and credited in the fund, as provided in section
45.30 352.27;

45.31 (4) the period of absence from their duties by employees who are temporarily
45.32 disabled because of injuries incurred in the performance of duties and for which disability
45.33 the state is liable under the workers' compensation law until the date authorized by the
45.34 director for the commencement of payments of a total and permanent disability benefit
45.35 from the retirement fund;

46.1 (5) service covered by a refund repaid as provided in section 352.23 or 352D.05,
 46.2 subdivision 4, except service rendered as an employee of the adjutant general for which
 46.3 the person has credit with the federal civil service retirement system;

46.4 (6) service before July 1, 1978, by an employee of the Transit Operating Division
 46.5 of the Metropolitan Transit Commission or by an employee on an authorized leave of
 46.6 absence from the Transit Operating Division of the Metropolitan Transit Commission who
 46.7 is employed by the labor organization which is the exclusive bargaining agent representing
 46.8 employees of the Transit Operating Division, which was credited by the Metropolitan
 46.9 Transit Commission-Transit Operating Division employees retirement fund or any of its
 46.10 predecessor plans or funds as past, intermediate, future, continuous, or allowable service
 46.11 as defined in the Metropolitan Transit Commission-Transit Operating Division employees
 46.12 retirement fund plan document in effect on December 31, 1977;

46.13 (7) service after July 1, 1983, by an employee who is employed on a part-time
 46.14 basis for less than 50 percent of full time, for which the employee is paid salary from
 46.15 which deductions are made, deposited, and credited in the fund, including deductions
 46.16 made, deposited, and credited as provided in section 352.041 or for which payments in
 46.17 lieu of salary deductions are made, deposited, and credited in the fund as provided in
 46.18 section 352.27 shall be credited on a fractional basis either by pay period, monthly, or
 46.19 annually based on the relationship that the percentage of salary earned bears to a full-time
 46.20 salary, with any salary paid for the fractional service credited on the basis of the rate of
 46.21 salary applicable for a full-time pay period, month, or a full-time year. For periods of
 46.22 part-time service that is duplicated service credit, section 356.30, subdivision 1, ~~clauses~~
 46.23 ~~(i) paragraphs (g) and (j) (h)~~, govern; and

46.24 (8) any period of authorized leave of absence without pay that does not exceed one
 46.25 year and for which the employee obtained credit by payment to the fund under section
 46.26 352.017.

46.27 (9) [Renumbered clause (8)]

46.28 (10) MS 2002 [Expired]

46.29 (11) [Expired, 2002 c 392 art 2 s 4]

46.30 (b) For purposes of paragraph (a), clauses (2) and (3), any salary that is paid for
 46.31 a fractional part of any calendar month, including the month of separation from state
 46.32 service, is deemed to be the compensation for the entire calendar month.

46.33 (c) Allowable service determined and credited on a fractional basis must be used in
 46.34 calculating the amount of benefits payable, but service as determined on a fractional basis
 46.35 must not be used in determining the length of service required for eligibility for benefits.

47.1 Sec. 60. Minnesota Statutes 2010, section 352D.05, subdivision 3, is amended to read:

47.2 Subd. 3. **Full or partial withdrawal.** After termination of covered employment
47.3 or at any time thereafter, a participant is entitled, upon application, to withdraw the
47.4 cash value of the participant's total shares or leave such shares on deposit with the
47.5 supplemental retirement fund. The account is valued at the end of the most recent United
47.6 States investment market day following receipt of the application for withdrawal ~~is made~~.
47.7 Shares not withdrawn remain on deposit with the supplemental retirement fund until the
47.8 former participant becomes at least 55 years old, and applies for an annuity under section
47.9 352D.06, subdivision 1.

47.10 Sec. 61. Minnesota Statutes 2010, section 353.46, subdivision 6, is amended to read:

47.11 Subd. 6. **Computation of benefits for certain coordinated members.** Any
47.12 coordinated member of the general employees retirement plan of the Public Employees
47.13 Retirement Association who, before July 1, 1979, was a member of the former coordinated
47.14 program of the former Minneapolis Municipal Employees Retirement Fund and who,
47.15 before July 1, 1978, was a member of the basic program of the Minneapolis Municipal
47.16 Employees Retirement Fund is entitled to receive a retirement annuity when otherwise
47.17 qualified, the calculation of which must utilize the formula accrual rates specified in
47.18 Minnesota Statutes 2008, section 422A.15, subdivision 1, for that portion of credited
47.19 service which was rendered before July 1, 1978, and the formula accrual rates specified
47.20 in section 353.29, subdivision 3, for the remainder of credited service, both applied to
47.21 the average salary as specified in section 353.01, subdivision 17a. The formula accrual
47.22 rates to be used in calculating the retirement annuity must recognize the service after July
47.23 1, 1978, as a member of the former coordinated program of the former Minneapolis
47.24 Municipal Employees Retirement Fund and after July 1, 1979, as a member of the
47.25 general employees retirement plan of the Public Employees Retirement Association as a
47.26 continuation of service rendered before July 1, 1978. The annuity amount attributable
47.27 to service as a member of the basic program of the former Minneapolis Municipal
47.28 Employees Retirement Fund is payable from the MERF division and the annuity amount
47.29 attributable to all other service is payable from the general employees retirement fund of
47.30 the Public Employees Retirement Association.

47.31 Sec. 62. Minnesota Statutes 2011 Supplement, section 353.6511, subdivision 2,
47.32 is amended to read:

48.1 Subd. 2. **Retirement annuity.** (a) A member described in subdivision 1, if the
 48.2 member meets the eligibility requirements of paragraph (b), is only entitled to a retirement
 48.3 annuity under this subdivision.

48.4 (b) The member, upon application, if the person is at least age 50 and has credit for
 48.5 at least 20 years of allowable service, is entitled to a normal retirement annuity. The
 48.6 normal retirement annuity is the following amount based on the service credit of the
 48.7 retiring member as a Minneapolis firefighter:

48.8	completed years of service	retirement annuity amount
48.9	15	25.0 units
48.10	16	26.6 units
48.11	17	28.2 units
48.12	18	29.8 units
48.13	19	31.4 units
48.14	20	35.0 units
48.15	21	36.6 units
48.16	22	38.2 units
48.17	23	39.8 units
48.18	24	41.4 units
48.19	25 or more	43.0 units

48.20 (c) For a retired member who was unmarried on September 1, 1997, and also
 48.21 on October 25, 2001, who had 25 years of service credit as of October 25, 2001, and
 48.22 submitted a valid application for the alternative service pension under Minnesota Statutes
 48.23 2010, section 423C.05, subdivision 9, the retirement annuity amount is 43.3 units.

48.24 Sec. 63. Minnesota Statutes 2011 Supplement, section 353.6511, subdivision 7,
 48.25 is amended to read:

48.26 Subd. 7. **Postretirement adjustments.** (a) Effective on the first day of the month
 48.27 next following the effective date of the consolidation under Laws 2011, First Special
 48.28 Session chapter 8, article 6, section 19, service pensions and survivor benefits in force are
 48.29 entitled to be recomputed with the number of units specified in subdivision 2, subdivision
 48.30 4, and subdivision 6. Optional annuities under Minnesota Statutes 2010, section 423C.05,
 48.31 subdivision 8, also are entitled to be recomputed as the actuarial equivalent of the service
 48.32 pensions and survivor benefits with the number of units specified in subdivision 2,
 48.33 subdivision 4, and subdivision 6. Retirement annuities, service pensions, disability
 48.34 benefits, and survivor benefits after December 31, 2015, are eligible for postretirement
 48.35 adjustments under section 356.415, subdivision 1c. The unit value for the calculation of a
 48.36 retirement annuity first payable after December 31, 2015, is the calendar year 2015 unit

49.1 value, plus any postretirement adjustment percentage amount under section 356.415,
49.2 subdivision 1c, payable after December 31, 2015, and before the date of retirement.

