STATE OF MINNESOTA

NINETY-SECOND SESSION — 2021

THIRTY-NINTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 15, 2021

The House of Representatives convened at 10:30 a.m. and was called to order by Andrew Carlson, Speaker pro tempore.

Prayer was offered by the Reverend Drew Bakken, Senior Pastor, Lutheran Church of the Cross, Nisswa, Minnesota.

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

The roll was called and the following members were present:

Acomb	Demuth	Hansen, R.	Kresha	Nash	Robbins
Agbaje	Dettmer	Hanson, J.	Lee	Nelson, M.	Sandell
Akland	Drazkowski	Hassan	Liebling	Nelson, N.	Sandstede
Anderson	Ecklund	Hausman	Lillie	Neu Brindley	Schomacker
Backer	Edelson	Heinrich	Lippert	Noor	Schultz
Bahner	Elkins	Heintzeman	Lislegard	Novotny	Scott
Bahr	Erickson	Her	Long	O'Driscoll	Stephenson
Baker	Feist	Hertaus	Lucero	Olson, B.	Sundin
Becker-Finn	Fischer	Hollins	Lueck	Olson, L.	Swedzinski
Bennett	Franke	Hornstein	Mariani	O'Neill	Theis
Berg	Franson	Howard	Marquart	Pelowski	Thompson
Bernardy	Frazier	Huot	Masin	Petersburg	Torkelson
Bierman	Frederick	Igo	McDonald	Pfarr	Urdahl
Bliss	Freiberg	Johnson	Mekeland	Pierson	Vang
Boldon	Garofalo	Jordan	Miller	Pinto	Wazlawik
Burkel	Gomez	Jurgens	Moller	Poston	West
Carlson	Green	Keeler	Moran	Pryor	Winkler
Christensen	Greenman	Kiel	Morrison	Quam	Wolgamott
Daniels	Grossell	Klevorn	Mortensen	Raleigh	Xiong, J.
Daudt	Gruenhagen	Koegel	Mueller	Rasmusson	Youakim
Davids	Haley	Kotyza-Witthuhn	Munson	Reyer	Spk. Hortman
Davnie	Hamilton	Koznick	Murphy	Richardson	

A quorum was present.

Albright, Boe and Xiong, T., were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

REPORTS OF CHIEF CLERK

S. F. No. 1284 and H. F. No. 1067, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Davnie moved that S. F. No. 1284 be substituted for H. F. No. 1067 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1315 and H. F. No. 1403, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Becker-Finn moved that S. F. No. 1315 be substituted for H. F. No. 1403 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Becker-Finn from the Committee on Judiciary Finance and Civil Law to which was referred:

H. F. No. 600, A bill for an act relating to cannabis; establishing the Cannabis Management Board; establishing advisory councils; requiring reports relating to cannabis use and sales; legalizing and limiting the possession and use of cannabis by adults; providing for the licensing, inspection, and regulation of cannabis businesses; requiring testing of cannabis and cannabis products; requiring labeling of cannabis and cannabis products; limiting the advertisement of cannabis, cannabis products, and cannabis businesses; providing for the cultivation of cannabis in private residences; transferring regulatory authority for the medical cannabis program; taxing the sale of adult-use cannabis; establishing grant and loan programs; amending criminal penalties; establishing expungement procedures for certain individuals; establishing labor standards for the use of cannabis by employees and testing of employees; creating a civil cause of action for certain nuisances; amending the scheduling of marijuana and tetrahydrocannabinols; classifying data; appropriating money; amending Minnesota Statutes 2020, sections 13.411, by adding a subdivision; 13.871, by adding a subdivision; 152.02, subdivisions 2, 4; 152.022, subdivisions 1, 2; 152.023, subdivisions 1, 2; 152.024, subdivision 1; 152.025, subdivisions 1, 2; 181.938, subdivision 2; 181.950, subdivisions 2, 4, 5, 8, 13, by adding a subdivision; 181.951, by adding subdivisions; 181.952, by adding a subdivision; 181.953; 181.954; 181.955; 181.957, subdivision 1; 244.05, subdivision 2; 256.01, subdivision 18c; 256D.024, subdivision 1; 256J.26, subdivision 1; 290.0132, subdivision 29; 290.0134, subdivision 19; 297A.67, subdivisions 2, 7; 297A.99, by adding a subdivision; 297D.01, subdivision 2; 297D.04; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivision 1a; 297D.10; 297D.11; 609.135, subdivision 1; 609.531, subdivision 1; 609.5311, subdivision 1; 609.5314, subdivision 1; 609.5316, subdivision 2; 609.5317, subdivision 1; 609A.01; 609A.03, subdivisions 5, 9; proposing coding for new law in Minnesota Statutes, chapters 17; 28A; 34A; 116J; 116L; 120B; 144; 152; 289A; 295; 604; 609A; proposing coding for new law as Minnesota Statutes, chapter 342; repealing Minnesota Statutes 2020, sections 152.027, subdivisions 3, 4; 152.22, subdivisions 1, 2, 3, 4, 5, 5a, 5b, 6, 7, 8, 9, 10, 11, 12, 13, 14; 152.23; 152.24; 152.25, subdivisions 1, 1a, 1b, 1c, 2, 3, 4; 152.26; 152.261; 152.27, subdivisions 1, 2, 3, 4, 5, 6, 7; 152.28, subdivisions 1, 2, 3; 152.29, subdivisions 1, 2, 3, 3a, 4; 152.30; 152.31; 152.32, subdivisions 1, 2, 3; 152.33, subdivisions 1, 1a, 2, 3, 4, 5, 6; 152.34; 152.35; 152.36, subdivisions 1, 1a, 2, 3, 4, 5; 152.37; 297D.01, subdivision 1; Minnesota Rules, parts 4770.0100; 4770.0200; 4770.0300; 4770.0400; 4770.0500; 4770.0600; 4770.0800; 4770.0900; 4770.1000; 4770.1100; 4770.1200; 4770.1300; 4770.1400; 4770.1460; 4770.1500; 4770.1600; 4770.1700; 4770.1800; 4770.1900; 4770.2000; 4770.2100; 4770.2200; 4770.2300; 4770.2400; 4770.2700; 4770.2800; 4770.4000; 4770.4002; 4770.4003; 4770.4004; 4770.4005; 4770.4007; 4770.4008; 4770.4009; 4770.4010; 4770.4012; 4770.4013; 4770.4014; 4770.4015; 4770.4016; 4770.4017; 4770.4018; 4770.4030.

Reported the same back with the recommendation that the bill be re-referred to the Committee on State Government Finance and Elections.

The report was adopted.

Moran from the Committee on Ways and Means to which was referred:

H. F. No. 1031, A bill for an act relating to commerce; establishing a biennial budget for certain Department of Commerce activities; modifying various provisions governing and administered by the Department of Commerce; establishing a prescription drug affordability board and related regulations; modifying various provisions regulating insurance; establishing a student loan borrower bill of rights; modifying and adding consumer protections; modifying provisions governing collection agencies and debt buyers; modifying requirements for real estate appraiser continuing education; modifying fees; establishing penalties; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 13.712, by adding a subdivision; 45.305, subdivision 1, by adding a subdivision; 45.306, by adding a subdivision; 45.33, subdivision 1, by adding a subdivision; 47.59, subdivision 2; 47.60, subdivision 2; 47.601, subdivisions 2, 6; 48.512, subdivisions 2, 3, 7; 53.04, subdivision 3a; 56.131, subdivision 1; 60A.092, subdivision 10a, by adding a subdivision; 60A.0921, subdivision 2; 60A.14, subdivision 1; 60A.71, subdivision 7; 61A.245, subdivision 4; 62J.23, subdivision 2; 65B.15, subdivision 1; 65B.43, subdivision 12; 65B.472, subdivision 1; 79.55, subdivision 10; 80G.06, subdivision 1; 82.57, subdivisions 1, 5; 82.62, subdivision 3; 82.81, subdivision 12; 82B.021, subdivision 18, by adding subdivisions; 82B.03, by adding a subdivision; 82B.11, subdivision 3; 82B.195, by adding a subdivision; 115C.094; 174.29, subdivision 1; 174.30, subdivisions 1, 10; 216B.62, subdivision 3b; 221.031, subdivision 3b; 256B.0625, subdivisions 10, 17; 308A.201, subdivision 12; 325E.21, by adding subdivisions; 325F.171, by adding a subdivision; 325F.172, by adding a subdivision; 332.31, subdivisions 3, 6, by adding subdivisions; 332.311; 332.32; 332.33, subdivisions 1, 2, 5, 5a, 7, 8, by adding a subdivision; 332.34; 332.345; 332.355; 332.37; 332.385; 332.40, subdivision 3; 332.42, subdivisions 1, 2; 386.375, subdivision 3; 514.972, subdivisions 4, 5; 514.973, subdivisions 3, 4; 514.974; 514.977; proposing coding for new law in Minnesota Statutes, chapters 60A; 62J; 62Q; 80G; 82B; 325E; 325F; 332; proposing coding for new law as Minnesota Statutes, chapter 58B; repealing Minnesota Statutes 2020, sections 45.017; 45.306, subdivision 1; 60A.98; 60A.981; 60A.982; 115C.13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
COMMERCE FINANCE

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023. If an appropriation in this act is enacted more than once in the 2021 legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$27,603,000**	**$26,920,000**

Appropriations by Fund	2022	2023
General	24,267,000	24,061,000
Special Revenue	2,570,000	2,093,000
Workers' Compensation Fund	766,000	766,000

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

Subd. 2. **Financial Institutions** 1,923,000 1,941,000

Appropriations by Fund		
General	1,923,000	1,941,000

(a) $400,000 each year is for a grant to Prepare and Prosper to develop, market, evaluate, and distribute a financial services inclusion program that (1) assists low-income and financially underserved populations to build savings and strengthen credit, and (2) provides services to assist low-income and financially underserved populations to become more financially stable and secure. Money remaining after the first year is available for the second year.

(b) $254,000 each year is to administer the requirements of Minnesota Statutes, chapter 58B.

Subd. 3. **Administrative Services** 9,346,000 8,821,000

(a) $392,000 in the first year and $401,000 in the second year are for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

(b) $5,000 each year is for Real Estate Appraisal Advisory Board compensation pursuant to Minnesota Statutes, section 82B.073, subdivision 2a.

(c) $353,000 each year is for system modernization and cybersecurity upgrades for the unclaimed property program.

(d) $564,000 each year is for additional operations of the unclaimed property program.

(e) $832,000 in the first year and $208,000 in the second year are for IT system modernization. The base in fiscal year 2024 and beyond is $0.

Subd. 4. **Telecommunications** 3,443,000 3,183,000

Appropriations by Fund

General	1,073,000	1,090,000
Special Revenue	2,370,000	2,093,000

$2,370,000 in the first year and $2,093,000 in the second year are from the telecommunications access Minnesota fund account in the special revenue fund for the following transfers:

(1) $1,620,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. This transfer is subject to Minnesota Statutes, section 16A.281;

(2) $290,000 each year is to the chief information officer to coordinate technology accessibility and usability;

(3) $410,000 in the first year and $133,000 in the second year are to the Legislative Coordinating Commission for captioning legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281. Notwithstanding any law to the contrary, the commissioner of management and budget must determine whether $310,000 of the expenditures authorized under this clause for the first year are eligible uses of federal funding received under the Coronavirus State Fiscal Recovery Fund or any other federal funds received by the state under the American Rescue Plan Act, Public Law 117-2. If the commissioner of management and budget determines an expenditure is eligible for funding under Public Law 117-2, the amount of the eligible expenditure is appropriated from the account where the federal funds have been deposited and the corresponding Telecommunications Access Minnesota Fund amounts appropriated under this clause cancel to the Telecommunications Access Minnesota Fund; and

(4) $50,000 each year is to the Office of MN.IT Services for a consolidated access fund to provide grants or services to other state agencies related to accessibility of web-based services.

Subd. 5. **Enforcement** 6,231,000 5,632,000

Appropriations by Fund

General	5,825,000	5,426,000
Workers' Compensation	206,000	206,000
Special Revenue Fund	200,000	-0-

(a) $283,000 in the first year and $286,000 in the second year are for health care enforcement.

(b) $201,000 each year is from the workers' compensation fund.

(c) $5,000 each year is from the workers' compensation fund for insurance fraud specialist salary increases.

(d) Notwithstanding Minnesota Statutes, section 297I.11, subdivision 2, $200,000 in the first year is from the auto theft prevention account in the special revenue fund for the catalytic converter theft prevention pilot project. This balance does not cancel but is available in the second year.

(e) $190,000 in the first year is from the general fund for the catalytic converter theft prevention pilot project. This balance does not cancel but is available in the second year. The general fund base for the catalytic converter theft prevention pilot project in fiscal year 2024 and fiscal year 2025 is $92,000.

(f) $300,000 in the first year is transferred from the consumer education account in the special revenue fund to the general fund. $300,000 in the first year is to the commissioner of education to issue grants of $150,000 each year to the Minnesota Council on Economic Education. This balance does not cancel but is available in the second year.

Subd. 6. **Insurance**		6,660,000	7,343,000
Appropriations by Fund			
General	6,100,000	6,783,000	
Workers' Compensation	560,000	560,000	

(a) $656,000 in the first year and $671,000 in the second year are for health insurance rate review staffing.

(b) $421,000 in the first year and $431,000 in the second year are for actuarial work to prepare for implementation of principle-based reserves.

(c) $30,000 in the first year is to pay for two years of membership dues for Minnesota to the National Conference of Insurance Legislators.

(d) $428,000 in the first year and $432,000 in the second year are for licensing activities under Minnesota Statutes, chapter 62W. Of this amount, $246,000 each year must be used only for staff costs associated with two enforcement investigators to enforce Minnesota Statutes, chapter 62W.

(e) $560,000 each year is from the workers' compensation fund.

(f) $197,000 in the first year is to establish the Prescription Drug Affordability Board under Minnesota Statutes, section 62J.87. Following the first meeting of the board and prior to June 30, 2022, the commissioner shall transfer any funds remaining from this appropriation to the board.

(g) $358,000 in the second year is to the Prescription Drug Affordability Board established under Minnesota Statutes, section 62J.87, to implement the Prescription Drug Affordability Act.

(h) $456,000 in the second year is to the attorney general's office to enforce the Prescription Drug Affordability Act.

Sec. 3. **CANCELLATION; FISCAL YEAR 2021.**

$1,220,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First Special Session chapter 7, article 1, section 6, subdivision 3, is canceled.

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

Sec. 4. **DEPARTMENT OF COMMERCE; APPROPRIATION.**

(a) $4,000 in fiscal year 2021 is appropriated from the workers' compensation fund to the commissioner of commerce for insurance fraud specialist salary increases.

(b) $97,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of commerce for enforcement.

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

ARTICLE 2
PRESCRIPTION DRUG AFFORDABILITY BOARD

Section 1. **[62J.85] CITATION.**

Sections 62J.85 to 62J.95 may be cited as the "Prescription Drug Affordability Act."