49.3 Sec. 64. Minnesota Statutes 2011 Supplement, section 353.667, subdivision 8, is
49.4 amended to read:

49.5 Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies if
49.6 the membership of the former Minneapolis Firefighters Relief Association approves the
49.7 continuation of the relief association as a fraternal organization under Laws 2011, First
49.8 Special Session chapter 8, article 6, section ~~16~~17.

49.9 (b) The executive director shall cooperate with the Minneapolis firefighters fraternal
49.10 association to ensure adequate communication with the former members of the former
49.11 Minneapolis Firefighters Relief Association consistent with Public Employees Retirement
49.12 Association policy.

49.13 Sec. 65. Minnesota Statutes 2011 Supplement, section 353.668, subdivision 8, is
49.14 amended to read:

49.15 Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies
49.16 if the membership of the former Minneapolis Police Relief Association approves the
49.17 continuation of the relief association as a fraternal organization under Laws 2011, First
49.18 Special Session chapter 8, article 7, section ~~16~~17.

49.19 (b) The executive director shall cooperate with the Minneapolis police fraternal
49.20 association to ensure adequate communication with the former members of the former
49.21 Minneapolis Police Relief Association consistent with Public Employees Retirement
49.22 Association policy.

49.23 Sec. 66. Minnesota Statutes 2010, section 390.32, subdivision 9, is amended to read:

49.24 Subd. 9. **Inquest procedure.** If the county attorney elects to conduct an inquest, the
49.25 county attorney shall promptly notify the judge of the need for an inquest and make all
49.26 arrangements for it. At the inquest, the judge shall preside and the county attorney shall
49.27 conduct the inquest on behalf of the state. Upon conclusion of the inquest, the judge shall
49.28 find the cause of death and sign and file a death record. The judge, upon application
49.29 of the county attorney, may issue subpoenas for witnesses in the manner provided by
49.30 section 390.15 and the judge shall administer the oath to them in the manner provided
49.31 by section ~~390.16~~ 390.33, subdivision 3.

50.1 Sec. 67. Minnesota Statutes 2011 Supplement, section 402A.35, subdivision 4, is
 50.2 amended to read:

50.3 Subd. 4. **Process for establishing a service delivery authority.** (a) The county,
 50.4 tribe, or consortium of counties meeting the requirements of this section ~~402A.30~~ and
 50.5 proposing to establish a service delivery authority shall present to the council:

50.6 (1) in conjunction with the commissioner, a proposed memorandum of understanding
 50.7 meeting the requirements of subdivision 1, paragraph (b), and outlining:

50.8 (i) the details of the proposal;

50.9 (ii) the state, tribal, and local resources, which may include, but are not limited to,
 50.10 funding, administrative and technology support, and other requirements necessary for the
 50.11 service delivery authority; and

50.12 (iii) the relief available to the service delivery authority if the resource commitments
 50.13 identified in item (ii) are not met; and

50.14 (2) a board resolution from the board of commissioners of each participating county
 50.15 stating the county's intent to participate, or in the case of a tribe, a resolution from tribal
 50.16 government, stating the tribe's intent to participate.

50.17 (b) After the council has considered and recommended approval of a proposed
 50.18 memorandum of understanding, the commissioner may finalize and execute the
 50.19 memorandum of understanding.

50.20 Sec. 68. Minnesota Statutes 2011 Supplement, section 515B.1-102, is amended to read:

50.21 **515B.1-102 APPLICABILITY.**

50.22 (a) Except as provided in this section, this chapter, and not chapters 515 and 515A,
 50.23 applies to all common interest communities created within this state on and after June
 50.24 1, 1994.

50.25 (b) The applicability of this chapter to common interest communities created prior to
 50.26 June 1, 1994, shall be as follows:

50.27 (1) This chapter shall apply to condominiums created under chapter 515A with
 50.28 respect to events and circumstances occurring on and after June 1, 1994; provided (i) that
 50.29 this chapter shall not invalidate the declarations, bylaws or condominium plats of those
 50.30 condominiums, and (ii) that chapter 515A, and not this chapter, shall govern all rights and
 50.31 obligations of a declarant of a condominium created under chapter 515A, and the rights
 50.32 and claims of unit owners against that declarant.

50.33 (2) The following sections in this chapter apply to condominiums created under
 50.34 chapter 515: 515B.1-104 (Variation by Agreement); 515B.1-105 (Separate Titles and
 50.35 Taxation); 515B.1-106 (Applicability of Local Requirements); 515B.1-107 (Eminent

51.1 Domain); 515B.1-108 (This Chapter Prevails; Supplemental Law); 515B.1-109
 51.2 (Construction Against Implicit Repeal); 515B.1-112 (Unconscionable Agreement or
 51.3 Term of Contract); 515B.1-113 (Obligation of Good Faith); 515B.1-114 (Remedies to be
 51.4 Liberally Administered); 515B.1-115 (Notice); 515B.1-116 (Recording); 515B.2-103
 51.5 (Construction and Validity of Declaration and Bylaws); 515B.2-104 (Description
 51.6 of Units); 515B.2-108(d) (Allocation of Interests); 515B.2-109~~(e)~~ (f) (Common
 51.7 Elements and Limited Common Elements); 515B.2-112 (Subdivision, Combination,
 51.8 or Conversion of Units); 515B.2-113 (Alteration of Units); 515B.2-114 (Relocation of
 51.9 Boundaries Between Adjoining Units); 515B.2-115 (Minor Variations in Boundaries);
 51.10 515B.2-118 (Amendment of Declaration); 515B.2-119 (Termination of Common Interest
 51.11 Community); 515B.3-102 (Powers of Unit Owners' Association); 515B.3-103(a), (b),
 51.12 and (g) (Board of Directors, Officers, and Declarant Control); 515B.3-107 (Upkeep
 51.13 of Common Interest Community); 515B.3-108 (Meetings); 515B.3-109 (Quorums);
 51.14 515B.3-110 (Voting; Proxies); 515B.3-111 (Tort and Contract Liability); 515B.3-112
 51.15 (Conveyance of, or Creation of Security Interests in, Common Elements); 515B.3-113
 51.16 (Insurance); 515B.3-114 (Replacement Reserves); 515B.3-115 (c), (e), (f), (g), (h), and (i)
 51.17 (Assessments for Common Expenses); 515B.3-116 (Lien for Assessments); 515B.3-117
 51.18 (Other Liens); 515B.3-118 (Association Records); 515B.3-119 (Association as Trustee);
 51.19 515B.3-121 (Accounting Controls); 515B.4-107 (Resale of Units); 515B.4-108
 51.20 (Purchaser's Right to Cancel Resale); and 515B.4-116 (Rights of Action; Attorney's Fees).
 51.21 Section 515B.1-103 (Definitions) shall apply to the extent necessary in construing any of
 51.22 the sections referenced in this section. Sections 515B.1-105, 515B.1-106, 515B.1-107,
 51.23 515B.1-116, 515B.2-103, 515B.2-104, 515B.2-118, 515B.3-102, 515B.3-110,
 51.24 515B.3-111, 515B.3-113, 515B.3-116, 515B.3-117, 515B.3-118, 515B.3-121, 515B.4-107,
 51.25 515B.4-108, and 515B.4-116 apply only with respect to events and circumstances
 51.26 occurring on and after June 1, 1994. All other sections referenced in this section apply
 51.27 only with respect to events and circumstances occurring after July 31, 1999. A section
 51.28 referenced in this section does not invalidate the declarations, bylaws or condominium
 51.29 plats of condominiums created before August 1, 1999. But all sections referenced in this
 51.30 section prevail over the declarations, bylaws, CIC plats, rules and regulations under them,
 51.31 of condominiums created before August 1, 1999, except to the extent that this chapter
 51.32 defers to the declarations, bylaws, CIC plats, or rules and regulations issued under them.

51.33 (3) This chapter shall not apply to cooperatives and planned communities created
 51.34 prior to June 1, 1994, or to planned communities that were created on or after June 1,
 51.35 1994, and before August 1, 2006, and that consist of more than two but fewer than 13
 51.36 units; except by election pursuant to subsection (d), and except that sections 515B.1-116,

52.1 subsections (a), (c), (d), and (e), 515B.4-107, and 515B.4-108, apply to all planned
52.2 communities and cooperatives regardless of when they are created, unless they are exempt
52.3 under subsection (e).

52.4 (c) This chapter shall not invalidate any amendment to the declaration, bylaws
52.5 or condominium plat of any condominium created under chapter 515 or 515A if the
52.6 amendment was recorded before June 1, 1994. Any amendment recorded on or after June
52.7 1, 1994, shall be adopted in conformity with the procedures and requirements specified by
52.8 those instruments and by this chapter. If the amendment grants to any person any rights,
52.9 powers or privileges permitted by this chapter, all correlative obligations, liabilities and
52.10 restrictions contained in this chapter shall also apply to that person.

52.11 (d) Any condominium created under chapter 515, any planned community or
52.12 cooperative which would be exempt from this chapter under subsection (e), or any planned
52.13 community or cooperative created prior to June 1, 1994, or any planned community that
52.14 was created on or after June 1, 1994, and prior to August 1, 2006, and that consists of
52.15 more than two but fewer than 13 units, may elect to be subject to this chapter, as follows:

52.16 (1) The election shall be accomplished by recording a declaration or amended
52.17 declaration, and a new or amended CIC plat where required, and by approving bylaws or
52.18 amended bylaws, which conform to the requirements of this chapter, and which, in the
52.19 case of amendments, are adopted in conformity with the procedures and requirements
52.20 specified by the existing declaration and bylaws of the common interest community,
52.21 and by any applicable statutes.

52.22 (2) In a condominium, the preexisting condominium plat shall be the CIC plat and
52.23 an amended CIC plat shall be required only if the amended declaration or bylaws contain
52.24 provisions inconsistent with the preexisting condominium plat. The condominium's CIC
52.25 number shall be the apartment ownership number or condominium number originally
52.26 assigned to it by the recording officer. In a cooperative in which the unit owners' interests
52.27 are characterized as real estate, a CIC plat shall be required. In a planned community,
52.28 the preexisting plat or registered land survey recorded pursuant to chapter 505, 508, or
52.29 508A, or the part of the plat or registered land survey upon which the common interest
52.30 community is located, shall be the CIC plat.

52.31 (3) The amendment shall comply with section 515B.2-118(a)(3) and (c); except that
52.32 the unanimous consent of the unit owners shall not be required for (i) a clarification of the
52.33 unit boundary description if the clarified boundary description is substantially consistent
52.34 with the preexisting CIC plat, or (ii) changes from common elements to limited common
52.35 elements that occur by operation of section 515B.2-109(c) and (d).

53.1 (4) Except as permitted by paragraph (3), no declarant, affiliate of declarant,
53.2 association, master association nor unit owner may acquire, increase, waive, reduce or
53.3 revoke any previously existing warranty rights or causes of action that one of said persons
53.4 has against any other of said persons by reason of exercising the right of election under
53.5 this subsection.

53.6 (5) A common interest community which elects to be subject to this chapter may, as
53.7 a part of the election process, change its form of ownership by complying with section
53.8 515B.2-123.

53.9 (e) Except as otherwise provided in this subsection, this chapter shall not apply,
53.10 except by election pursuant to subsection (d), to the following:

53.11 (1) a planned community which consists of two units, which utilizes a CIC plat
53.12 complying with section 515B.2-110(d)(1) and (2), or section 515B.2-1101(d)(1) and (2),
53.13 which is not subject to any rights to subdivide or convert units or to add additional real
53.14 estate, and which is not subject to a master association;

53.15 (2) a common interest community that consists solely of platted lots or other
53.16 separate parcels of real estate designed or utilized for detached single family dwellings or
53.17 agricultural purposes, with or without common property, where no association or master
53.18 association has an obligation to maintain any building containing a dwelling or any
53.19 agricultural building located or to be located on such platted lots or parcels; except that
53.20 section 515B.4-101(e) shall apply to the sale of such platted lots or parcels of real estate if
53.21 the common interest community is or will be subject to a master declaration;

53.22 (3) a cooperative where, at the time of creation of the cooperative, the unit owners'
53.23 interests in the dwellings as described in the declaration consist solely of proprietary
53.24 leases having an unexpired term of fewer than 20 years, including renewal options;

53.25 (4) planned communities utilizing a CIC plat complying with section
53.26 515B.2-110(d)(1) and (2), or section 515B.2-1101(d)(1) and (2), and cooperatives,
53.27 which are limited by the declaration to nonresidential uses alone or in combination with
53.28 residential rental uses in which individual dwellings do not constitute units or other
53.29 separate parcels of real estate; or

53.30 (5) real estate subject only to an instrument or instruments filed primarily for the
53.31 purpose of creating or modifying rights with respect to access, utilities, parking, ditches,
53.32 drainage, or irrigation.

53.33 (f) Section 515B.4-101(e) applies to any platted lot or other parcel of real estate that
53.34 is subject to a master declaration and is not subject to or is exempt from this chapter.

53.35 (g) Section 515B.1-106 shall apply to all common interest communities.

54.1 (h) Sections 515B.1-103(33a), 515B.2-110, 515B.3-105, 515B.3-115, ~~515B.3-116~~,
 54.2 515B.4-102, and 515B.4-115 apply only to common interest communities created before
 54.3 August 1, 2010. Sections 515B.1-103(33b), 515B.2-1101, 515B.3-1051, 515B.3-1151,
 54.4 515B.4-1021, and 515B.4-1151 apply only to common interest communities created on
 54.5 or after August 1, 2010.

54.6 (i) Section 515B.3-114 applies to common interest communities only for the
 54.7 association's fiscal years commencing before January 1, 2012. Section 515B.3-1141
 54.8 applies to common interest communities only for the association's fiscal years commencing
 54.9 on or after January 1, 2012.

54.10 (j) Section 515B.3-104 applies only to transfers of special declarant rights that
 54.11 are effective before August 1, 2010. Section 515B.3-1041, subsections (a) through (i),
 54.12 apply only to transfers of special declarant rights that are effective on or after August 1,
 54.13 2010. Section 515B.3-1041, subsections (j) and (k), apply only to special declarant rights
 54.14 reserved in a declaration that is first recorded on or after August 1, 2010.