Sec. 2. **[62J.86] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of sections 62J.85 to 62J.95, the following terms have the meanings given them.

Subd. 2. **Advisory council.** "Advisory council" means the Prescription Drug Affordability Advisory Council established under section 62J.88.

Subd. 3. **Biologic.** "Biologic" means a drug that is produced or distributed in accordance with a biologics license application approved under Code of Federal Regulations, title 42, section 447.502.

Subd. 4. **Biosimilar.** "Biosimilar" has the meaning given in section 62J.84, subdivision 2, paragraph (b).

Subd. 5. **Board.** "Board" means the Prescription Drug Affordability Board established under section 62J.87.

Subd. 6. **Brand name drug.** "Brand name drug" has the meaning given in section 62J.84, subdivision 2, paragraph (c).

Subd. 7. **Generic drug.** "Generic drug" has the meaning given in section 62J.84, subdivision 2, paragraph (e).

Subd. 8. **Group purchaser.** "Group purchaser" has the meaning given in section 62J.03, subdivision 6, and includes pharmacy benefit managers, as defined in section 62W.02, subdivision 15.

Subd. 9. **Manufacturer.** "Manufacturer" means an entity that:

(1) engages in the manufacture of a prescription drug product or enters into a lease with another manufacturer to market and distribute a prescription drug product under the entity's own name; and

(2) sets or changes the wholesale acquisition cost of the prescription drug product it manufacturers or markets.

Subd. 10. **Prescription drug product.** "Prescription drug product" means a brand name drug, a generic drug, a biologic, or a biosimilar.

Subd. 11. **Wholesale acquisition cost or WAC.** "Wholesale acquisition cost" or "WAC" has the meaning given in United States Code, title 42, section 1395W-3a(c)(6)(B).

Sec. 3. **[62J.87] PRESCRIPTION DRUG AFFORDABILITY BOARD.**

Subdivision 1. **Establishment.** The commissioner of commerce shall establish the Prescription Drug Affordability Board, which shall be governed as a board under section 15.012, paragraph (a), to protect consumers, state and local governments, health plan companies, providers, pharmacies, and other health care system stakeholders from unaffordable costs of certain prescription drugs.

Subd. 2. **Membership.** (a) The Prescription Drug Affordability Board consists of nine members appointed as follows:

(1) seven voting members appointed by the governor;

(2) one nonvoting member appointed by the majority leader of the senate; and

(3) one nonvoting member appointed by the speaker of the house.

(b) All members appointed must have knowledge and demonstrated expertise in pharmaceutical economics and finance or health care economics and finance. A member must not be an employee of, a board member of, or a consultant to a manufacturer or trade association for manufacturers or a pharmacy benefit manager or trade association for pharmacy benefit managers.

(c) Initial appointments shall be made by January 1, 2022.

Subd. 3. **Terms.** (a) Board appointees shall serve four-year terms, except that initial appointees shall serve staggered terms of two, three, or four years as determined by lot by the secretary of state. A board member shall serve no more than two consecutive terms.

(b) A board member may resign at any time by giving written notice to the board.

Subd. 4. **Chair; other officers.** (a) The governor shall designate an acting chair from the members appointed by the governor. The acting chair shall convene the first meeting of the board.

(b) The board shall elect a chair to replace the acting chair at the first meeting of the board by a majority of the members. The chair shall serve for one year.

(c) The board shall elect a vice-chair and other officers from the board's membership as the board deems necessary.

Subd. 5. **Staff; technical assistance.** (a) The board shall hire an executive director and other staff, who shall serve in the unclassified service. The executive director must have knowledge and demonstrated expertise in pharmacoeconomics, pharmacology, health policy, health services research, medicine, or a related field or discipline. The board may employ or contract for professional and technical assistance as the board deems necessary to perform the board's duties.

(b) The attorney general shall provide legal services to the board.

Subd. 6. **Compensation.** The board members shall not receive compensation but may receive reimbursement for expenses as authorized under section 15.059, subdivision 3.

Subd. 7. **Meetings.** (a) Meetings of the board are subject to chapter 13D. The board shall meet publicly at least every three months to review prescription drug product information submitted to the board under section 62J.90. If there are no pending submissions, the chair of the board may cancel or postpone the required meeting. The board may meet in closed session when reviewing proprietary information, as determined under the standards developed in accordance with section 62J.91, subdivision 4.

(b) The board shall announce each public meeting at least two weeks prior to the scheduled date of the meeting. Any materials for the meeting shall be made public at least one week prior to the scheduled date of the meeting.

(c) At each public meeting, the board shall provide the opportunity for comments from the public, including the opportunity for written comments to be submitted to the board prior to a decision by the board.

Sec. 4. **[62J.88] PRESCRIPTION DRUG AFFORDABILITY ADVISORY COUNCIL.**

Subdivision 1. **Establishment.** The governor shall appoint a 12-member stakeholder advisory council to provide advice to the board on drug cost issues and to represent stakeholders' views. The members of the advisory council shall be appointed based on the members' knowledge and demonstrated expertise in one or more of the following areas: the pharmaceutical business; practice of medicine; patient perspectives; health care cost trends and drivers; clinical and health services research; and the health care marketplace.

Subd. 2. **Membership.** The council's membership shall consist of the following:

(1) two members representing patients and health care consumers;

(2) two members representing health care providers;

(3) one member representing health plan companies;

(4) two members representing employers, with one member representing large employers and one member representing small employers;

(5) one member representing government employee benefit plans;

(6) one member representing pharmaceutical manufacturers;

(7) one member who is a health services clinical researcher;

(8) one member who is a pharmacologist; and

(9) one member with expertise in health economics representing the commissioner of health.

Subd. 3. **Terms.** (a) The initial appointments to the advisory council shall be made by January 1, 2022. The initial appointed advisory council members shall serve staggered terms of two, three, or four years determined by lot by the secretary of state. Following the initial appointments, the advisory council members shall serve four-year terms.

(b) Removal and vacancies of advisory council members is governed by section 15.059.

Subd. 4. **Compensation.** Advisory council members may be compensated according to section 15.059.

Subd. 5. **Meetings.** Meetings of the advisory council are subject to chapter 13D. The advisory council shall meet publicly at least every three months to advise the board on drug cost issues related to the prescription drug product information submitted to the board under section 62J.90.

Subd. 6. **Exemption.** Notwithstanding section 15.059, the advisory council does not expire.

Sec. 5. **[62J.89] CONFLICTS OF INTEREST.**

Subdivision 1. **Definition.** For purposes of this section, "conflict of interest" means a financial or personal association that has the potential to bias or have the appearance of biasing a person's decisions in matters related to the board, the advisory council, or in the conduct of the board's or council's activities. A conflict of interest includes any instance in which a person, a person's immediate family member, including a spouse, parent, child, or other legal dependent, or an in-law of any of the preceding individuals has received or could receive a direct or indirect financial benefit of any amount deriving from the result or findings of a decision or determination of the board. For purposes of this section, a financial benefit includes honoraria, fees, stock, the value of the member's, immediate family member's, or in-law's stock holdings, and any direct financial benefit deriving from the finding of a review conducted under sections 62J.85 to 62J.95. Ownership of securities is not a conflict of interest if the securities are: (1) part of a diversified mutual or exchange traded fund; or (2) in a tax-deferred or tax-exempt retirement account that is administered by an independent trustee.

Subd. 2. **General.** (a) Prior to the acceptance of an appointment or employment, or prior to entering into a contractual agreement, a board or advisory council member, board staff member, or third-party contractor must disclose to the appointing authority or the board any conflicts of interest. The information disclosed shall include the type, nature, and magnitude of the interests involved.

(b) A board member, board staff member, or third-party contractor with a conflict of interest with regard to any prescription drug product under review must recuse themselves from any discussion, review, decision, or determination made by the board relating to the prescription drug product.

(c) Any conflict of interest must be disclosed in advance of the first meeting after the conflict is identified or within five days after the conflict is identified, whichever is earlier.

Subd. 3. **Prohibitions.** Board members, board staff, or third-party contractors are prohibited from accepting gifts, bequeaths, or donations of services or property that raise the specter of a conflict of interest or have the appearance of injecting bias into the activities of the board.

Sec. 6. **[62J.90] PRESCRIPTION DRUG PRICE INFORMATION; DECISION TO CONDUCT COST REVIEW.**

Subdivision 1. **Drug price information from the commissioner of health and other sources.** (a) The commissioner of health shall provide to the board the information reported to the commissioner by drug manufacturers under section 62J.84, subdivisions 3, 4, and 5. The commissioner shall provide this information to the board within 30 days of the date the information is received from drug manufacturers.

(b) The board shall subscribe to one or more prescription drug pricing files, such as Medispan or FirstDatabank, or as otherwise determined by the board.

Subd. 2. **Identification of certain prescription drug products.** (a) The board, in consultation with the advisory council, shall identify the following prescription drug products:

(1) brand name drugs or biologics for which the WAC increases by more than ten percent or by more than $10,000 during any 12-month period or course of treatment if less than 12 months, after adjusting for changes in the Consumer Price Index (CPI);

(2) brand name drugs or biologics that have been introduced at a WAC of $30,000 or more per calendar year or per course of treatment;

(3) biosimilar drugs that have been introduced at a WAC that is not at least 15 percent lower than the referenced brand name biologic at the time the biosimilar is introduced; and

(4) generic drugs for which the WAC:

(i) is $100 or more, after adjusting for changes in the Consumer Price Index (CPI), for:

(A) a 30-day supply lasting a patient for a period of 30 consecutive days based on the recommended dosage approved for labeling by the United States Food and Drug Administration (FDA);

(B) a supply lasting a patient for fewer than 30 days based on recommended dosage approved for labeling by the FDA; or

(C) one unit of the drug if the labeling approved by the FDA does not recommend a finite dosage; and

(ii) is increased by 200 percent or more during the immediate preceding 12-month period, as determined by the difference between the resulting WAC and the average of the WAC reported over the preceding 12 months, after adjusting for changes in the Consumer Price Index (CPI).

(b) The board, in consultation with the advisory council, shall identify prescription drug products not described in paragraph (a) that may impose costs that create significant affordability challenges for the state health care system or for patients, including but not limited to drugs to address public health emergencies.

(c) The board shall make available to the public the names and related price information of the prescription drug products identified under this subdivision, with the exception of information determined by the board to be proprietary under the standards developed by the board under section 62J.91, subdivision 4.

Subd. 3. **Determination to proceed with review.** (a) The board may initiate a cost review of a prescription drug product identified by the board under this section.

(b) The board shall consider requests by the public for the board to proceed with a cost review of any prescription drug product identified under this section.

(c) If there is no consensus among the members of the board with respect to whether or not to initiate a cost review of a prescription drug product, any member of the board may request a vote to determine whether or not to review the cost of the prescription drug product.

Sec. 7. **[62J.91] PRESCRIPTION DRUG PRODUCT REVIEWS.**

Subdivision 1. **General.** Once a decision by the board has been made to proceed with a cost review of a prescription drug product, the board shall conduct the review and make a determination as to whether appropriate utilization of the prescription drug under review, based on utilization that is consistent with the United States Food and Drug Administration (FDA) label or standard medical practice, has led or will lead to affordability challenges for the state health care system or for patients.

Subd. 2. **Review considerations.** In reviewing the cost of a prescription drug product, the board may consider the following factors:

(1) the price at which the prescription drug product has been and will be sold in the state;

(2) the average monetary price concession, discount, or rebate the manufacturer provides to a group purchaser in this state as reported by the manufacturer and the group purchaser expressed as a percent of the WAC for prescription drug product under review;

(3) the price at which therapeutic alternatives have been or will be sold in the state;

(4) the average monetary price concession, discount, or rebate the manufacturer provides or is expected to provide to a group purchaser in the state or is expected to provide to group purchasers in the state for therapeutic alternatives;

(5) the cost to group purchasers based on patient access consistent with the United States Food and Drug Administration (FDA) labeled indications;

(6) the impact on patient access resulting from the cost of the prescription drug product relative to insurance benefit design;

(7) the current or expected dollar value of drug-specific patient access programs that are supported by manufacturers;

(8) the relative financial impacts to health, medical, or other social services costs that can be quantified and compared to baseline effects of existing therapeutic alternatives;

(9) the average patient co-pay or other cost-sharing for the prescription drug product in the state;

(10) any information a manufacturer chooses to provide; and

(11) any other factors as determined by the board.

Subd. 3. **Further review factors.** If, after considering the factors described in subdivision 2, the board is unable to determine whether a prescription drug product will produce or has produced an affordability challenge, the board may consider:

(1) manufacturer research and development costs, as indicated on the manufacturer's federal tax filing for the most recent tax year in proportion to the manufacturer's sales in the state;

(2) that portion of direct-to-consumer marketing costs eligible for favorable federal tax treatment in the most recent tax year that are specific to the prescription drug product under review and that are multiplied by the ratio of total manufacturer in-state sales to total manufacturer sales in the United States for the product under review;

(3) gross and net manufacturer revenues for the most recent tax year;

(4) any information and research related to the manufacturer's selection of the introductory price or price increase, including but not limited to:

(i) life cycle management;

(ii) market competition and context; and

(iii) projected revenue; and

(5) any additional factors determined by the board to be relevant.

Subd. 4. **Public data; proprietary information.** (a) Any submission made to the board related to a drug cost review shall be made available to the public, with the exception of information determined by the board to be proprietary.

(b) The board shall establish the standards for the information to be considered proprietary under paragraph (a) and section 62J.90, subdivision 2, including standards for heightened consideration of proprietary information for submissions for a cost review of a drug that is not yet approved by the FDA.

(c) Prior to the board establishing the standards under paragraph (b), the public shall be provided notice and the opportunity to submit comments.

Sec. 8. **[62J.92] DETERMINATIONS; COMPLIANCE; REMEDIES.**

Subdivision 1. **Upper payment limit.** (a) In the event the board finds that the spending on a prescription drug product reviewed under section 62J.91 creates an affordability challenge for the state health care system or for patients, the board shall establish an upper payment limit after considering:

(1) the cost to administer the drug;

(2) the cost to deliver the drug to consumers;

(3) the range of prices at which the drug is sold in the United States according to one or more pricing files accessed under section 62J.90, subdivision 1, and the range at which pharmacies are reimbursed in Canada; and

(4) any other relevant pricing and administrative cost information for the drug.

(b) The upper payment limit shall apply to all public and private purchases, payments, and payer reimbursements for the prescription drug product that is intended for individuals in the state in person, by mail, or by other means.

Subd. 2. **Noncompliance.** (a) The failure of an entity to comply with an upper payment limit established by the board under this section shall be referred to the Office of the Attorney General.

(b) If the Office of the Attorney General finds that an entity was noncompliant with the upper payment limit requirements, the attorney general may pursue remedies consistent with chapter 8 or appropriate criminal charges if there is evidence of intentional profiteering.

(c) An entity who obtains price concessions from a drug manufacturer that result in a lower net cost to the stakeholder than the upper payment limit established by the board shall not be considered to be in noncompliance.

(d) The Office of the Attorney General may provide guidance to stakeholders concerning activities that could be considered noncompliant.

Subd. 3. **Appeals.** (a) A person affected by a decision of the board may request an appeal of the board's decision within 30 days of the date of the decision. The board shall hear the appeal and render a decision within 60 days of the hearing.

(b) All appeal decisions are subject to judicial review in accordance with chapter 14.

Sec. 9. **[62J.93] REPORTS.**

Beginning March 1, 2022, and each March 1 thereafter, the board shall submit a report to the governor and legislature on general price trends for prescription drug products and the number of prescription drug products that were subject to the board's cost review and analysis, including the result of any analysis as well as the number and disposition of appeals and judicial reviews.

Sec. 10. **[62J.94] ERISA PLANS AND MEDICARE DRUG PLANS.**

(a) Nothing in sections 62J.85 to 62J.95 shall be construed to require ERISA plans or Medicare Part D plans to comply with decisions of the board, but are free to choose to exceed the upper payment limit established by the board under section 62J.92.

(b) Providers who dispense and administer drugs in the state must bill all payers no more than the upper payment limit without regard to whether or not an ERISA plan or Medicare Part D plan chooses to reimburse the provider in an amount greater than the upper payment limit established by the board.

(c) For purposes of this section, an ERISA plan or group health plan is an employee welfare benefit plan established by or maintained by an employer or an employee organization, or both, that provides employer sponsored health coverage to employees and the employee's dependents and is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

Sec. 11. **[62J.95] SEVERABILITY.**

If any provision of sections 62J.85 to 62J.94 or the application of sections 62J.85 to 62J.94 to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of sections 62J.85 to 62J.94 that can be given effect without the invalid provision or application.

ARTICLE 3
INSURANCE

Section 1. Minnesota Statutes 2020, section 60A.092, subdivision 10a, is amended to read:

Subd. 10a. **Other jurisdictions.** The reinsurance is ceded and credit allowed to an assuming insurer not meeting the requirements of subdivision 2, 3, 4, 5, ~~or~~ 10, or 10b, but only with respect to the insurance of risks located in jurisdictions where the reinsurance is required by applicable law or regulation of that jurisdiction.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 2. Minnesota Statutes 2020, section 60A.092, is amended by adding a subdivision to read:

Subd. 10b. **Credit allowed; reciprocal jurisdiction.** (a) Credit shall be allowed when the reinsurance is ceded to an assuming insurer meeting each of the following conditions:

(1) the assuming insurer must have its head office in or be domiciled in, as applicable, and be licensed in a reciprocal jurisdiction. A "reciprocal jurisdiction" means a jurisdiction that is:

(i) a non-United States jurisdiction that is subject to an in-force covered agreement with the United States, each within its legal authority, or, in the case of a covered agreement between the United States and the European Union, is a member state of the European Union. For purposes of this subdivision, a "covered agreement" means an agreement entered into pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, United States Code, title 31, sections 313 and 314, that is currently in effect or in a period of provisional application and addresses the elimination, under specified conditions, of collateral requirements as a condition for entering into any reinsurance agreement with a ceding insurer domiciled in Minnesota or for allowing the ceding insurer to recognize credit for reinsurance;

(ii) a United States jurisdiction that meets the requirements for accreditation under the National Association of Insurance Commissioners (NAIC) financial standards and accreditation program; or

(iii) a qualified jurisdiction, as determined by the commissioner, which is not otherwise described in item (i) or (ii) and which meets the following additional requirements, consistent with the terms and conditions of in-force covered agreements:

(A) provides that an insurer which has its head office or is domiciled in such qualified jurisdiction shall receive credit for reinsurance ceded to a United States-domiciled assuming insurer in the same manner as credit for reinsurance is received for reinsurance assumed by insurers domiciled in such qualified jurisdiction;

(B) does not require a United States-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by the non-United States jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;

(C) recognizes the United States state regulatory approach to group supervision and group capital, by providing written confirmation by a competent regulatory authority, in such qualified jurisdiction, that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, by the commissioner or the commissioner of the domiciliary state and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the qualified jurisdiction; and

(D) provides written confirmation by a competent regulatory authority in such qualified jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such qualified jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC;

(2) the assuming insurer must have and maintain, on an ongoing basis, minimum capital and surplus, or its equivalent, calculated according to the methodology of its domiciliary jurisdiction, on at least an annual basis as of the preceding December 31 or on the date otherwise statutorily reported to the reciprocal jurisdiction, in the following amounts:

(i) no less than $250,000,000; or

(ii) if the assuming insurer is an association, including incorporated and individual unincorporated underwriters:

(A) minimum capital and surplus equivalents, net of liabilities, or own funds of the equivalent of at least $250,000,000; and

(B) a central fund containing a balance of the equivalent of at least $250,000,000;

(3) the assuming insurer must have and maintain, on an ongoing basis, a minimum solvency or capital ratio, as applicable, as follows:

(i) if the assuming insurer has its head office or is domiciled in a reciprocal jurisdiction defined in clause (1), item (i), the ratio specified in the applicable covered agreement;

(ii) if the assuming insurer is domiciled in a reciprocal jurisdiction defined in clause (1), item (ii), a risk-based capital ratio of 300 percent of the authorized control level, calculated in accordance with the formula developed by the NAIC; or

(iii) if the assuming insurer is domiciled in a Reciprocal Jurisdiction defined in clause (1), item (iii), after consultation with the reciprocal jurisdiction and considering any recommendations published through the NAIC Committee Process, such solvency or capital ratio as the commissioner determines to be an effective measure of solvency;

(4) the assuming insurer must agree and provide adequate assurance in the form of a properly executed Form AR-1, Form CR-1, and Form RJ-1 of its agreement to the following:

(i) the assuming insurer must provide prompt written notice and explanation to the commissioner if it falls below the minimum requirements set forth in clause (2) or (3), or if any regulatory action is taken against the assuming insurer for serious noncompliance with applicable law;

(ii) the assuming insurer must consent in writing to the jurisdiction of the courts of Minnesota and to the appointment of the commissioner as agent for service of process. The commissioner may require that consent for service of process be provided to the commissioner and included in each reinsurance agreement. Nothing in this subdivision shall limit or in any way alter the capacity of parties to a reinsurance agreement to agree to alternative dispute resolution mechanisms, except to the extent such agreements are unenforceable under applicable insolvency or delinquency laws;

(iii) the assuming insurer must consent in writing to pay all final judgments, wherever enforcement is sought, obtained by a ceding insurer or its legal successor, that have been declared enforceable in the jurisdiction where the judgment was obtained;

(iv) each reinsurance agreement must include a provision requiring the assuming insurer to provide security in an amount equal to 100 percent of the assuming insurer's liabilities attributable to reinsurance ceded pursuant to that agreement if the assuming insurer resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which it was obtained or a properly enforceable arbitration award, whether obtained by the ceding insurer or by its legal successor on behalf of its resolution estate;

(v) the assuming insurer must confirm that it is not presently participating in any solvent scheme of arrangement which involves this state's ceding insurers, and agree to notify the ceding insurer and the commissioner and to provide security in an amount equal to 100 percent of the assuming insurer's liabilities to the ceding insurer, should the assuming insurer enter into such a solvent scheme of arrangement. The security shall be in a form consistent with sections 60A.092, subdivision 10, 60A.093, 60A.096, and 60A.097. For purposes of this section, the term "solvent scheme of arrangement" means a foreign or alien statutory or regulatory compromise procedure subject to requisite majority creditor approval and judicial sanction in the assuming insurer's home jurisdiction either to finally commute liabilities of duly noticed classed members or creditors of a solvent debtor, or to reorganize or restructure the debts and obligations of a solvent debtor on a final basis, and which may be subject to judicial recognition and enforcement of the arrangement by a governing authority outside the ceding insurer's home jurisdiction; and

(vi) the assuming insurer must agree in writing to meet the applicable information filing requirements set forth in clause (5);

(5) the assuming insurer or its legal successor must provide, if requested by the commissioner, on behalf of itself and any legal predecessors, the following documentation to the commissioner:

(i) for the two years preceding entry into the reinsurance agreement and on an annual basis thereafter, the assuming insurer's annual audited financial statements, in accordance with the applicable law of the jurisdiction of its head office or domiciliary jurisdiction, as applicable, including the external audit report;

(ii) for the two years preceding entry into the reinsurance agreement, the solvency and financial condition report or actuarial opinion, if filed with the assuming insurer's supervisor;

(iii) prior to entry into the reinsurance agreement and not more than semiannually thereafter, an updated list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance assumed from ceding insurers domiciled in the United States; and

(iv) prior to entry into the reinsurance agreement and not more than semiannually thereafter, information regarding the assuming insurer's assumed reinsurance by ceding insurer, ceded reinsurance by the assuming insurer, and reinsurance recoverable on paid and unpaid losses by the assuming insurer to allow for the evaluation of the criteria set forth in clause (6);

(6) the assuming insurer must maintain a practice of prompt payment of claims under reinsurance agreements. The lack of prompt payment will be evidenced if any of the following criteria is met:

(i) more than 15 percent of the reinsurance recoverables from the assuming insurer are overdue and in dispute as reported to the commissioner;

(ii) more than 15 percent of the assuming insurer's ceding insurers or reinsurers have overdue reinsurance recoverable on paid losses of 90 days or more which are not in dispute and which exceed for each ceding insurer $100,000, or as otherwise specified in a covered agreement; or

(iii) the aggregate amount of reinsurance recoverable on paid losses which are not in dispute, but are overdue by 90 days or more, exceeds $50,000,000, or as otherwise specified in a covered agreement;

(7) the assuming insurer's supervisory authority must confirm to the commissioner by December 31, 2021, and annually thereafter, or at the annual date otherwise statutorily reported to the reciprocal jurisdiction, that the assuming insurer complies with the requirements set forth in clauses (2) and (3); and

(8) nothing in this subdivision precludes an assuming insurer from providing the commissioner with information on a voluntary basis.

(b) The commissioner shall timely create and publish a list of reciprocal jurisdictions. The commissioner's list shall include any reciprocal jurisdiction as defined under paragraph (a), clause (1), items (i) and (ii), and shall consider any other reciprocal jurisdiction included on the NAIC list. The commissioner may approve a jurisdiction that does not appear on the NAIC list of reciprocal jurisdictions in accordance with criteria developed under rules issued by the commissioner. The commissioner may remove a jurisdiction from the list of reciprocal jurisdictions upon a determination that the jurisdiction no longer meets the requirements of a reciprocal jurisdiction, in accordance with a process set forth in rules issued by the commissioner, except that the commissioner shall not remove from the list a reciprocal jurisdiction as defined under paragraph (a), clause (1), items (i) and (ii). Upon removal of a reciprocal jurisdiction from the list, credit for reinsurance ceded to an assuming insurer which has its home office or is domiciled in that jurisdiction shall be allowed, if otherwise allowed pursuant to law.

(c) The commissioner shall timely create and publish a list of assuming insurers that have satisfied the conditions set forth in this subdivision and to which cessions shall be granted credit in accordance with this subdivision. The commissioner may add an assuming insurer to the list if an NAIC accredited jurisdiction has added the assuming insurer to a list of assuming insurers or if, upon initial eligibility, the assuming insurer submits the information to the commissioner as required under paragraph (a), clause (4), and complies with any additional requirements that the commissioner may impose by rule, except to the extent that they conflict with an applicable covered agreement.

(i) If an NAIC-accredited jurisdiction has determined that the conditions set forth in paragraph (a), clause (2), have been met, the commissioner has the discretion to defer to that jurisdiction's determination, and add such assuming insurer to the list of assuming insurers to which cessions shall be granted credit in accordance with this paragraph. The commissioner may accept financial documentation filed with another NAIC-accredited jurisdiction or with the NAIC in satisfaction of the requirements of paragraph (a), clause (2);

(ii) When requesting that the commissioner defer to another NAIC-accredited jurisdiction's determination, an assuming insurer must submit a properly executed Form RJ-1 and additional information as the commissioner may require. A state that has received such a request will notify other states through the NAIC Committee Process and provide relevant information with respect to the determination of eligibility.

(d) If the commissioner determines that an assuming insurer no longer meets one or more of the requirements under this subdivision, the commissioner may revoke or suspend the eligibility of the assuming insurer for recognition under this subdivision in accordance with procedures set forth in rule. While an assuming insurer's eligibility is suspended, no reinsurance agreement issued, amended, or renewed after the effective date of the suspension qualifies for credit, except to the extent that the assuming insurer's obligations under the contract are secured in accordance with this section. If an assuming insurer's eligibility is revoked, no credit for reinsurance may be granted after the effective date of the revocation with respect to any reinsurance agreements entered into by the assuming insurer, including reinsurance agreements entered into prior to the date of revocation, except to the extent that the assuming insurer's obligations under the contract are secured in a form acceptable to the commissioner and consistent with the provisions of this section.

(e) Before denying statement credit or imposing a requirement to post security with respect to paragraph (d) or adopting any similar requirement that will have substantially the same regulatory impact as security, the commissioner shall:

(1) communicate with the ceding insurer, the assuming insurer, and the assuming insurer's supervisory authority that the assuming insurer no longer satisfies one of the conditions listed in paragraph (a), clause (2);

(2) provide the assuming insurer with 30 days from the initial communication to submit a plan to remedy the defect, and 90 days from the initial communication to remedy the defect, except in exceptional circumstances in which a shorter period is necessary for policyholder and other consumer protection;

(3) after the expiration of 90 days or less, as set out in clause (2), if the commissioner determines that no or insufficient action was taken by the assuming insurer, the commissioner may impose any of the requirements as set out in this paragraph; and

(4) provide a written explanation to the assuming insurer of any of the requirements set out in this paragraph.

(f) If subject to a legal process of rehabilitation, liquidation, or conservation, as applicable, the ceding insurer, or its representative, may seek and, if determined appropriate by the court in which the proceedings are pending, may obtain an order requiring that the assuming insurer post security for all outstanding ceded liabilities.

(g) Nothing in this subdivision limits or in any way alters the capacity of parties to a reinsurance agreement to agree on requirements for security or other terms in the reinsurance agreement, except as expressly prohibited by applicable law or rule.