54.15 Sec. 69. Minnesota Statutes 2011 Supplement, section 515B.3-105, is amended to read:

54.16 **515B.3-105 TERMINATION OF CONTRACTS, LEASES; CIC CREATED**
 54.17 **BEFORE AUGUST 1, 2010.**

54.18 (a) If entered into prior to termination of the period of declarant control, (i) any
 54.19 management contract, employment contract, or lease of recreational facilities, or garages
 54.20 or other parking facilities, (ii) any contract, lease, or license binding the association, and
 54.21 to which a declarant or an affiliate of a declarant is a party, or (iii) any contract, lease, or
 54.22 license binding the association or any unit owner other than the declarant or an affiliate of
 54.23 the declarant which is not bona fide or which was unconscionable to the unit owners at
 54.24 the time entered into under the circumstances then prevailing, may be terminated without
 54.25 penalty by the association under the procedures described in this section.

54.26 (b) If prior to expiration of the suspension period described in Minnesota Statutes
 54.27 2008, section 515B.2-121, subsection (c), paragraph (3), a contract, lease, or license of a
 54.28 type described in subsection (a) is entered into by a person having authority to appoint the
 54.29 directors of the master association and is binding upon the master association, then the
 54.30 master association, and not any association, may terminate the contract, lease, or license
 54.31 under the procedures described in this section.

54.32 (c) Termination shall be upon no less than 90 days' notice. Notice of termination
 54.33 shall be given by the association or master association, as applicable, in accordance with
 54.34 section 515B.1-115; provided, that notice shall be effective only if given within two years
 54.35 following the termination of the period of declarant control or the suspension period

55.1 described in Minnesota Statutes 2008, section 515B.2-121, subsection (c), paragraph
55.2 (3), as applicable.

55.3 (d) This section does not apply to:

55.4 (1) any lease the termination of which would terminate the common interest
55.5 community;

55.6 (2) in the case of a cooperative, a mortgage or contract for deed encumbering real
55.7 estate owned by the association, except that if the mortgage or contract for deed contains
55.8 a contractual obligation involving a type of contract, lease, or license which may be
55.9 terminated pursuant to subsection (a) or (b), then that contractual obligation may be
55.10 terminated pursuant to subsection (c); or

55.11 (3) an agreement between a declarant or an affiliate of a declarant, or a person
55.12 having authority pursuant to Minnesota Statutes 2008, section 515B.2-121, subsection (c),
55.13 paragraph (3), to appoint the directors of the master association, and any governmental
55.14 entity, if such agreement is necessary to obtain governmental approvals, provide financing
55.15 under any type of government program, or provide for governmentally required access,
55.16 conservation, drainage, or utilities.

55.17 (e) This section applies only to common interest communities created before August
55.18 1, 2010.

55.19 Sec. 70. Minnesota Statutes 2011 Supplement, section 515B.3-1151, is amended to
55.20 read:

55.21 **515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED**
55.22 **ON OR AFTER AUGUST 1, 2010.**

55.23 (a) The association shall approve an annual budget of common expenses at or prior
55.24 to the conveyance of the first unit in the common interest community to a purchaser and
55.25 annually thereafter. The annual budget shall include all customary and necessary operating
55.26 expenses and replacement reserves for the common interest community, consistent
55.27 with this section and section 515B.3-114. For purposes of replacement reserves under
55.28 subsection (b), until an annual budget has been approved, the reserves shall be paid based
55.29 upon the budget contained in the disclosure statement required by section 515B.4-102.

55.30 The obligation of a unit owner to pay common expenses shall be as follows:

55.31 (1) If a common expense assessment has not been levied by the association, the
55.32 declarant shall pay all common expenses of the common interest community, including
55.33 the payment of the replacement reserve component of the common expenses for all units
55.34 in compliance with subsection (b).

56.1 (2) If a common expense assessment has been levied by the association, all unit
56.2 owners, including the declarant, shall pay the assessments levied against their units,
56.3 except as follows:

56.4 (i) The declaration may provide for an alternate common expense plan whereby the
56.5 declarant's common expense liability, and the corresponding assessment lien against the
56.6 units owned by the declarant, is limited to: (A) paying when due, in compliance with
56.7 subsection (b), an amount equal to the full share of the replacement reserves allocated to
56.8 units owned by the declarant, as set forth in the association's annual budget approved as
56.9 provided in this subsection; and (B) paying when due all accrued expenses of the common
56.10 interest community in excess of the aggregate assessments payable with respect to units
56.11 owned by persons other than a declarant; provided, that the alternate common expense
56.12 plan shall not affect a declarant's obligation to make up any operating deficit pursuant to
56.13 item (iv), and shall terminate upon the termination of any period of declarant control
56.14 unless terminated earlier pursuant to item (iii).

56.15 (ii) The alternate common expense plan may be authorized only by including in
56.16 the declaration and the disclosure statement required by section 515B.4-102 provisions
56.17 authorizing and disclosing the alternate common expense plan as described in item (i),
56.18 and including in the disclosure statement either (A) a statement that the alternate common
56.19 expense plan will have no effect on the level of services or amenities anticipated by the
56.20 association's budget contained in the disclosure statement, or (B) a statement describing
56.21 how the services or amenities may be affected.

56.22 (iii) A declarant shall give notice to the association of its intent to utilize the alternate
56.23 common expense plan and a commencement date after the date the notice is given. The
56.24 alternate common expense plan shall be valid only for periods after the notice is given.
56.25 A declarant may terminate its right to utilize the ~~alternative~~ alternate common expense
56.26 plan prior to the termination of the period of declarant control only by giving notice to the
56.27 association and the unit owners at least 30 days prior to a selected termination date set
56.28 forth in the notice.

56.29 (iv) If a declarant utilizes an alternate common expense plan, that declarant shall
56.30 cause to be prepared and delivered to the association, at the declarant's expense, within
56.31 90 days after the termination of the period of declarant control, an audited balance sheet
56.32 and profit and loss statement certified to the association and prepared by an accountant
56.33 having the qualifications set forth in section 515B.3-121 (b). The audit shall be binding on
56.34 the declarant and the association.

56.35 (v) If the audited profit and loss statement shows an accumulated operating deficit,
56.36 the declarant shall be obligated to make up the deficit within 15 days after delivery of the

57.1 audit to the association, and the association shall have a claim against the declarant for
57.2 an amount equal to the deficit until paid. A declarant who does not utilize an alternate
57.3 common expense plan is not liable to make up any operating deficit. If more than one
57.4 declarant utilizes an alternate common expense plan, all declarants who utilize the plan
57.5 are jointly and severally liable to the association for any operating deficit.

57.6 (vi) The existence and amount, if any, of the operating deficit shall be determined
57.7 using the accrual method of accounting applied as of the date of termination of the period
57.8 of declarant control, regardless of the accounting methodology previously used by the
57.9 association to maintain its accounts.

57.10 (vii) Unless approved by a vote of the unit owners other than the declarant and
57.11 its affiliates, the operating deficit shall not be made up, prior to the election by the unit
57.12 owners of a board of directors pursuant to section 515B.3-103(d), through the use of a
57.13 special assessment described in subsection (c) or by assessments described in subsections
57.14 (e), (f), and (g).