(h) Credit may be taken under this subdivision only for reinsurance agreements entered into, amended, or renewed on or after the effective date of this subdivision, and only with respect to losses incurred and reserves reported on or after the later of: (1) the date on which the assuming insurer has met all eligibility requirements pursuant to this subdivision; and (2) the effective date of the new reinsurance agreement, amendment, or renewal. This paragraph does not alter or impair a ceding insurer's right to take credit for reinsurance, to the extent that credit is not available under this subdivision, as long as the reinsurance qualifies for credit under any other applicable provision of law. Nothing in this subdivision shall authorize an assuming insurer to withdraw or reduce the security provided under any reinsurance agreement, except as permitted by the terms of the agreement. Nothing in this subdivision shall limit, or in any way alter, the capacity of parties to any reinsurance agreement to renegotiate the agreement.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 3. Minnesota Statutes 2020, section 60A.0921, subdivision 2, is amended to read:

Subd. 2. **Certification procedure.** (a) The commissioner shall post notice on the department's website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The commissioner may not take final action on the application until at least 30 days after posting the notice.

(b) The commissioner shall issue written notice to an assuming insurer that has applied and been approved as a certified reinsurer. The notice must include the rating assigned the certified reinsurer in accordance with subdivision 1. The commissioner shall publish a list of all certified reinsurers and their ratings.

(c) In order to be eligible for certification, the assuming insurer must:

(1) be domiciled and licensed to transact insurance or reinsurance in a qualified jurisdiction, as determined by the commissioner under subdivision 3;

(2) maintain capital and surplus, or its equivalent, of no less than $250,000,000 calculated in accordance with paragraph (d), clause (8). This requirement may also be satisfied by an association including incorporated and individual unincorporated underwriters having minimum capital and surplus equivalents net of liabilities of at least $250,000,000 and a central fund containing a balance of at least $250,000,000;

(3) maintain financial strength ratings from two or more rating agencies acceptable to the commissioner. These ratings shall be based on interactive communication between the rating agency and the assuming insurer and shall not be based solely on publicly available information. These financial strength ratings shall be one factor used by the commissioner in determining the rating that is assigned to the assuming insurer. Acceptable rating agencies include the following:

(i) Standard & Poor's;

(ii) Moody's Investors Service;

(iii) Fitch Ratings;

(iv) A.M. Best Company; or

(v) any other nationally recognized statistical rating organization; and

(4) ensure that the certified reinsurer complies with any other requirements reasonably imposed by the commissioner.

(d) Each certified reinsurer shall be rated on a legal entity basis, with due consideration being given to the group rating where appropriate, except that an association including incorporated and individual unincorporated underwriters that has been approved to do business as a single certified reinsurer may be evaluated on the basis of its group rating. Factors that may be considered as part of the evaluation process include, but are not limited to:

(1) certified reinsurer's financial strength rating from an acceptable rating agency. The maximum rating that a certified reinsurer may be assigned will correspond to its financial strength rating as outlined in the table below. The commissioner shall use the lowest financial strength rating received from an approved rating agency in establishing the maximum rating of a certified reinsurer. A failure to obtain or maintain at least two financial strength ratings from acceptable rating agencies will result in loss of eligibility for certification;

Ratings	Best	S&P	Moody's	Fitch
Secure - 1	A++	AAA	Aaa	AAA
Secure - 2	A+	AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-
Secure - 3	A	A+, A	A1, A2	A+, A
Secure - 4	A-	A-	A3	A-
Secure - 5	B++, B-	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-
Vulnerable - 6	B, B-C++, C+, C, C-, D, E, F	BB+, BB, BB-, B+, B, B-, CCC, CC, C, D, R	Ba1, Ba2, Ba3, B1, B2, B3, Caa, Ca, C	BB+, BB, BB-, B+, B, B-, CCC+, CC, CCC-, DD

(2) the business practices of the certified reinsurer in dealing with its ceding insurers, including its record of compliance with reinsurance contractual terms and obligations;

(3) for certified reinsurers domiciled in the United States, a review of the most recent applicable NAIC annual statement;

(4) for certified reinsurers not domiciled in the United States, a review annually of such forms as may be required by the commissioner;

(5) the reputation of the certified reinsurer for prompt payment of claims under reinsurance agreements, based on an analysis of ceding insurers' reporting of overdue reinsurance recoverables, including the proportion of obligations that are more than 90 days past due or are in dispute, with specific attention given to obligations payable to companies that are in administrative supervision or receivership;

(6) regulatory actions against the certified reinsurer;

(7) the report of the independent auditor on the financial statements of the insurance enterprise, on the basis described in clause (8);

(8) for certified reinsurers not domiciled in the United States, audited financial statements (audited United States GAAP basis if available, audited IFRS basis statements are allowed, but must include an audited footnote reconciling equity and net income to a United States GAAP basis, or, with permission of the commissioner, audited IFRS statements with reconciliation to United States GAAP certified by an officer of the company). Upon the initial application for certification, the commissioner will consider audited financial statements for the last ~~three~~ two years filed with its non-United States jurisdiction supervisor;

(9) the liquidation priority of obligations to a ceding insurer in the certified reinsurer's domiciliary jurisdiction in the context of an insolvency proceeding;

(10) a certified reinsurer's participation in any solvent scheme of arrangement, or similar procedure, which involves United States ceding insurers. The commissioner must receive prior notice from a certified reinsurer that proposes participation by the certified reinsurer in a solvent scheme of arrangement; and

(11) other information as determined by the commissioner.

(e) Based on the analysis conducted under paragraph (d), clause (5), of a certified reinsurer's reputation for prompt payment of claims, the commissioner may make appropriate adjustments in the security the certified reinsurer is required to post to protect its liabilities to United States ceding insurers, provided that the commissioner shall, at a minimum, increase the security the certified reinsurer is required to post by one rating level under paragraph (d), clause (1), if the commissioner finds that:

(1) more than 15 percent of the certified reinsurer's ceding insurance clients have overdue reinsurance recoverables on paid losses of 90 days or more which are not in dispute and which exceed $100,000 for each cedent; or

(2) the aggregate amount of reinsurance recoverables on paid losses which are not in dispute that are overdue by 90 days or more exceeds $50,000,000.

(f) The assuming insurer must submit such forms as required by the commissioner as evidence of its submission to the jurisdiction of this state, appoint the commissioner as an agent for service of process in this state, and agree to provide security for 100 percent of the assuming insurer's liabilities attributable to reinsurance ceded by United States ceding insurers if it resists enforcement of a final United States judgment. The commissioner shall not certify an assuming insurer that is domiciled in a jurisdiction that the commissioner has determined does not adequately and promptly enforce final United States judgments or arbitration awards.

(g) The certified reinsurer must agree to meet filing requirements as determined by the commissioner, both with respect to an initial application for certification and on an ongoing basis. All data submitted by certified reinsurers to the commissioner is nonpublic under section 13.02, subdivision 9. The certified reinsurer must file with the commissioner:

(1) a notification within ten days of any regulatory actions taken against the certified reinsurer, any change in the provisions of its domiciliary license, or any change in rating by an approved rating agency, including a statement describing such changes and the reasons therefore;

(2) an annual report regarding reinsurance assumed, in a form determined by the commissioner;

(3) an annual report of the independent auditor on the financial statements of the insurance enterprise, on the basis described in clause (4);

(4) an annual audited financial statement, regulatory filings, and actuarial opinion filed with the certified reinsurer's supervisor. Upon the initial certification, audited financial statements for the last ~~three~~ two years filed with the certified reinsurer's supervisor;

(5) at least annually, an updated list of all disputed and overdue reinsurance claims regarding reinsurance assumed from United States domestic ceding insurers;

(6) a certification from the certified reinsurer's domestic regulator that the certified reinsurer is in good standing and maintains capital in excess of the jurisdiction's highest regulatory action level; and

(7) any other relevant information as determined by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 4. Minnesota Statutes 2020, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. **Fees other than examination fees.** In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation $25 and amendments thereto, $10;

(2) for filing annual statements, $15;

(3) for each annual certificate of authority, $15;

(4) for filing bylaws $25 and amendments thereto, $10;

(b) by other domestic and foreign companies including fraternals and reciprocal exchanges:

(1) for filing an application for an initial certification of authority to be admitted to transact business in this state, $1,500;

(2) for filing certified copy of certificate of articles of incorporation, $100;

(3) for filing annual statement, ~~$225~~ $300;

(4) for filing certified copy of amendment to certificate or articles of incorporation, $100;

(5) for filing bylaws, $75 or amendments thereto, $75;

(6) for each company's certificate of authority, ~~$575~~ $750, annually;

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, $25;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and $2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, $575;

(4) for valuing the policies of life insurance companies, ~~one cent~~ two cents per $1,000 of insurance so valued, provided that the fee shall not exceed ~~$13,000~~ $26,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(5) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, $50;

(6) for each appointment of an agent filed with the commissioner, $30;

(7) for filing forms, rates, and compliance certifications under section 60A.315, $140 per filing, or $125 per filing when submitted via electronic filing system. Filing fees may be paid on a quarterly basis in response to an invoice. Billing and payment may be made electronically;

(8) for annual renewal of surplus lines insurer license, ~~$300~~ $400.

The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 5. **[60A.985] DEFINITIONS.**

Subdivision 1. **Terms.** As used in sections 60A.985 to 60A.9857, the following terms have the meanings given.

Subd. 2. **Authorized individual.** "Authorized individual" means an individual known to and screened by the licensee and determined to be necessary and appropriate to have access to the nonpublic information held by the licensee and its information systems.

Subd. 3. **Consumer.** "Consumer" means an individual, including but not limited to an applicant, policyholder, insured, beneficiary, claimant, and certificate holder who is a resident of this state and whose nonpublic information is in a licensee's possession, custody, or control.

Subd. 4. **Cybersecurity event.** "Cybersecurity event" means an event resulting in unauthorized access to, or disruption or misuse of, an information system or nonpublic information stored on an information system.

Cybersecurity event does not include the unauthorized acquisition of encrypted nonpublic information if the encryption, process, or key is not also acquired, released, or used without authorization.

Cybersecurity event does not include an event with regard to which the licensee has determined that the nonpublic information accessed by an unauthorized person has not been used or released and has been returned or destroyed.

Subd. 5. **Encrypted.** "Encrypted" means the transformation of data into a form which results in a low probability of assigning meaning without the use of a protective process or key.

Subd. 6. **Information security program.** "Information security program" means the administrative, technical, and physical safeguards that a licensee uses to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle nonpublic information.

Subd. 7. **Information system.** "Information system" means a discrete set of electronic information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of nonpublic electronic information, as well as any specialized system such as industrial or process controls systems, telephone switching and private branch exchange systems, and environmental control systems.

Subd. 8. **Licensee.** "Licensee" means any person licensed, authorized to operate, or registered, or required to be licensed, authorized, or registered by the Department of Commerce or the Department of Health under chapters 59A to 62M and 62Q to 79A.

Subd. 9. **Multifactor authentication.** "Multifactor authentication" means authentication through verification of at least two of the following types of authentication factors:

(1) knowledge factors, such as a password;

(2) possession factors, such as a token or text message on a mobile phone; or

(3) inherence factors, such as a biometric characteristic.

Subd. 10. **Nonpublic information.** "Nonpublic information" means electronic information that is not publicly available information and is:

(1) any information concerning a consumer which because of name, number, personal mark, or other identifier can be used to identify the consumer, in combination with any one or more of the following data elements:

(i) Social Security number;

(ii) driver's license number or nondriver identification card number;

(iii) financial account number, credit card number, or debit card number;

(iv) any security code, access code, or password that would permit access to a consumer's financial account; or

(v) biometric records; or

(2) any information or data, except age or gender, in any form or medium created by or derived from a health care provider or a consumer that can be used to identify a particular consumer and that relates to:

(i) the past, present, or future physical, mental, or behavioral health or condition of any consumer or a member of the consumer's family;

(ii) the provision of health care to any consumer; or

(iii) payment for the provision of health care to any consumer.

Subd. 11. **Person.** "Person" means any individual or any nongovernmental entity, including but not limited to any nongovernmental partnership, corporation, branch, agency, or association.

Subd. 12. **Publicly available information.** "Publicly available information" means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from: federal, state, or local government records; widely distributed media; or disclosures to the general public that are required to be made by federal, state, or local law.

For the purposes of this definition, a licensee has a reasonable basis to believe that information is lawfully made available to the general public if the licensee has taken steps to determine:

(1) that the information is of the type that is available to the general public; and

(2) whether a consumer can direct that the information not be made available to the general public and, if so, that such consumer has not done so.

Subd. 13. **Risk assessment.** "Risk assessment" means the risk assessment that each licensee is required to conduct under section 60A.9853, subdivision 3.

Subd. 14. **State.** "State" means the state of Minnesota.

Subd. 15. **Third-party service provider.** "Third-party service provider" means a person, not otherwise defined as a licensee, that contracts with a licensee to maintain, process, or store nonpublic information, or is otherwise permitted access to nonpublic information through its provision of services to the licensee.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 6. **[60A.9851] INFORMATION SECURITY PROGRAM.**

Subdivision 1. **Implementation of an information security program.** Commensurate with the size and complexity of the licensee, the nature and scope of the licensee's activities, including its use of third-party service providers, and the sensitivity of the nonpublic information used by the licensee or in the licensee's possession, custody, or control, each licensee shall develop, implement, and maintain a comprehensive written information security program based on the licensee's risk assessment and that contains administrative, technical, and physical safeguards for the protection of nonpublic information and the licensee's information system.

Subd. 2. **Objectives of an information security program.** A licensee's information security program shall be designed to:

(1) protect the security and confidentiality of nonpublic information and the security of the information system;

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

(3) protect against unauthorized access to, or use of, nonpublic information, and minimize the likelihood of harm to any consumer; and

(4) define and periodically reevaluate a schedule for retention of nonpublic information and a mechanism for its destruction when no longer needed.

Subd. 3. **Risk assessment.** The licensee shall:

(1) designate one or more employees, an affiliate, or an outside vendor authorized to act on behalf of the licensee who is responsible for the information security program;

(2) identify reasonably foreseeable internal or external threats that could result in unauthorized access, transmission, disclosure, misuse, alteration, or destruction of nonpublic information, including threats to the security of information systems and nonpublic information that are accessible to, or held by, third-party service providers;

(3) assess the likelihood and potential damage of the threats identified pursuant to clause (2), taking into consideration the sensitivity of the nonpublic information;

(4) assess the sufficiency of policies, procedures, information systems, and other safeguards in place to manage these threats, including consideration of threats in each relevant area of the licensee's operations, including:

(i) employee training and management;

(ii) information systems, including network and software design, as well as information classification, governance, processing, storage, transmission, and disposal; and

(iii) detecting, preventing, and responding to attacks, intrusions, or other systems failures; and

(5) implement information safeguards to manage the threats identified in its ongoing assessment, and no less than annually, assess the effectiveness of the safeguards' key controls, systems, and procedures.