57.15 (viii) The use by a declarant of an alternate common expense plan shall not affect
57.16 the obligations of the declarant or the association as provided in the declaration, the
57.17 bylaws, or this chapter, or as represented in the disclosure statement required by section
57.18 515B.4-102, except as to matters authorized by this chapter.

57.19 (b) The replacement reserves required by section 515B.3-114 shall be paid to the
57.20 association by each unit owner for each unit owned by that unit owner in accordance with
57.21 the association's annual budget approved pursuant to subsection (a), regardless of whether
57.22 an annual assessment has been levied or whether the declarant has utilized an alternate
57.23 common expense plan under subsection (a)(2). Replacement reserves shall be paid with
57.24 respect to a unit commencing as of the later of (1) the date of creation of the common
57.25 interest community or (2) the date that the structure and exterior of the building containing
57.26 the unit, or the structure and exterior of any building located within the unit boundaries,
57.27 but excluding the interior finishing of the structure itself, are substantially completed. If
57.28 the association has not approved an annual budget as of the commencement date for the
57.29 payment of replacement reserves, then the reserves shall be paid based upon the budget
57.30 contained in the disclosure statement required by section 515B.4-102.

57.31 (c) After an assessment has been levied by the association, assessments shall be
57.32 levied at least annually, based upon an annual budget approved by the association. In
57.33 addition to and not in lieu of annual assessments, an association may, if so provided in the
57.34 declaration, levy special assessments against all units in the common interest community
57.35 based upon the same formula required by the declaration for levying annual assessments.
57.36 Special assessments may be levied only (1) to cover expenditures of an emergency

58.1 nature, (2) to replenish underfunded replacement reserves, (3) to cover unbudgeted capital
58.2 expenditures or operating expenses, or (4) to replace certain components of the common
58.3 interest community described in section 515B.3-114(a), if such alternative method of
58.4 funding is approved under section 515B.3-114(a)(5). The association may also levy
58.5 assessments against fewer than all units as provided in subsections (e), (f), and (g). An
58.6 assessment under subsection (e)(2) for replacement reserves is subject to the requirements
58.7 of section 515B.3-114(a)(5).

58.8 (d) Except as modified by subsections (a), clauses (1) and (2), (e), (f), and (g), all
58.9 common expenses shall be assessed against all the units in accordance with the allocations
58.10 established by the declaration pursuant to section 515B.2-108.

58.11 (e) Unless otherwise required by the declaration:

58.12 (1) any common expense associated with the maintenance, repair, or replacement
58.13 of a limited common element shall be assessed against the units to which that limited
58.14 common element is assigned, equally, or in any other proportion the declaration provides;

58.15 (2) any common expense or portion thereof benefiting fewer than all of the units
58.16 may be assessed exclusively against the units benefited, equally, or in any other proportion
58.17 the declaration provides;

58.18 (3) the costs of insurance may be assessed in proportion to risk or coverage, and the
58.19 costs of utilities may be assessed in proportion to usage;

58.20 (4) reasonable attorney fees and costs incurred by the association in connection with
58.21 (i) the collection of assessments, and (ii) the enforcement of this chapter, the articles,
58.22 bylaws, declaration, or rules and regulations, against a unit owner, may be assessed
58.23 against the unit owner's unit; and

58.24 (5) fees, charges, late charges, fines, and interest may be assessed as provided in
58.25 section 515B.3-116(a).

58.26 (f) Assessments levied under section 515B.3-116 to pay a judgment against the
58.27 association may be levied only against the units in the common interest community at the
58.28 time the judgment was entered, in proportion to their common expense liabilities.

58.29 (g) If any damage to the common elements or another unit is caused by the act or
58.30 omission of any unit owner, or occupant of a unit, or their invitees, the association may
58.31 assess the costs of repairing the damage exclusively against the unit owner's unit to the
58.32 extent not covered by insurance.

58.33 (h) Subject to any shorter period specified by the declaration or bylaws, if any
58.34 installment of an assessment becomes more than 60 days past due, then the association
58.35 may, upon ten days' written notice to the unit owner, declare the entire amount of the
58.36 assessment immediately due and payable in full.

59.1 (i) If common expense liabilities are reallocated for any purpose authorized by this
59.2 chapter, common expense assessments and any installment thereof not yet due shall be
59.3 recalculated in accordance with the reallocated common expense liabilities.

59.4 (j) An assessment against fewer than all of the units must be levied within three years
59.5 after the event or circumstances forming the basis for the assessment, or shall be barred.

59.6 (k) This section applies only to common interest communities created on or after
59.7 August 1, 2010.

59.8 Sec. 71. Minnesota Statutes 2010, section 609.131, subdivision 2, is amended to read:

59.9 Subd. 2. **Certain violations excepted.** Subdivision 1 does not apply to a
59.10 misdemeanor violation of section 169A.20; 171.09, subdivision 1, paragraph ~~(e)~~ (g);
59.11 171.306, subdivision 6; 609.224; 609.2242; 609.226; 609.324, subdivision 3; 609.52;
59.12 or 617.23, or an ordinance that conforms in substantial part to any of those sections.
59.13 A violation described in this subdivision must be treated as a misdemeanor unless the
59.14 defendant consents to the certification of the violation as a petty misdemeanor.

59.15 Sec. 72. Laws 2011, First Special Session chapter 8, article 7, section 19, is amended to
59.16 read:

59.17 Sec. 19. **EFFECTIVE DATE; LOCAL APPROVAL.**

59.18 (a) Sections 1 to 16, 17, paragraphs (a) to (d), and 18 are effective December 30,
59.19 2011, if the board of trustees of the Minneapolis Police Relief Association approves
59.20 the article and if a majority of the entire membership of the Minneapolis Police Relief
59.21 Association approves the article, if the chief administrative officer of the Minneapolis
59.22 Police Relief Association certifies those approvals to the mayor of the city of Minneapolis
59.23 and the president of the Minneapolis city council before September 15, 2011, if the
59.24 board of trustees of the Public Employees Retirement Association approves the article,
59.25 if the executive director of the Public Employees Retirement Association certifies that
59.26 approval to the mayor of the city of Minneapolis and the president of the Minneapolis city
59.27 council, if the governing body of the city of Minneapolis and the chief clerical officer of
59.28 Minneapolis timely complete their compliance with Minnesota Statutes, section 645.021,
59.29 subdivisions 2 and 3, on or before October 15, 2011, or on the date set by the board
59.30 of trustees of the Public Employees Retirement Association, in consultation with the
59.31 mayor of the city of Minneapolis and the executive director of the relief association, at the
59.32 first regular meeting of the Public Employees Retirement Association board of trustees
59.33 occurring after Minneapolis city council approval if the governing body of the city of
59.34 Minneapolis and the chief clerical officer of Minneapolis complete their compliance with

60.1 Minnesota Statutes, section 645.021, subdivisions 2 and 3, after October 15, 2011, and if a
 60.2 comparable consolidation relating to the Minneapolis Firefighters Relief Association is
 60.3 approved by all applicable entities under article 7 6.

60.4 (b) If the approvals occur under paragraph (a) in a timely fashion, section 17,
 60.5 paragraph (e), is effective on the day following approval by the Minneapolis city council.

60.6 Sec. 73. **SUPERSEDING ACTS.**

60.7 Any amendments or repeals enacted in the 2012 session of the legislature to sections
 60.8 also amended or repealed in this act supersede the amendments or repeals in this act,
 60.9 regardless of order of enactment.

60.10 Sec. 74. **REVISOR'S INSTRUCTIONS.**

60.11 Subdivision 1. **Pediatric vaccine administration.** The revisor shall renumber
 60.12 Minnesota Statutes, section 145.667, as section 145.671 and renumber Minnesota Statutes,
 60.13 section 145.668, as section 145.672. The revisor shall change any cross-references to
 60.14 reflect the changes in this section.

60.15 Subd. 2. **Registration of pharmacy technicians.** In Minnesota Rules, part
 60.16 6800.3850, subpart 1h, item B, the revisor shall change "January 1, 2013" to "January 1,
 60.17 2014" and change "January 1, 2012" to "January 1, 2013."

60.18 Sec. 75. **REPEALERS.**

60.19 Subdivision 1. **Obsolete section.** Minnesota Statutes 2010, section 62Q.10, is
 60.20 repealed.

60.21 Subd. 2. **Obsolete subdivision.** Minnesota Statutes 2010, section 148C.04,
 60.22 subdivision 3, is repealed.

60.23 Subd. 3. **Obsolete subdivision.** Minnesota Statutes 2010, section 326B.82,
 60.24 subdivision 1, is repealed.

60.25 Subd. 4. **Obsolete rule.** Minnesota Rules, part 4604.0600, subpart 2, is repealed.

60.26 Subd. 5. **Statutory conflict.** Laws 2011, First Special Session chapter 9, article 6,
 60.27 section 87, is repealed effective retroactively from July 21, 2011.

60.28 Subd. 6. **Statutory conflict.** Laws 2011, chapter 22, article 1, section 1, is repealed.

60.29 **ARTICLE 2**

60.30 **DATA PRACTICES**

60.31 Section 1. Minnesota Statutes 2010, section 13.6401, subdivision 2, is amended to read:

61.1 Subd. 2. **Department of Management and Budget.** (a) **Financial documents.**

61.2 Data sharing of financial documents between agencies and the commissioner of
61.3 management and budget is governed by section 16A.055.

61.4 (b) **Electronic payments.** Data relating to government services transactions is
61.5 governed by section 16A.626.

61.6 (c) **Register of ownership of bonds or certificates.** Information in a register of
61.7 ownership of state bonds or certificates is classified under section 16A.672, subdivision
61.8 11, or, for tobacco securitization bonds, under section 16A.98, subdivision 5, paragraph (l).

61.9 Sec. 2. Minnesota Statutes 2010, section 13.716, subdivision 1, is amended to read:

61.10 Subdivision 1. **Scope.** The sections referred to in ~~subdivisions 2 to 7~~ this section
61.11 are codified outside chapter 13. Those sections classify general insurance powers data as
61.12 other than public, place restrictions on access to government data, or involve data sharing.

61.13 Sec. 3. Minnesota Statutes 2010, section 13.7191, is amended by adding a subdivision
61.14 to read:

61.15 Subd. 20. **Broker association data.** Certain reports and recommendations made by
61.16 a broker association to the commissioner of commerce regarding the financial condition of
61.17 any eligible surplus lines insurer are classified under section 60A.208, subdivision 7.

61.18 Sec. 4. Minnesota Statutes 2010, section 13.7191, is amended by adding a subdivision
61.19 to read:

61.20 Subd. 21. **Surplus Lines Association data.** Certain data submitted to the
61.21 commissioner of commerce by the Surplus Lines Association of Minnesota are classified
61.22 under section 60A.2085, subdivision 8.

61.23 Sec. 5. Minnesota Statutes 2010, section 13.7191, is amended by adding a subdivision
61.24 to read:

61.25 Subd. 22. **Resident adjuster license; background check data.** Certain data
61.26 obtained during background checks of applicants for a resident adjuster license are
61.27 classified under section 72B.041, subdivision 2.

61.28 Sec. 6. Minnesota Statutes 2010, section 13.805, subdivision 1, is amended to read:

61.29 Subdivision 1. **Scope.** The ~~section~~ sections referred to in ~~subdivision 2~~ is this
61.30 section are codified outside this chapter. This section classifies address confidentiality
61.31 program data as other than public.

62.1 **ARTICLE 3**

62.2 **CONFORMING CHANGES WITH 2011 BOARD OF SOCIAL**
 62.3 **WORK PRACTICE ACT**

62.4 Section 1. Minnesota Statutes 2010, section 13.383, subdivision 10, is amended to read:

62.5 Subd. 10. **Social workers.** (a) **Disciplinary data generally.** Data held by the
 62.6 Board of Social Work in connection with disciplinary matters are classified under sections
 62.7 ~~148D.255 to 148D.270~~ 148E.255 to 148E.270.

62.8 (b) **Reports of violations.** Certain reports of violations submitted to the Board of
 62.9 Social Work are classified under sections ~~148D.240 to 148D.250~~ 148E.240 to 148E.250.

62.10 (c) **Client records.** Client records of a patient cared for by a social worker who is
 62.11 under review by the Board of Social Work are classified under section ~~148D.230~~ 148E.230.

62.12 Sec. 2. Minnesota Statutes 2010, section 148D.061, is amended to read:

62.13 **148D.061 PROVISIONAL LICENSES.**

62.14 Subdivision 1. **Requirements for a provisional license.** An applicant may be
 62.15 issued a provisional license if the applicant:

62.16 (1) was born in a foreign country;

62.17 (2) communicates in English as a second language;

62.18 (3) has taken the applicable examination administered by the Association of Social
 62.19 Work Boards or similar examination body designated by the board;

62.20 (4) has met the requirements of section ~~148D.055~~ 148E.055, subdivision 2,
 62.21 paragraph (a), clauses (1), (3), (4), (5), and (6); or subdivision 3, paragraph (a), clauses
 62.22 (1), (3), (4), (5), and (6); or subdivision 4, paragraph (a), clauses (1), (2), (4), (5), (6), and
 62.23 (7); or subdivision 5, paragraph (a), clauses (1), (2), (4), (5), (6), and (7); and

62.24 (5) complies with the requirements of subdivisions 2 to 7.

62.25 Subd. 2. **License term.** (a) A provisional license is valid until expiration, or until
 62.26 the board issues or denies a license under section ~~148D.055~~ 148E.055, or until the board
 62.27 revokes the provisional license, whichever occurs first.

62.28 (b) A provisional license expires three years after the effective date of the license.

62.29 Subd. 3. **Scope of practice.** A licensee who is issued a provisional license must
 62.30 comply with the requirements of section ~~148D.050~~ 148E.050.

62.31 Subd. 4. **Fee.** A licensee who is issued a provisional license must pay the
 62.32 appropriate license fee specified in section ~~148D.180~~ 148E.180.

62.33 Subd. 5. **Supervised practice requirements.** A licensee who is issued a provisional
 62.34 license must document supervised practice as provided in section 148D.062. If a licensee

63.1 issued a provisional license is granted a license under section ~~148D.055~~ 148E.055, the
 63.2 licensee must also meet the supervised practice requirements in sections ~~148D.100 to~~
 63.3 ~~148D.115~~ 148E.100 to 148E.115. The supervised practice completed under a provisional
 63.4 license does not apply to this requirement.

63.5 Subd. 6. **Evaluation by supervisor.** (a) After being issued a provisional license
 63.6 under subdivision 1, the licensee's supervisor must submit an evaluation every six months
 63.7 during the first 2,000 hours of social work practice. The evaluation must meet the
 63.8 requirements in section 148D.063. The supervisor must meet the eligibility requirements
 63.9 specified in section 148D.062.