Subd. 4. **Risk management.** Based on its risk assessment, the licensee shall:

(1) design its information security program to mitigate the identified risks, commensurate with the size and complexity of the licensee, the nature and scope of the licensee's activities, including its use of third-party service providers, and the sensitivity of the nonpublic information used by the licensee or in the licensee's possession, custody, or control;

(2) determine which of the following security measures are appropriate and implement any appropriate security measures:

(i) place access controls on information systems, including controls to authenticate and permit access only to authorized individuals, to protect against the unauthorized acquisition of nonpublic information;

(ii) identify and manage the data, personnel, devices, systems, and facilities that enable the organization to achieve business purposes in accordance with their relative importance to business objectives and the organization's risk strategy;

(iii) restrict physical access to nonpublic information to authorized individuals only;

(iv) protect, by encryption or other appropriate means, all nonpublic information while being transmitted over an external network and all nonpublic information stored on a laptop computer or other portable computing or storage device or media;

(v) adopt secure development practices for in-house developed applications utilized by the licensee;

(vi) modify the information system in accordance with the licensee's information security program;

(vii) utilize effective controls, which may include multifactor authentication procedures for any authorized individual accessing nonpublic information;

(viii) regularly test and monitor systems and procedures to detect actual and attempted attacks on, or intrusions into, information systems;

(ix) include audit trails within the information security program designed to detect and respond to cybersecurity events and designed to reconstruct material financial transactions sufficient to support normal operations and obligations of the licensee;

(x) implement measures to protect against destruction, loss, or damage of nonpublic information due to environmental hazards, such as fire and water damage, other catastrophes, or technological failures; and

(xi) develop, implement, and maintain procedures for the secure disposal of nonpublic information in any format;

(3) include cybersecurity risks in the licensee's enterprise risk management process;

(4) stay informed regarding emerging threats or vulnerabilities and utilize reasonable security measures when sharing information relative to the character of the sharing and the type of information shared; and

(5) provide its personnel with cybersecurity awareness training that is updated as necessary to reflect risks identified by the licensee in the risk assessment.

Subd. 5. **Oversight by board of directors.** If the licensee has a board of directors, the board or an appropriate committee of the board shall, at a minimum:

(1) require the licensee's executive management or its delegates to develop, implement, and maintain the licensee's information security program;

(2) require the licensee's executive management or its delegates to report in writing, at least annually, the following information:

(i) the overall status of the information security program and the licensee's compliance with this act; and

(ii) material matters related to the information security program, addressing issues such as risk assessment, risk management and control decisions, third-party service provider arrangements, results of testing, cybersecurity events or violations and management's responses thereto, and recommendations for changes in the information security program; and

(3) if executive management delegates any of its responsibilities under this section, it shall oversee the development, implementation, and maintenance of the licensee's information security program prepared by the delegate and shall receive a report from the delegate complying with the requirements of the report to the board of directors.

Subd. 6. **Oversight of third-party service provider arrangements.** (a) A licensee shall exercise due diligence in selecting its third-party service provider.

(b) A licensee shall require a third-party service provider to implement appropriate administrative, technical, and physical measures to protect and secure the information systems and nonpublic information that are accessible to, or held by, the third-party service provider.

Subd. 7. **Program adjustments.** The licensee shall monitor, evaluate, and adjust, as appropriate, the information security program consistent with any relevant changes in technology, the sensitivity of its nonpublic information, internal or external threats to information, and the licensee's own changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, outsourcing arrangements, and changes to information systems.

Subd. 8. **Incident response plan.** (a) As part of its information security program, each licensee shall establish a written incident response plan designed to promptly respond to, and recover from, any cybersecurity event that compromises the confidentiality, integrity, or availability of nonpublic information in its possession, the licensee's information systems, or the continuing functionality of any aspect of the licensee's business or operations.

(b) The incident response plan shall address the following areas:

(1) the internal process for responding to a cybersecurity event;

(2) the goals of the incident response plan;

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

(4) external and internal communications and information sharing;

(5) identification of requirements for the remediation of any identified weaknesses in information systems and associated controls;

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

(7) the evaluation and revision, as necessary, of the incident response plan following a cybersecurity event.

Subd. 9. **Annual certification to commissioner.** (a) Subject to paragraph (b), by April 15 of each year, an insurer domiciled in this state shall certify in writing to the commissioner that the insurer is in compliance with the requirements set forth in this section. Each insurer shall maintain all records, schedules, and data supporting this certificate for a period of five years and shall permit examination by the commissioner. To the extent an insurer has identified areas, systems, or processes that require material improvement, updating, or redesign, the insurer shall document the identification and the remedial efforts planned and underway to address such areas, systems, or processes. Such documentation must be available for inspection by the commissioner.

(b) The commissioner must post on the department's website, no later than 60 days prior to the certification required by paragraph (a), the form and manner of submission required and any instructions necessary to prepare the certification.

EFFECTIVE DATE. This section is effective August 1, 2021. Licensees have one year from the effective date to implement subdivisions 1 to 5 and 7 to 9, and two years from the effective date to implement subdivision 6.

Sec. 7. **[60A.9852] INVESTIGATION OF A CYBERSECURITY EVENT.**

Subdivision 1. **Prompt investigation.** If the licensee learns that a cybersecurity event has or may have occurred, the licensee, or an outside vendor or service provider designated to act on behalf of the licensee, shall conduct a prompt investigation.

Subd. 2. **Investigation contents.** During the investigation, the licensee, or an outside vendor or service provider designated to act on behalf of the licensee, shall, at a minimum and to the extent possible:

(1) determine whether a cybersecurity event has occurred;

(2) assess the nature and scope of the cybersecurity event, if any;

(3) identify whether any nonpublic information was involved in the cybersecurity event and, if so, what nonpublic information was involved; and

(4) perform or oversee reasonable measures to restore the security of the information systems compromised in the cybersecurity event in order to prevent further unauthorized acquisition, release, or use of nonpublic information in the licensee's possession, custody, or control.

Subd. 3. **Third-party systems.** If the licensee learns that a cybersecurity event has or may have occurred in a system maintained by a third-party service provider, the licensee will complete the steps listed in subdivision 2 or confirm and document that the third-party service provider has completed those steps.

Subd. 4. **Records.** The licensee shall maintain records concerning all cybersecurity events for a period of at least five years from the date of the cybersecurity event and shall produce those records upon demand of the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 8. **[60A.9853] NOTIFICATION OF A CYBERSECURITY EVENT.**

Subdivision 1. **Notification to the commissioner.** Each licensee shall notify the commissioner of commerce or commissioner of health, whichever commissioner otherwise regulates the licensee, without unreasonable delay but in no event later than three business days from a determination that a cybersecurity event has occurred when either of the following criteria has been met:

(1) this state is the licensee's state of domicile, in the case of an insurer, or this state is the licensee's home state, in the case of a producer, as those terms are defined in chapter 60K and the cybersecurity event has a reasonable likelihood of materially harming:

(i) any consumer residing in this state; or

(ii) any part of the normal operations of the licensee; or

(2) the licensee reasonably believes that the nonpublic information involved is of 250 or more consumers residing in this state and that is either of the following:

(i) a cybersecurity event impacting the licensee of which notice is required to be provided to any government body, self-regulatory agency, or any other supervisory body pursuant to any state or federal law; or

(ii) a cybersecurity event that has a reasonable likelihood of materially harming:

(A) any consumer residing in this state; or

(B) any part of the normal operations of the licensee.

Subd. 2. **Information; notification.** A licensee making the notification required under subdivision 1 shall provide the information in electronic form as directed by the commissioner. The licensee shall have a continuing obligation to update and supplement initial and subsequent notifications to the commissioner concerning material changes to previously provided information relating to the cybersecurity event. The licensee shall provide as much of the following information as possible:

(1) date of the cybersecurity event;

(2) description of how the information was exposed, lost, stolen, or breached, including the specific roles and responsibilities of third-party service providers, if any;

(3) how the cybersecurity event was discovered;

(4) whether any lost, stolen, or breached information has been recovered and, if so, how this was done;

(5) the identity of the source of the cybersecurity event;

(6) whether the licensee has filed a police report or has notified any regulatory, government, or law enforcement agencies and, if so, when such notification was provided;

(7) description of the specific types of information acquired without authorization. Specific types of information means particular data elements including, for example, types of medical information, types of financial information, or types of information allowing identification of the consumer;

(8) the period during which the information system was compromised by the cybersecurity event;

(9) the number of total consumers in this state affected by the cybersecurity event. The licensee shall provide the best estimate in the initial report to the commissioner and update this estimate with each subsequent report to the commissioner pursuant to this section;

(10) the results of any internal review identifying a lapse in either automated controls or internal procedures, or confirming that all automated controls or internal procedures were followed;

(11) description of efforts being undertaken to remediate the situation which permitted the cybersecurity event to occur;

(12) a copy of the licensee's privacy policy and a statement outlining the steps the licensee will take to investigate and notify consumers affected by the cybersecurity event; and

(13) name of a contact person who is familiar with the cybersecurity event and authorized to act for the licensee.

Subd. 3. **Notification to consumers.** (a) If a licensee is required to submit a report to the commissioner under subdivision 1, the licensee shall notify any consumer residing in Minnesota if, as a result of the cybersecurity event reported to the commissioner, the consumer's nonpublic information was or is reasonably believed to have been acquired by an unauthorized person, and there is a reasonable likelihood of material harm to the consumer as a result of the cybersecurity event. Consumer notification is not required for a cybersecurity event resulting from the good faith acquisition of nonpublic information by an employee or agent of the licensee for the purposes of the licensee's business, provided the nonpublic information is not used for a purpose other than the licensee's business or subject to further unauthorized disclosure. The notification must be made in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement or with any measures necessary to determine the scope of the breach, identify the individuals affected, and restore the reasonable integrity of the data system. The notification may be delayed to a date certain if the commissioner determines that providing the notice impedes a criminal investigation. The licensee shall provide a copy of the notice to the commissioner.

(b) For purposes of this subdivision, notice required under paragraph (a) must be provided by one of the following methods:

(1) written notice to the consumer's most recent address in the licensee's records;

(2) electronic notice, if the licensee's primary method of communication with the consumer is by electronic means or if the notice provided is consistent with the provisions regarding electronic records and signatures in United States Code, title 15, section 7001; or

(3) if the cost of providing notice exceeds $250,000, the affected class of consumers to be notified exceeds 500,000, or the licensee does not have sufficient contact information for the subject consumers, notice as follows:

(i) e-mail notice when the licensee has an e-mail address for the subject consumers;

(ii) conspicuous posting of the notice on the website page of the licensee; and

(iii) notification to major statewide media.

(c) Notwithstanding paragraph (b), a licensee that maintains its own notification procedure as part of its information security program that is consistent with the timing requirements of this subdivision is deemed to comply with the notification requirements if the licensee notifies subject consumers in accordance with its program.

(d) A waiver of the requirements under this subdivision is contrary to public policy, and is void and unenforceable.

Subd. 4. **Notice regarding cybersecurity events of third-party service providers.** (a) In the case of a cybersecurity event in a system maintained by a third-party service provider, of which the licensee has become aware, the licensee shall treat such event as it would under subdivision 1 unless the third-party service provider provides the notice required under subdivision 1.

(b) The computation of a licensee's deadlines shall begin on the day after the third-party service provider notifies the licensee of the cybersecurity event or the licensee otherwise has actual knowledge of the cybersecurity event, whichever is sooner.

(c) Nothing in this act shall prevent or abrogate an agreement between a licensee and another licensee, a third-party service provider, or any other party to fulfill any of the investigation requirements imposed under section 60A.9854 or notice requirements imposed under this section.

Subd. 5. **Notice regarding cybersecurity events of reinsurers to insurers.** (a) In the case of a cybersecurity event involving nonpublic information that is used by the licensee that is acting as an assuming insurer or in the possession, custody, or control of a licensee that is acting as an assuming insurer and that does not have a direct contractual relationship with the affected consumers, the assuming insurer shall notify its affected ceding insurers and the commissioner of its state of domicile within three business days of making the determination that a cybersecurity event has occurred.

(b) The ceding insurers that have a direct contractual relationship with affected consumers shall fulfill the consumer notification requirements imposed under subdivision 3 and any other notification requirements relating to a cybersecurity event imposed under this section.

(c) In the case of a cybersecurity event involving nonpublic information that is in the possession, custody, or control of a third-party service provider of a licensee that is an assuming insurer, the assuming insurer shall notify its affected ceding insurers and the commissioner of its state of domicile within three business days of receiving notice from its third-party service provider that a cybersecurity event has occurred.

(d) The ceding insurers that have a direct contractual relationship with affected consumers shall fulfill the consumer notification requirements imposed under subdivision 3 and any other notification requirements relating to a cybersecurity event imposed under this section.

(e) Any licensee acting as an assuming insurer shall have no other notice obligations relating to a cybersecurity event or other data breach under this section.

Subd. 6. **Notice regarding cybersecurity events of insurers to producers of record.** (a) In the case of a cybersecurity event involving nonpublic information that is in the possession, custody, or control of a licensee that is an insurer or its third-party service provider and for which a consumer accessed the insurer's services through an independent insurance producer, the insurer shall notify the producers of record of all affected consumers no later than the time at which notice is provided to the affected consumers.

(b) The insurer is excused from this obligation for those instances in which it does not have the current producer of record information for any individual consumer or in those instances in which the producer of record is no longer appointed to sell, solicit, or negotiate on behalf of the insurer.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 9. **[60A.9854] POWER OF COMMISSIONER.**

(a) The commissioner of commerce or commissioner of health, whichever commissioner otherwise regulates the licensee, shall have power to examine and investigate into the affairs of any licensee to determine whether the licensee has been or is engaged in any conduct in violation of sections 60A.985 to 60A.9857. This power is in addition to the powers which the commissioner has under section 60A.031. Any such investigation or examination shall be conducted pursuant to section 60A.031.

(b) Whenever the commissioner of commerce or commissioner of health has reason to believe that a licensee has been or is engaged in conduct in this state which violates sections 60A.985 to 60A.9857, the commissioner of commerce or commissioner of health may take action that is necessary or appropriate to enforce those sections.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 10. **[60A.9855] CONFIDENTIALITY.**

Subdivision 1. **Licensee information.** Any documents, materials, or other information in the control or possession of the department that are furnished by a licensee or an employee or agent thereof acting on behalf of a licensee pursuant to section 60A.9851, subdivision 9; section 60A.9853, subdivision 2, clauses (2), (3), (4), (5), (8), (10), and (11); or that are obtained by the commissioner in an investigation or examination pursuant to section 60A.9854 shall be classified as confidential, protected nonpublic, or both; shall not be subject to subpoena; and shall not be subject to discovery or admissible in evidence in any private civil action. However, the commissioner is authorized to use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's duties.

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

Subd. 3. **Information sharing.** In order to assist in the performance of the commissioner's duties under this act, the commissioner:

(1) may share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subdivision 1, with other state, federal, and international regulatory agencies, with the National Association of Insurance Commissioners, its affiliates or subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees in writing to maintain the confidentiality and privileged status of the document, material, or other information;

(2) may receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the National Association of Insurance Commissioners, its affiliates or subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information;

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

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

Subd. 4. **No waiver of privilege or confidentiality.** No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subdivision 3. Any document, material, or information disclosed to the commissioner under this section about a cybersecurity event must be retained and preserved by the licensee for the time period under section 541.05, or longer if required by the licensee's document retention policy.

Subd. 5. **Certain actions public.** Nothing in sections 60A.985 to 60A.9857 shall prohibit the commissioner from releasing final, adjudicated actions that are open to public inspection pursuant to chapter 13 to a database or other clearinghouse service maintained by the National Association of Insurance Commissioners, its affiliates, or subsidiaries.

Subd. 6. **Classification, protection, and use of information by others.** Documents, materials, or other information in the possession or control of the National Association of Insurance Commissioners or a third-party consultant pursuant to sections 60A.985 to 60A.9857 are classified as confidential, protected nonpublic, and privileged; are not subject to subpoena; and are not subject to discovery or admissible in evidence in a private civil action.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 11. **[60A.9856] EXCEPTIONS.**

Subdivision 1. **Generally.** The following exceptions shall apply to sections 60A.985 to 60A.9857:

(1) a licensee with fewer than 25 employees is exempt from sections 60A.9851 and 60A.9852;

(2) a licensee subject to and in compliance with the Health Insurance Portability and Accountability Act, Public Law 104-191, 110 Stat. 1936 (HIPAA), is considered to comply with sections 60A.9851, 60A.9852, and 60A.9853, subdivisions 3 to 5, provided the licensee submits a written statement certifying its compliance with HIPAA;

(3) a licensee affiliated with a depository institution that maintains an information security program in compliance with the interagency guidelines establishing standards for safeguarding customer information as set forth pursuant to United States Code, title 15, sections 6801 and 6805, shall be considered to meet the requirements of section 60A.9851 provided that the licensee produce, upon request, documentation satisfactory to the commission that independently validates the affiliated depository institution's adoption of an information security program that satisfies the interagency guidelines;

(4) an employee, agent, representative, or designee of a licensee, who is also a licensee, is exempt from sections 60A.9851 and 60A.9852 and need not develop its own information security program to the extent that the employee, agent, representative, or designee is covered by the information security program of the other licensee; and

(5) an employee, agent, representative, or designee of a producer licensee, as defined under section 60K.31, subdivision 6, who is also a licensee, is exempt from sections 60A.985 to 60A.9857.

Subd. 2. **Exemption lapse; compliance.** In the event that a licensee ceases to qualify for an exception, such licensee shall have 180 days to comply with this act.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 12. **[60A.9857] PENALTIES.**

In the case of a violation of sections 60A.985 to 60A.9856, a licensee may be penalized in accordance with section 60A.052.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 13. Minnesota Statutes 2020, section 61A.245, subdivision 4, is amended to read:

Subd. 4. **Minimum values.** The minimum values as specified in subdivisions 5, 6, 7, 8 and 10 of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this subdivision.

(a) The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to that time at rates of interest as indicated in paragraph (b) of the net considerations, as defined in this subdivision, paid prior to that time, decreased by the sum of clauses (1) through (4):

(1) any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in paragraph (b);

(2) an annual contract charge of $50, accumulated at rates of interest as indicated in paragraph (b);

(3) any premium tax paid by the company for the contract and not subsequently credited back to the company, such as upon early termination of the contract, in which case this decrease must not be taken, accumulated at rates of interest as indicated in paragraph (b); and

(4) the amount of any indebtedness to the company on the contract, including interest due and accrued.

The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to 87.5 percent of the gross considerations credited to the contract during that contract year.

(b) The interest rate used in determining minimum nonforfeiture amounts must be an annual rate of interest determined as the lesser of three percent per annum and the following, which must be specified in the contract if the interest rate will be reset:

(1) the five-year constant maturity treasury rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest 1/20 of one percent, specified in the contract no longer than 15 months prior to the contract issue date or redetermination date under clause (4);

(2) reduced by 125 basis points;

(3) where the resulting interest rate is not less than ~~one~~ 0.15 percent; and

(4) the interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each redetermination date.

(c) During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in clause (2) by up to an additional 100 basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction must not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the commissioner, the commissioner may disallow or limit the additional reduction.

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

Sec. 14. Minnesota Statutes 2020, section 62J.23, subdivision 2, is amended to read:

Subd. 2. **Restrictions.** (a) From July 1, 1992, until rules are adopted by the commissioner under this section, the restrictions in the federal Medicare antikickback statutes in section 1128B(b) of the Social Security Act, United States Code, title 42, section 1320a-7b(b), and rules adopted under the federal statutes, apply to all persons in the state, regardless of whether the person participates in any state health care program.

(b) Nothing in paragraph (a) shall be construed to prohibit an individual from receiving a discount or other reduction in price or a limited-time free supply or samples of a prescription drug, medical supply, or medical equipment offered by a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager, so long as:

(1) the discount or reduction in price is provided to the individual in connection with the purchase of a prescription drug, medical supply, or medical equipment prescribed for that individual;

(2) it otherwise complies with the requirements of state and federal law applicable to enrollees of state and federal public health care programs;

(3) the discount or reduction in price does not exceed the amount paid directly by the individual for the prescription drug, medical supply, or medical equipment; and

(4) the limited-time free supply or samples are provided by a physician, advanced practice registered nurse, or pharmacist, as provided by the federal Prescription Drug Marketing Act.

For purposes of this paragraph, "prescription drug" includes prescription drugs that are administered through infusion, injection, or other parenteral methods, and related services and supplies.

(c) No benefit, reward, remuneration, or incentive for continued product use may be provided to an individual or an individual's family by a pharmaceutical manufacturer, medical supply or device manufacturer, or pharmacy benefit manager, except that this prohibition does not apply to:

(1) activities permitted under paragraph (b);

(2) a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager providing to a patient, at a discount or reduced price or free of charge, ancillary products necessary for treatment of the medical condition for which the prescription drug, medical supply, or medical equipment was prescribed or provided; and

(3) a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager providing to a patient a trinket or memento of insignificant value.

(d) Nothing in this subdivision shall be construed to prohibit a health plan company from offering a tiered formulary with different co-payment or cost-sharing amounts for different drugs.

Sec. 15. **[62Q.472] SCREENING AND TESTING FOR OPIOIDS.**

(a) A health plan company shall not place a lifetime or annual limit on screenings and urinalysis testing for opioids for an enrollee in an inpatient or outpatient substance use disorder treatment program when the screening or testing is ordered by a health care provider and performed by an accredited clinical laboratory. A health plan company is not prohibited from conducting a medical necessity review when screenings or urinalysis testing for an enrollee exceeds 24 tests in any 12-month period.

(b) This section does not apply to managed care plans or county-based purchasing plans when the plan provides coverage to public health care program enrollees under chapter 256B or 256L.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 16. Minnesota Statutes 2020, section 256B.0625, subdivision 10, is amended to read:

Subd. 10. **Laboratory and x-ray services.** (a) Medical assistance covers laboratory and x-ray services.

(b) Medical assistance covers screening and urinalysis tests for opioids without lifetime or annual limits.

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

Sec. 17. **REPEALER.**

Minnesota Statutes 2020, sections 60A.98; 60A.981; and 60A.982, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2021.

ARTICLE 4
CONSUMER PROTECTION

Section 1. Minnesota Statutes 2020, section 13.712, is amended by adding a subdivision to read:

Subd. 7. **Student loan servicers.** Data collected, created, received, maintained, or disseminated under chapter 58B are governed by section 58B.10.

Sec. 2. Minnesota Statutes 2020, section 47.59, subdivision 2, is amended to read:

Subd. 2. **Application.** Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, ~~47.60,~~ 48.153, 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061 to 334.19 may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not authorized to do so under those sections. A financial institution extending credit under any of the sections listed in this subdivision shall specify in the promissory note, contract, or other loan document the section under which the extension of credit is made.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 3. Minnesota Statutes 2020, section 47.60, subdivision 2, is amended to read:

Subd. 2. **Authorization, terms, conditions, and prohibitions.** (a) ~~In lieu of the interest, finance charges, or fees in any other law,~~ A consumer small loan lender may charge ~~the following:~~ interest, finance charges, and fees. The sum of any interest, finance charges, and fees must not exceed an annual percentage rate, as defined in section 47.59, subdivision 1, paragraph (b), of 36 percent.

~~(1) on any amount up to and including $50, a charge of $5.50 may be added;~~

~~(2) on amounts in excess of $50, but not more than $100, a charge may be added equal to ten percent of the loan proceeds plus a $5 administrative fee;~~

~~(3) on amounts in excess of $100, but not more than $250, a charge may be added equal to seven percent of the loan proceeds with a minimum of $10 plus a $5 administrative fee;~~

~~(4) for amounts in excess of $250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of $17.50 plus a $5 administrative fee.~~

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of $350.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 4. Minnesota Statutes 2020, section 47.601, subdivision 2, is amended to read:

Subd. 2. **Consumer short-term loan contract.** (a) No contract or agreement between a consumer short-term loan lender and a borrower residing in Minnesota may contain the following:

(1) a provision selecting a law other than Minnesota law under which the contract is construed or enforced;

(2) a provision choosing a forum for dispute resolution other than the state of Minnesota; or

(3) a provision limiting class actions against a consumer short-term lender for violations of subdivision 3 or for making consumer short-term loans:

(i) without a required license issued by the commissioner; or

(ii) in which interest rates, fees, charges, or loan amounts exceed those allowable under section ~~47.59, subdivision 6, or~~ 47.60, subdivision 2~~, other than by de minimis amounts if no pattern or practice exists~~.

(b) Any provision prohibited by paragraph (a) is void and unenforceable.

(c) A consumer short-term loan lender must furnish a copy of the written loan contract to each borrower. The contract and disclosures must be written in the language in which the loan was negotiated with the borrower and must contain:

(1) the name; address, which may not be a post office box; and telephone number of the lender making the consumer short-term loan;

(2) the name and title of the individual employee or representative who signs the contract on behalf of the lender;

(3) an itemization of the fees and interest charges to be paid by the borrower;

(4) in bold, 24-point type, the annual percentage rate as computed under United States Code, chapter 15, section 1606; and

(5) a description of the borrower's payment obligations under the loan.

(d) The holder or assignee of a check or other instrument evidencing an obligation of a borrower in connection with a consumer short-term loan takes the instrument subject to all claims by and defenses of the borrower against the consumer short-term lender.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 5. Minnesota Statutes 2020, section 47.601, subdivision 6, is amended to read:

Subd. 6. **Penalties for violation; private right of action.** (a) Except for a "bona fide error" as set forth under United States Code, chapter 15, section 1640, subsection (c), an individual or entity who violates subdivision 2 or 3 is liable to the borrower for:

(1) all money collected or received in connection with the loan;

(2) actual, incidental, and consequential damages;

(3) statutory damages of up to $1,000 per violation;

(4) costs, disbursements, and reasonable attorney fees; and

(5) injunctive relief.

(b) In addition to the remedies provided in paragraph (a), a loan is void, and the borrower is not obligated to pay any amounts owing if the loan is made:

(1) by a consumer short-term lender who has not obtained an applicable license from the commissioner;

(2) in violation of any provision of subdivision 2 or 3; or

(3) in which interest, fees, charges, or loan amounts exceed the interest, fees, charges, or loan amounts allowable under ~~sections 47.59, subdivision 6, and~~ section 47.60, subdivision 2.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 6. Minnesota Statutes 2020, section 48.512, subdivision 2, is amended to read:

Subd. 2. **Required information.** Before opening or authorizing signatory power over a transaction account, a financial intermediary shall require one applicant to provide the following information on an application document signed by the applicant:

(a) full name;

(b) birth date;

(c) address of residence;

(d) address of current employment, if employed;

(e) telephone numbers of residence and place of employment, if any;

(f) Social Security number;

(g) driver's license or identification card number issued pursuant to section 171.07. If the applicant does not have a driver's license or identification card, the applicant may provide an identification document number issued for identification purposes by any state, federal, or foreign government if the document includes the applicant's photograph, full name, birth date, and signature. ~~A valid Wisconsin driver's license without a photograph may be accepted in satisfaction of the requirement of this paragraph until January 1, 1985~~;

(h) whether the applicant has had a transaction account at the same or another financial intermediary within 12 months immediately preceding the application, and if so, the name of the financial intermediary;

(i) whether the applicant has had a transaction account closed by a financial intermediary without the applicant's consent within 12 months immediately preceding the application, and if so, the reason the account was closed; and

(j) whether the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application.

A financial intermediary may require an applicant to disclose additional information.

An applicant who makes a false material statement that the applicant does not believe to be true in an application document with respect to information required to be provided by this subdivision is guilty of perjury. The financial intermediary shall notify the applicant of the provisions of this paragraph.

Sec. 7. Minnesota Statutes 2020, section 48.512, subdivision 3, is amended to read:

Subd. 3. **Confirm no involuntary closing.** (a) Before opening or authorizing signatory power over a transaction account, the financial intermediary shall attempt to verify the information disclosed for subdivision 2, clause (i). Inquiries made to verify this information through persons in the business of providing such information must include an inquiry based on the applicant's identification number provided under subdivision 2, clause (g).

(b) The financial intermediary may not open or authorize signatory power over a transaction account if (i) the applicant had a transaction account closed by a financial intermediary without consent because of issuance by the applicant of dishonored checks within 12 months immediately preceding the application, or (ii) the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application. This paragraph does not apply to programs designed to expand access to financial services to individuals who do not possess a transaction account.

(c) If the transaction account is refused pursuant to this subdivision, the reasons for the refusal shall be given to the applicant in writing and the applicant shall be allowed to provide additional information.

Sec. 8. Minnesota Statutes 2020, section 48.512, subdivision 7, is amended to read:

Subd. 7. **Transaction account service charges and charges relating to dishonored checks.** (a) The establishment of transaction account service charges and the amounts of the charges not otherwise limited or prescribed by law or rule is a business decision to be made by each financial intermediary according to sound business judgment and safe, sound financial institution operational standards. In establishing transaction account service charges, the financial intermediary may consider, but is not limited to considering:

(1) costs incurred by the institution, plus a profit margin, in providing the service;

(2) the deterrence of misuse by customers of financial institution services;

(3) the establishment of the competitive position of the financial institution in accordance with the institution's marketing strategy; and

(4) maintenance of the safety and soundness of the institution.

(b) Transaction account service charges must be reasonable in relation to these considerations and should be arrived at by each financial intermediary on a competitive basis and not on the basis of any agreement, arrangement, undertaking, or discussion with other financial intermediaries or their officers.

(c) A financial intermediary may not impose a service charge in excess of ~~$4~~ $10 for a dishonored check on any person other than the issuer of the check.

Sec. 9. Minnesota Statutes 2020, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. **Loans.** (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted under chapters 47 and 334. Loans made under this authority must be in amounts in compliance with section 53.05, clause (7). A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8. A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

(b) Loans made under this subdivision may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 10. Minnesota Statutes 2020, section 56.131, subdivision 1, is amended to read:

Subdivision 1. **Interest rates and charges.** (a) On any loan in a principal amount not exceeding $100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) Notwithstanding paragraph (a), a licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

~~(b)~~ (c) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

~~(c)~~ (d) A licensee may contract for and collect a delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).