63.10 (b) After completion of 2,000 hours of supervised social work practice, the licensee's
 63.11 supervisor must submit a final evaluation and attest to the applicant's ability to engage
 63.12 in the practice of social work competently and ethically.

63.13 Subd. 7. **Completion of requirements.** Upon completion of the requirements for a
 63.14 provisional license under subdivisions 1 to 6, an applicant shall not practice social work in
 63.15 Minnesota except as provided in section ~~148D.065~~ 148E.065, unless licensed according
 63.16 to section ~~148D.055~~ 148E.055.

63.17 Subd. 8. **Disciplinary or other action.** The board may take action according to
 63.18 sections ~~148D.260 to 148D.270~~ 148E.260 to 148E.270 if:

63.19 (1) the licensee's supervisor does not submit an evaluation as required by section
 63.20 148D.063;

63.21 (2) an evaluation submitted according to section 148D.063 indicates that the licensee
 63.22 cannot practice social work competently and ethically; or

63.23 (3) the licensee does not comply with the requirements of subdivisions 1 to 7.

63.24 Subd. 9. **Revocation of provisional license.** The board may immediately revoke
 63.25 the provisional license of a licensee who violates any requirements of this section. The
 63.26 revocation must be made for cause. A licensee whose provisional license is revoked must
 63.27 immediately return the provisional license to the board.

63.28 Sec. 3. Minnesota Statutes 2010, section 148D.062, subdivision 4, is amended to read:

63.29 Subd. 4. **Supervisor requirements.** (a) The supervision required by subdivision
 63.30 1 must be provided by a supervisor who meets the requirements in section ~~148D.120~~
 63.31 148E.120 and has either:

63.32 (1) 5,000 hours experience engaged in authorized social work practice; or

63.33 (2) completed 30 hours of training in supervision, which may be satisfied by
 63.34 completing academic coursework in supervision or continuing education courses in
 63.35 supervision as defined in section ~~148D.010~~ 148E.010, subdivision ~~16~~ 18.

64.1 (b) Supervision must be provided:

64.2 (1) if the supervisee is not engaged in clinical practice and the supervisee has a
64.3 provisional license to practice as a licensed social worker, by a licensed social worker who
64.4 has completed the supervised practice requirements;

64.5 (2) if the supervisee is not engaged in clinical practice and the supervisee has a
64.6 provisional license to practice as a licensed graduate social worker, licensed independent
64.7 social worker, or licensed independent clinical social worker, by:

64.8 (i) a licensed graduate social worker who has completed the supervised practice
64.9 requirements;

64.10 (ii) a licensed independent social worker; or

64.11 (iii) a licensed independent clinical social worker;

64.12 (3) if the supervisee is engaged in clinical practice and the supervisee has a
64.13 provisional license to practice as a licensed graduate social worker, licensed independent
64.14 social worker, or licensed independent clinical social worker, by a licensed independent
64.15 clinical social worker; or

64.16 (4) by a supervisor who meets the requirements in section ~~148D.120~~ 148E.120,
64.17 subdivision 2.

64.18 Sec. 4. Minnesota Statutes 2010, section 148D.063, subdivision 2, is amended to read:

64.19 Subd. 2. **Evaluation.** (a) When a licensee's supervisor submits an evaluation to the
64.20 board according to section 148D.061, subdivision 6, the supervisee and supervisor must
64.21 provide the following information on a form provided by the board:

64.22 (1) the name of the supervisee, the name of the agency in which the supervisee is
64.23 being supervised, and the supervisee's position title;

64.24 (2) the name and qualifications of the supervisor;

64.25 (3) the number of hours and dates of each type of supervision completed;

64.26 (4) the supervisee's position description;

64.27 (5) a declaration that the supervisee has not engaged in conduct in violation of the
64.28 standards of practice in sections ~~148D.195 to 148D.240~~ 148E.195 to 148E.240;

64.29 (6) a declaration that the supervisee has practiced competently and ethically
64.30 according to professional social work knowledge, skills, and values; and

64.31 (7) on a form provided by the board, an evaluation of the licensee's practice in
64.32 the following areas:

64.33 (i) development of professional social work knowledge, skills, and values;

64.34 (ii) practice methods;

64.35 (iii) authorized scope of practice;

- 65.1 (iv) ensuring continuing competence;
- 65.2 (v) ethical standards of practice; and
- 65.3 (vi) clinical practice, if applicable.

65.4 (b) The supervisor must attest to the satisfaction of the board that the supervisee has

65.5 met or has made progress on meeting the applicable supervised practice requirements.

65.6 Sec. 5. Minnesota Statutes 2010, section 148E.100, subdivision 2a, is amended to read:

65.7 Subd. 2a. **Supervised practice obtained prior to August 1, 2011.** (a)

65.8 Notwithstanding the requirements in subdivisions 1 and 2, the board shall approve hours

65.9 of supervised practice completed prior to August 1, 2011, which comply with Minnesota

65.10 Statutes 2010, sections 148D.100 to 148D.125. These hours must apply to supervised

65.11 practice requirements in effect as specified in this section.

65.12 (b) Any additional hours of supervised practice obtained effective August 1, 2011,

65.13 must comply with the increased requirements specified in this section.

65.14 Sec. 6. Minnesota Statutes 2010, section 148E.105, subdivision 2a, is amended to read:

65.15 Subd. 2a. **Supervised practice obtained prior to August 1, 2011.** (a)

65.16 Notwithstanding the requirements in subdivisions 1 and 2, the board shall approve hours

65.17 of supervised practice completed prior to August 1, 2011, which comply with Minnesota

65.18 Statutes 2010, sections 148D.100 to 148D.125. These hours shall apply to supervised

65.19 practice requirements in effect as specified in this section.

65.20 (b) Any additional hours of supervised practice obtained effective August 1, 2011,

65.21 must comply with the increased requirements specified in this section.

65.22 Sec. 7. Minnesota Statutes 2010, section 148E.106, subdivision 2a, is amended to read:

65.23 Subd. 2a. **Supervised practice obtained prior to August 1, 2011.** (a)

65.24 Notwithstanding the requirements in subdivisions 1 and 2, the board shall approve hours

65.25 of supervised practice completed prior to August 1, 2011, which comply with Minnesota

65.26 Statutes 2010, sections 148D.100 to 148D.125. These hours shall apply to supervised

65.27 practice requirements in effect as specified in this section.

65.28 (b) Any additional hours of supervised practice obtained effective August 1, 2011,

65.29 must comply with the increased requirements specified in this section.

65.30 (c) Notwithstanding the requirements in subdivision 2, clause (1), direct clinical

65.31 client contact hours are (i) not required prior to August 1, 2011, and (ii) not required of

65.32 a licensed graduate social worker engaged in clinical practice with a licensed graduate

65.33 social worker license issue date prior to August 1, 2011.

66.1 Sec. 8. Minnesota Statutes 2010, section 148E.110, subdivision 1a, is amended to read:

66.2 Subd. 1a. **Supervised practice obtained prior to August 1, 2011.** (a)

66.3 Notwithstanding subdivision 1, the board shall approve supervised practice hours
66.4 completed prior to August 1, 2011, which comply with Minnesota Statutes 2010, sections
66.5 148D.100 to 148D.125. These hours must apply to supervised practice requirements in
66.6 effect as specified in this section.