~~(d)~~ (e) A licensee may grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 11. **[58B.01] TITLE.**

This chapter may be cited as the "Student Loan Borrower Bill of Rights."

Sec. 12. **[58B.02] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the following terms have the meanings given them.

Subd. 2. **Borrower.** "Borrower" means a resident of this state who has received or agreed to pay a student loan or a person who shares responsibility with a resident for repaying a student loan.

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

Subd. 4. **Financial institution.** "Financial institution" means any of the following organized under the laws of this state, any other state, or the United States: a bank, bank and trust, trust company with banking powers, savings bank, savings association, or credit union.

Subd. 5. **Person in control.** "Person in control" means any member of senior management, including owners or officers, and other persons who directly or indirectly possess the power to direct or cause the direction of the management policies of an applicant or student loan servicer under this chapter, regardless of whether the person has any ownership interest in the applicant or student loan servicer. Control is presumed to exist if a person directly or indirectly owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer or of a person who owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer.

Subd. 6. **Servicing.** "Servicing" means:

(1) receiving any scheduled periodic payments from a borrower or notification of payments, and applying payments to the borrower's account pursuant to the terms of the student loan or of the contract governing servicing;

(2) during a period when no payment is required on a student loan, maintaining account records for the loan and communicating with the borrower regarding the loan, on behalf of the loan's holder; and

(3) interacting with a borrower, including activities to help prevent default on obligations arising from student loans, conducted to facilitate the requirements in clauses (1) and (2).

Subd. 7. **Student loan.** "Student loan" means a government, commercial, or foundation loan for actual costs paid for tuition and reasonable education and living expenses.

Subd. 8. **Student loan servicer.** "Student loan servicer" means any person, wherever located, responsible for the servicing of any student loan to any borrower, including a nonbank covered person, as defined in Code of Federal Regulations, title 12, section 1090.101, who is responsible for the servicing of any student loan to any borrower.

Sec. 13. **[58B.03] LICENSING OF STUDENT LOAN SERVICERS.**

Subdivision 1. **License required.** No person shall directly or indirectly act as a student loan servicer without first obtaining a license from the commissioner.

Subd. 2. **Exempt persons.** The following persons are exempt from the requirements of this chapter:

(1) a financial institution;

(2) a person servicing student loans made with the person's own funds, if no more than three student loans are made in any 12-month period;

(3) an agency, instrumentality, or political subdivision of this state that makes, services, or guarantees student loans;

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

(5) the University of Minnesota; or

(6) a person exempted by order of the commissioner.

Subd. 3. **Application for licensure.** (a) Any person seeking to act within the state as a student loan servicer must apply for a license in a form and manner specified by the commissioner. At a minimum, the application must include:

(1) a financial statement prepared by a certified public accountant or a public accountant;

(2) the history of criminal convictions, excluding traffic violations, for persons in control of the applicant;

(3) any information requested by the commissioner related to the history of criminal convictions disclosed under clause (2);

(4) a nonrefundable license fee established by the commissioner; and

(5) a nonrefundable investigation fee established by the commissioner.

(b) The commissioner may conduct a state and national criminal history records check of the applicant and of each person in control or employee of the applicant.

Subd. 4. **Issuance of a license.** (a) Upon receipt of a complete application for an initial license and the payment of fees for a license and investigation, the commissioner must investigate the financial condition and responsibility, character, financial and business experience, and general fitness of the applicant. The commissioner may issue a license if the commissioner finds:

(1) the applicant's financial condition is sound;

(2) the applicant's business will be conducted honestly, fairly, equitably, carefully, and efficiently within the purposes and intent of this chapter;

(3) each person in control of the applicant is in all respects properly qualified and of good character;

(4) no person, on behalf of the applicant, has knowingly made any incorrect statement of a material fact in the application or in any report or statement made pursuant to this section;

(5) no person, on behalf of the applicant, has knowingly omitted any information required by the commissioner from an application, report, or statement made pursuant to this section;

(6) the applicant has paid the fees required under this section; and

(7) the application has met other similar requirements as determined by the commissioner.

(b) A license issued under this chapter is not transferable or assignable.

Subd. 5. **Notification of a change in status.** An applicant or student loan servicer must notify the commissioner in writing of any change in the information provided in the initial application for a license or the most recent renewal application for a license. The notification must be received no later than ten business days after the date of an event that results in the information becoming inaccurate.

Subd. 6. **Term of license.** Licenses issued under this chapter expire on December 31 of each year and are renewable on January 1.

Subd. 7. **Exemption from application.** (a) A person is exempt from the application procedures under subdivision 3 if the commissioner determines that the person is servicing student loans in this state pursuant to a contract awarded by the United States Secretary of Education under United States Code, title 20, section 1087f. Documentation of eligibility for this exemption shall be in a form and manner determined by the commissioner.

(b) A person determined to be eligible for the exemption under paragraph (a) shall, upon payment of the fees under subdivision 3, be issued a license and deemed to meet all of the requirements of subdivision 4.

Subd. 8. **Notice.** (a) A person issued a license under subdivision 7 must provide the commissioner with written notice no less than seven days after the date the person's contract under United States Code, title 20, section 1087f, expires, is revoked, or is terminated.

(b) A person issued a license under subdivision 7 has 30 days from the date the notification under paragraph (a) is provided to complete the requirements of subdivision 3. If a person does not meet the requirements of subdivision 3 within this time period, the commissioner shall immediately suspend the person's license under this chapter.

Sec. 14. **[58B.04] LICENSING MULTIPLE PLACES OF BUSINESS.**

A person licensed to act as a student loan servicer in this state is prohibited from servicing student loans under any other name or at any other place of business than that named in the license. Any time a student loan servicer changes the location of the servicer's place of business, the servicer must provide prior written notice to the commissioner. A student loan servicer may not maintain more than one place of business under the same license. The commissioner may issue more than one license to the same student loan servicer, provided that the servicer complies with the application procedures in section 58B.03 for each license.

Sec. 15. **[58B.05] LICENSE RENEWAL.**

Subdivision 1. **Term.** Licenses are renewable on January 1 of each year.

Subd. 2. **Timely renewal.** (a) A person whose application is properly and timely filed who has not received notice of denial of renewal is considered approved for renewal. The person may continue to act as a student loan servicer whether or not the renewed license has been received on or before January 1 of the renewal year. An

application for renewal of a license is considered timely filed if the application is received by the commissioner, or mailed with proper postage and postmarked, by the December 15 before the renewal year. An application for renewal is considered properly filed if the application is made upon forms duly executed, accompanied by fees prescribed by this chapter, and containing any information that the commissioner requires.

(b) A person who fails to make a timely application for renewal of a license and who has not received the renewal license as of January 1 of the renewal year is unlicensed until the renewal license has been issued by the commissioner and is received by the person.

Subd. 3. **Contents of renewal application.** An application for renewal of an existing license must contain the information specified in section 58B.03, subdivision 3, except that only the requested information having changed from the most recent prior application need be submitted.

Subd. 4. **Cancellation.** A student loan servicer ceasing an activity or activities regulated by this chapter and desiring to no longer be licensed shall inform the commissioner in writing and, at the same time, surrender the license and all other symbols or indicia of licensure. The licensee shall include a plan for the withdrawal from student loan servicing, including a timetable for the disposition of the student loans being serviced.

Subd. 5. **Renewal fees.** The following fees must be paid to the commissioner for a renewal license:

(1) a nonrefundable renewal license fee established by the commissioner; and

(2) a nonrefundable renewal investigation fee established by the commissioner.

Sec. 16. **[58B.06] DUTIES OF STUDENT LOAN SERVICERS.**

Subdivision 1. **Response requirements.** Upon receiving a written communication from a borrower, a student loan servicer must:

(1) acknowledge receipt of the communication in less than ten days from the date the communication is received; and

(2) provide information relating to the communication and, if applicable, the action the student loan servicer will take to either (i) correct the borrower's issue or (ii) explain why the issue cannot be corrected. The information must be provided less than 30 days after the date the written communication was received by the student loan servicer.

Subd. 2. **Overpayments.** (a) A student loan servicer must ask a borrower in what manner the borrower would like any overpayment to be applied to a student loan. A borrower's instruction regarding the application of overpayments is effective for the term of the loan or until the borrower provides a different instruction.

(b) For purposes of this subdivision, "overpayment" means a payment on a student loan that exceeds the monthly amount due.

Subd. 3. **Partial payments.** (a) A student loan servicer must apply a partial payment in a manner intended to minimize late fees and the negative impact on the borrower's credit history. If a borrower has multiple student loans with the same student loan servicer, upon receipt of a partial payment the servicer must apply the payments to satisfy as many individual loan payments as possible.

(b) For purposes of this subdivision, "partial payment" means a payment on a student loan that is less than the monthly amount due.

Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must:

(1) require the new student loan servicer to honor all benefits that were made available, or which may have become available, to a borrower from the original student loan servicer; and

(2) transfer to the new student loan servicer all information regarding the borrower, the account of the borrower, and the borrower's student loan, including but not limited to the repayment status of the student loan and the benefits described in clause (1).

(b) The student loan servicer must complete the transfer under paragraph (a), clause (2), less than 45 days from the date of the sale, assignment, or transfer of the servicing.

(c) A sale, assignment, or transfer of the servicing must be completed no less than seven days from the date the next payment is due on the student loan.

(d) A new student loan servicer must adopt policies and procedures to verify that the original student loan servicer has met the requirements of paragraph (a).

Subd. 5. **Income-driven repayment.** A student loan servicer must evaluate a borrower for eligibility for an income-driven repayment program before placing a borrower in forbearance or default.

Subd. 6. **Records.** A student loan servicer must maintain adequate records of each student loan for not less than two years following the final payment on the student loan or the sale, assignment, or transfer of the servicing.

EFFECTIVE DATE. This section is effective July 1, 2021, and applies to student loan contracts executed on or after that date.

Sec. 17. **[58B.07] PROHIBITED CONDUCT.**

Subdivision 1. **Misleading borrowers.** A student loan servicer must not directly or indirectly attempt to mislead a borrower.

Subd. 2. **Misrepresentation.** A student loan servicer must not engage in any unfair or deceptive practice or misrepresent or omit any material information in connection with the servicing of a student loan, including but not limited to misrepresenting the amount, nature, or terms of any fee or payment due or claimed to be due on a student loan, the terms and conditions of the loan agreement, or the borrower's obligations under the loan.

Subd. 3. **Misapplication of payments.** A student loan servicer must not knowingly or negligently misapply student loan payments.

Subd. 4. **Inaccurate information.** A student loan servicer must not knowingly or negligently provide inaccurate information to any consumer reporting agency.

Subd. 5. **Reporting of payment history.** A student loan servicer must not fail to report both the favorable and unfavorable payment history of the borrower to a consumer reporting agency at least annually, if the student loan servicer regularly reports payment history information.

Subd. 6. **Refusal to communicate with a borrower's representative.** A student loan servicer must not refuse to communicate with a representative of the borrower who provides a written authorization signed by the borrower. The student loan servicer may adopt procedures reasonably related to verifying that the representative is in fact authorized to act on behalf of the borrower.

Subd. 7. **False statements and omissions.** A student loan servicer must not knowingly or negligently make any false statement or omission of material fact in connection with any application, information, or reports filed with the commissioner or any other federal, state, or local government agency.

Subd. 8. **Noncompliance with applicable laws.** A student loan servicer must not violate any other federal, state, or local laws, including those related to fraudulent, coercive, or dishonest practices.

Subd. 9. **Incorrect information regarding student loan forgiveness.** A student loan servicer must not misrepresent the availability of student loan forgiveness for which the servicer has reason to know the borrower is eligible. This includes but is not limited to student loan forgiveness programs specific to military borrowers, borrowers working in public service, or borrowers with disabilities.

Subd. 10. **Compliance with servicer duties.** A student loan servicer must comply with the duties and obligations under section 58B.06.

Sec. 18. **[58B.08] EXAMINATIONS.**

The commissioner has the same powers with respect to examinations of student loan servicers under this chapter that the commissioner has under section 46.04.

Sec. 19. **[58B.09] DENIAL; SUSPENSION; REVOCATION OF LICENSES.**

Subdivision 1. **Powers of commissioner.** (a) The commissioner may by order take any or all of the following actions:

(1) bar a person from engaging in student loan servicing;

(2) deny, suspend, or revoke a student loan servicer license;

(3) censure a student loan servicer;

(4) impose a civil penalty, as provided in section 45.027, subdivision 6;

(5) order restitution to the borrower, if applicable; or

(6) revoke an exemption.

(b) In order to take the action in paragraph (a), the commissioner must find:

(1) the order is in the public interest; and

(2) the student loan servicer, applicant, person in control, employee, or agent has:

(i) violated any provision of this chapter or a rule or order adopted or issued under this chapter;

(ii) violated a standard of conduct or engaged in a fraudulent, coercive, deceptive, or dishonest act or practice, including but not limited to negligently making a false statement or knowingly omitting a material fact, whether or not the act or practice involves student loan servicing;

(iii) engaged in an act or practice that demonstrates untrustworthiness, financial irresponsibility, or incompetence, whether or not the act or practice involves student loan servicing;

(iv) pled guilty or nolo contendere to or been convicted of a felony, gross misdemeanor, or misdemeanor;

(v) paid a civil penalty or been the subject of a disciplinary action by the commissioner, order of suspension or revocation, cease and desist order, injunction order, or order barring involvement in an industry or profession issued by the commissioner or any other federal, state, or local government agency;

(vi) been found by a court of competent jurisdiction to have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit;

(vii) refused to cooperate with an investigation or examination by the commissioner;

(viii) failed to pay any fee or assessment imposed by the commissioner; or

(ix) failed to comply with state and federal tax obligations.

Subd. 2. **Orders of the commissioner.** To begin a proceeding under this section, the commissioner shall issue an order requiring the subject of the proceeding to show cause why action should not be taken against the person according to this section. The order must be calculated to give reasonable notice of the time and place for the hearing and must state the reasons for entry of the order. The commissioner may by order summarily suspend a license or exemption or summarily bar a person from engaging in student loan servicing pending a final determination of an order to show cause. If a license or exemption is summarily suspended or if the person is summarily barred from any involvement in the servicing of student loans pending final determination of an order to show cause, a hearing on the merits must be held within 30 days of the issuance of the order of summary suspension or bar. All hearings must be conducted under chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the subject of the order fails to appear at a hearing after having been duly notified, the person is considered in default and the proceeding may be determined against the subject of the order upon consideration of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. **Actions against lapsed license.** If a license or certificate of exemption lapses; is surrendered, withdrawn, or terminated; or otherwise becomes ineffective, the commissioner may (1) institute a proceeding under this subdivision within two years after the license or certificate of exemption was last effective and enter a revocation or suspension order as of the last date on which the license or certificate of exemption was in effect, and (2) impose a civil penalty as provided for in this section or section 45.027, subdivision 6.