66.7 (b) Any additional hours of supervised practice obtained on or after August 1, 2011,
66.8 must comply with the increased requirements in this section.

66.9 Sec. 9. Minnesota Statutes 2010, section 148E.115, subdivision 1a, is amended to read:

66.10 Subd. 1a. **Supervised practice obtained prior to August 1, 2011.** (a)

66.11 Notwithstanding subdivisions 1 and 2, applicants and licensees who have completed hours
66.12 of supervised practice prior to August 1, 2011, which comply with Minnesota Statutes
66.13 2010, sections 148D.100 to 148D.125, may have that supervised practice applied to the
66.14 licensing requirement.

66.15 (b) Any additional hours of supervised practice obtained on or after August 1, 2011,
66.16 must comply with the increased requirements in this section.

66.17 (c) Notwithstanding subdivision 1, in order to qualify for the licensed independent
66.18 clinical social work license, direct clinical client contact hours are:

66.19 (1) not required prior to August 1, 2011; and

66.20 (2) not required of either a licensed graduate social worker or a licensed independent
66.21 social worker engaged in clinical practice with a license issued prior to August 1, 2011.

66.22 Sec. 10. Minnesota Statutes 2010, section 148E.130, subdivision 1a, is amended to
66.23 read:

66.24 Subd. 1a. **Increased clock hours required effective August 1, 2011.** (a)

66.25 Notwithstanding the requirements in subdivision 8, the clock hours specified in
66.26 subdivisions 1 and 4 to 6 apply to all new licenses issued effective August 1, 2011, under
66.27 section 148E.055.

66.28 (b) Any licensee issued a license prior to August 1, 2011, under Minnesota Statutes
66.29 2010, section 148D.055 must comply with the increased clock hours in subdivisions 1
66.30 and 4 to 6, and must document the clock hours at the first two-year renewal term after
66.31 August 1, 2011.

66.32 Sec. 11. Minnesota Statutes 2010, section 214.01, subdivision 2, is amended to read:

67.1 Subd. 2. **Health-related licensing board.** "Health-related licensing board" means
 67.2 the Board of Examiners of Nursing Home Administrators established pursuant to section
 67.3 144A.19, the Office of Unlicensed Complementary and Alternative Health Care Practice
 67.4 established pursuant to section 146A.02, the Board of Medical Practice created pursuant
 67.5 to section 147.01, the Board of Nursing created pursuant to section 148.181, the Board of
 67.6 Chiropractic Examiners established pursuant to section 148.02, the Board of Optometry
 67.7 established pursuant to section 148.52, the Board of Physical Therapy established pursuant
 67.8 to section 148.67, the Board of Psychology established pursuant to section 148.90, the
 67.9 Board of Social Work pursuant to section ~~148D.025~~ 148E.025, the Board of Marriage
 67.10 and Family Therapy pursuant to section 148B.30, ~~the Office of Mental Health Practice~~
 67.11 ~~established pursuant to section 148B.61~~, the Board of Behavioral Health and Therapy
 67.12 established by section 148B.51, the Board of Dietetics and Nutrition Practice established
 67.13 under section 148.622, the Board of Dentistry established pursuant to section 150A.02,
 67.14 the Board of Pharmacy established pursuant to section 151.02, the Board of Podiatric
 67.15 Medicine established pursuant to section 153.02, and the Board of Veterinary Medicine
 67.16 established pursuant to section 156.01.

67.17 Sec. 12. Minnesota Statutes 2010, section 256B.0625, subdivision 19c, is amended to
 67.18 read:

67.19 Subd. 19c. **Personal care.** Medical assistance covers personal care assistance
 67.20 services provided by an individual who is qualified to provide the services according to
 67.21 subdivision 19a and sections 256B.0651 to 256B.0656, provided in accordance with a
 67.22 plan, and supervised by a qualified professional.

67.23 "Qualified professional" means a mental health professional as defined in section
 67.24 245.462, subdivision 18, or 245.4871, subdivision 27; or a registered nurse as defined in
 67.25 sections 148.171 to 148.285, a licensed social worker as defined in sections ~~148D.010~~
 67.26 ~~and 148D.055~~ 148E.010 and 148E.055, or a qualified developmental disabilities specialist
 67.27 under section 245B.07, subdivision 4. The qualified professional shall perform the duties
 67.28 required in section 256B.0659.

APPENDIX
Article locations in 12-4744

ARTICLE 1	MISCELLANEOUS CORRECTIONS	Page.Ln 2.1
ARTICLE 2	DATA PRACTICES	Page.Ln 60.29
	CONFORMING CHANGES WITH 2011 BOARD OF SOCIAL	
ARTICLE 3	WORK PRACTICE ACT	Page.Ln 62.1

62Q.10 NONDISCRIMINATION.

If a health plan company, with the exception of a community integrated service network or an indemnity insurer licensed under chapter 60A who does not offer a product through a preferred provider network, offers coverage of a health care service as part of its plan, it may not deny provider network status to a qualified health care provider type who meets the credentialing requirements of the health plan company solely because the provider is an allied independent health care provider as defined in section 62Q.095.

148C.04 REQUIREMENTS FOR LICENSURE.

Subd. 3. **Requirements for licensure before July 1, 2008.** An applicant for a license must furnish evidence satisfactory to the board that the applicant has met all the requirements in clauses (1) to (3). The applicant must have:

(1) received an associate degree, or an equivalent number of credit hours, and a certificate in alcohol and drug counseling, including 18 semester credits or 270 clock hours of academic course work in accordance with subdivision 5a, paragraph (a), from an accredited school or educational program and 880 clock hours of supervised alcohol and drug counseling practicum;

(2) completed one of the following:

(i) a written case presentation and satisfactorily passed an oral examination that demonstrates competence in the core functions as determined by the board; or

(ii) satisfactorily completed 2,000 hours of supervised postdegree equivalent professional practice in accordance with section 148C.044; and

(3) satisfactorily passed written examinations for licensure as determined by the board.

326B.82 DEFINITIONS.

Subdivision 1. **Words, terms, and phrases.** For the purposes of section 326B.821, the terms defined in this section have the meanings given them, unless the context clearly indicates otherwise.

APPENDIX
Repealed Minnesota Session Laws: 12-4744

Laws 2011, chapter 22, article 1, section 1

Section 1. Minnesota Statutes 2010, section 12A.10, is amended by adding a subdivision to read:

Subd. 4. **Nursing home bed layaway.** In consultation with the commissioner of human services, the commissioner of health may waive timelines specified in section 144A.071, subdivision 4b, at any time when a partial or complete evacuation occurs in response to a natural disaster, or another event that threatens the health and safety of residents of a nursing home. Property payment rates must not be adjusted for a nursing home placing beds in or removing them from layaway under this subdivision.

Laws 2011, First Special Session chapter 9, article 6, section 87

Sec. 87. Laws 2009, chapter 79, article 8, section 4, the effective date, as amended by Laws 2010, First Special Session chapter 1, article 24, section 12, is amended to read:

EFFECTIVE DATE. The section is effective January 1, 2014, or upon the date it is no longer subject to the maintenance effort requirement in Public Law 111-148.

APPENDIX

Repealed Minnesota Rule: 12-4744

Subp. 2. **Grades 7 through 12 sunset provision.** The requirement in Minnesota Statutes, section 121A.15, subdivision 10, paragraph (d), regarding a statement of measles, mumps, and rubella vaccination in grades 7 through 12, expires after the 2011-2012 school year.