Sec. 20. **[58B.10] DATA PRACTICES.**

Subdivision 1. **Classification of data.** Data collected, created, received, maintained, or disseminated by the Department of Commerce under this chapter are governed by section 46.07.

Subd. 2. **Data sharing.** To the extent data collected, created, received, maintained, or disseminated under this chapter are not public data as defined by section 13.02, subdivision 8a, the data may, when necessary to accomplish the purpose of this chapter, be shared between:

(1) the United States Department of Education;

(2) the Office of Higher Education;

(3) the Department of Commerce;

(4) the Office of the Attorney General; and

(5) any other local, state, and federal law enforcement agencies.

Sec. 21. Minnesota Statutes 2020, section 65B.15, subdivision 1, is amended to read:

Subdivision 1. **Grounds and notice.** No cancellation or reduction in the limits of liability of coverage during the policy period of any policy shall be effective unless notice thereof is given and unless based on one or more reasons stated in the policy which shall be limited to the following:

1. nonpayment of premium; or

2. the policy was obtained through a material misrepresentation; or

3. any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or

4. the named insured failed to disclose fully motor vehicle accidents and moving traffic violations of the named insured for the preceding 36 months if called for in the written application; or

5. the named insured failed to disclose in the written application any requested information necessary for the acceptance or proper rating of the risk; or

6. the named insured knowingly failed to give any required written notice of loss or notice of lawsuit commenced against the named insured, or, when requested, refused to cooperate in the investigation of a claim or defense of a lawsuit; or

7. the named insured or any other operator who either resides in the same household, or customarily operates an automobile insured under such policy, unless the other operator is identified as a named insured in another policy as an insured:

(a) has, within the 36 months prior to the notice of cancellation, had that person's driver's license under suspension or revocation because the person committed a moving traffic violation or because the person refused to be tested under section 169A.20, subdivision 1; or

(b) is or becomes subject to epilepsy or heart attacks, and such individual does not produce a written opinion from a physician testifying to that person's medical ability to operate a motor vehicle safely, such opinion to be based upon a reasonable medical probability; or

(c) has an accident record, conviction record (criminal or traffic), physical condition or mental condition, any one or all of which are such that the person's operation of an automobile might endanger the public safety; or

(d) has been convicted, or forfeited bail, during the 24 months immediately preceding the notice of cancellation for criminal negligence in the use or operation of an automobile, or assault arising out of the operation of a motor vehicle, or operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or leaving the scene of an accident without stopping to report; or making false statements in an application for a driver's license, or theft or unlawful taking of a motor vehicle; or

(e) has been convicted of, or forfeited bail for, one or more violations within the 18 months immediately preceding the notice of cancellation, of any law, ordinance, or rule which justify a revocation of a driver's license; or

8. the insured automobile is:

(a) so mechanically defective that its operation might endanger public safety; or

(b) used in carrying passengers for hire or compensation, provided however that the use of an automobile for a car pool or a private passenger vehicle used by a volunteer driver, as defined under section 65B.472, subdivision 1, paragraph (h), shall not be considered use of an automobile for hire or compensation; or

(c) used in the business of transportation of flammables or explosives; or

(d) an authorized emergency vehicle; or

(e) subject to an inspection law and has not been inspected or, if inspected, has failed to qualify within the period specified under such inspection law; or

(f) substantially changed in type or condition during the policy period, increasing the risk substantially, such as conversion to a commercial type vehicle, a dragster, sports car or so as to give clear evidence of a use other than the original use.

Sec. 22. Minnesota Statutes 2020, section 65B.43, subdivision 12, is amended to read:

Subd. 12. **Commercial vehicle.** "Commercial vehicle" means:

(a) any motor vehicle used as a common carrier,

(b) any motor vehicle, other than a passenger vehicle defined in section 168.002, subdivision 24, which has a curb weight in excess of 5,500 pounds apart from cargo capacity, or

(c) any motor vehicle while used in the for-hire transportation of property.

Commercial vehicle does not include a "commuter van," which for purposes of this chapter ~~shall mean~~ means (1) a motor vehicle having a capacity of seven to 16 persons which is used principally to provide prearranged transportation of persons to or from their place of employment or to or from a transit stop authorized by a local transit authority which vehicle is to be operated by a person who does not drive the vehicle as a principal occupation but is driving it only to or from the principal place of employment, to or from a transit stop authorized by a local transit authority or, for personal use as permitted by the owner of the vehicle, or (2) a private passenger vehicle driven by a volunteer driver.

Sec. 23. Minnesota Statutes 2020, section 65B.472, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless a different meaning is expressly made applicable, the terms defined in paragraphs (b) through (g) have the meanings given them for the purposes of this chapter.

(b) A "digital network" means any online-enabled application, software, website, or system offered or utilized by a transportation network company that enables the prearrangement of rides with transportation network company drivers.

(c) A "personal vehicle" means a vehicle that is used by a transportation network company driver in connection with providing a prearranged ride and is:

(1) owned, leased, or otherwise authorized for use by the transportation network company driver; and

(2) not a taxicab, limousine, ~~or~~ for-hire vehicle, or a private passenger vehicle driven by a volunteer driver.

(d) A "prearranged ride" means the provision of transportation by a driver to a rider, beginning when a driver accepts a ride requested by a rider through a digital network controlled by a transportation network company, continuing while the driver transports a requesting rider, and ending when the last requesting rider departs from the personal vehicle. A prearranged ride does not include transportation provided using a taxicab, limousine, or other for-hire vehicle.

(e) A "transportation network company" means a corporation, partnership, sole proprietorship, or other entity that is operating in Minnesota that uses a digital network to connect transportation network company riders to transportation network company drivers who provide prearranged rides.

(f) A "transportation network company driver" or "driver" means an individual who:

(1) receives connections to potential riders and related services from a transportation network company in exchange for payment of a fee to the transportation network company; and

(2) uses a personal vehicle to provide a prearranged ride to riders upon connection through a digital network controlled by a transportation network company in return for compensation or payment of a fee.

(g) A "transportation network company rider" or "rider" means an individual or persons who use a transportation network company's digital network to connect with a transportation network driver who provides prearranged rides to the rider in the driver's personal vehicle between points chosen by the rider.

(h) A "volunteer driver" means an individual who transports persons or goods on behalf of a nonprofit entity or governmental unit in a private passenger vehicle and receives no compensation for services provided other than the reimbursement of actual expenses.

Sec. 24. Minnesota Statutes 2020, section 174.29, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purpose of sections 174.29 and 174.30 "special transportation service" means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed exclusively or primarily to serve individuals who are elderly or disabled and who are unable to use regular means of transportation but do not require ambulance service, as defined in section 144E.001, subdivision 3. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, taxis, and volunteers driving private automobiles, as defined in section 65B.472, subdivision 1, paragraph (h). Special transportation service also means those nonemergency medical transportation services under section 256B.0625, subdivision 17, that are subject to the operating standards for special transportation service under sections 174.29 to 174.30 and Minnesota Rules, chapter 8840.

Sec. 25. Minnesota Statutes 2020, section 174.30, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The operating standards for special transportation service adopted under this section do not apply to special transportation provided by:

(1) a public transit provider receiving financial assistance under sections 174.24 or 473.371 to 473.449;

(2) a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), using a private automobile;

(3) a school bus as defined in section 169.011, subdivision 71; or

(4) an emergency ambulance regulated under chapter 144.

(b) The operating standards adopted under this section only apply to providers of special transportation service who receive grants or other financial assistance from either the state or the federal government, or both, to provide or assist in providing that service; except that the operating standards adopted under this section do not apply to any nursing home licensed under section 144A.02, to any board and care facility licensed under section 144.50, or to any day training and habilitation services, day care, or group home facility licensed under sections 245A.01 to 245A.19 unless the facility or program provides transportation to nonresidents on a regular basis and the facility receives reimbursement, other than per diem payments, for that service under rules promulgated by the commissioner of human services.

(c) Notwithstanding paragraph (b), the operating standards adopted under this section do not apply to any vendor of services licensed under chapter 245D that provides transportation services to consumers or residents of other vendors licensed under chapter 245D and transports 15 or fewer persons, including consumers or residents and the driver.

Sec. 26. Minnesota Statutes 2020, section 174.30, subdivision 10, is amended to read:

Subd. 10. **Background studies.** (a) Providers of special transportation service regulated under this section must initiate background studies in accordance with chapter 245C on the following individuals:

(1) each person with a direct or indirect ownership interest of five percent or higher in the transportation service provider;

(2) each controlling individual as defined under section 245A.02;

(3) managerial officials as defined in section 245A.02;

(4) each driver employed by the transportation service provider;

(5) each individual employed by the transportation service provider to assist a passenger during transport; and

(6) all employees of the transportation service agency who provide administrative support, including those who:

(i) may have face-to-face contact with or access to passengers, their personal property, or their private data;

(ii) perform any scheduling or dispatching tasks; or

(iii) perform any billing activities.

(b) The transportation service provider must initiate the background studies required under paragraph (a) using the online NETStudy system operated by the commissioner of human services.

(c) The transportation service provider shall not permit any individual to provide any service or function listed in paragraph (a) until the transportation service provider has received notification from the commissioner of human services indicating that the individual:

(1) is not disqualified under chapter 245C; or

(2) is disqualified, but has received a set-aside of that disqualification according to sections 245C.22 and 245C.23 related to that transportation service provider.

(d) When a local or contracted agency is authorizing a ride under section 256B.0625, subdivision 17, by a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), and the agency authorizing the ride has reason to believe the volunteer driver has a history that would disqualify the individual or that may pose a risk to the health or safety of passengers, the agency may initiate a background study to be completed according to chapter 245C using the commissioner of human services' online NETStudy system, or through contacting the Department of Human Services background study division for assistance. The agency that initiates the background study under this paragraph shall be responsible for providing the volunteer driver with the privacy notice required under section 245C.05, subdivision 2c, and payment for the background study required under section 245C.10, subdivision 11, before the background study is completed.

Sec. 27. Minnesota Statutes 2020, section 221.031, subdivision 3b, is amended to read:

Subd. 3b. **Passenger transportation; exemptions.** (a) A person who transports passengers for hire in intrastate commerce, who is not made subject to the rules adopted in section 221.0314 by any other provision of this section, must comply with the rules for hours of service of drivers while transporting employees of an employer who is directly or indirectly paying the cost of the transportation.

(b) This subdivision does not apply to:

(1) a local transit commission;

(2) a transit authority created by law; or

(3) persons providing transportation:

(i) in a school bus as defined in section 169.011, subdivision 71;

(ii) in a Head Start bus as defined in section 169.011, subdivision 34;

(iii) in a commuter van;

(iv) in an authorized emergency vehicle as defined in section 169.011, subdivision 3;

(v) in special transportation service certified by the commissioner under section 174.30;

(vi) that is special transportation service as defined in section 174.29, subdivision 1, when provided by a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), operating a private passenger vehicle as defined in section 169.011, subdivision 52;

(vii) in a limousine the service of which is licensed by the commissioner under section 221.84; or

(viii) in a taxicab, if the fare for the transportation is determined by a meter inside the taxicab that measures the distance traveled and displays the fare accumulated.

Sec. 28. Minnesota Statutes 2020, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, nonemergency medical transportation company, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) nonemergency medical transportation providers who meet the requirements of this subdivision;

(2) ambulances, as defined in section 144E.001, subdivision 2;

(3) taxicabs that meet the requirements of this subdivision;

(4) public transit, as defined in section 174.22, subdivision 7; or

(5) not-for-hire vehicles, including volunteer drivers, as defined in section 65B.472, subdivision 1, paragraph (h).

(c) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) An organization may be terminated, denied, or suspended from enrollment if:

(1) the provider has not initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3); or

(2) the provider has initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3), and:

(i) the commissioner has sent the provider a notice that the individual has been disqualified under section 245C.14; and

(ii) the individual has not received a disqualification set-aside specific to the special transportation services provider under sections 245C.22 and 245C.23.

(e) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.

(f) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph (i), clauses (4), (5), (6), and (7).

(g) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for

eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs, child seats, or stretchers in the vehicle.

Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency.

Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must maintain trip logs, which include pickup and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

(h) The administrative agency shall use the level of service process established by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

(i) The covered modes of transportation are:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or public transit is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

(j) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (i) according to paragraphs (m) and (n) when the commissioner has developed, made available, and funded the web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government.

(k) The commissioner shall:

(1) in consultation with the Nonemergency Medical Transportation Advisory Committee, verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

(l) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245.

(m) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph (h), not the type of vehicle used to provide the service. The medical assistance reimbursement rates for nonemergency medical transportation services that are payable by or on behalf of the commissioner for nonemergency medical transportation services are:

(1) $0.22 per mile for client reimbursement;

(2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer transport;

(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $11 for the base rate and $1.30 per mile when provided by a nonemergency medical transportation provider;

(4) $13 for the base rate and $1.30 per mile for assisted transport;

(5) $18 for the base rate and $1.55 per mile for lift-equipped/ramp transport;

(6) $75 for the base rate and $2.40 per mile for protected transport; and

(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary.

(n) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph (m), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:

(1) for a trip equal to 17 miles or less, equal to 125 percent of the respective mileage rate in paragraph (m), clauses (1) to (7); and

(2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph (m), clauses (1) to (7).

(o) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs (m) and (n), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(p) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

(q) The commissioner, when determining reimbursement rates for nonemergency medical transportation under paragraphs (m) and (n), shall exempt all modes of transportation listed under paragraph (i) from Minnesota Rules, part 9505.0445, item R, subitem (2).

Sec. 29. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 2b. **Purchase of catalytic converters.** (a) Any person who purchases or receives a catalytic converter must comply with this section.

(b) Every scrap metal dealer, including an agent, employee, or representative of the dealer, must create a permanent record, written in English and using an electronic record program, at the time of each catalytic converter purchase or acquisition. The record must include:

(1) the vehicle identification number of the vehicle from which the catalytic converter was removed; and

(2) the name of the person who removed the catalytic converter.

(c) A scrap metal dealer must make the information under paragraph (b) available for examination by a law enforcement agency or a person who has reported theft of a catalytic converter.

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

Sec. 30. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 2c. **Catalytic converter theft prevention pilot project.** (a) The catalytic converter theft prevention pilot project is created to deter the theft of catalytic converters by marking catalytic converters with vehicle identification numbers or other unique identifiers.

(b) The commissioner must establish a procedure to mark the catalytic converters of vehicles most likely to be targeted for theft with unique identification numbers using labels, engraving, theft deterrence paint, or other methods that permanently mark the catalytic converter without damaging the catalytic converter's function.

(c) The commissioner must work with law enforcement agencies, insurance companies, and scrap metal dealers to (1) identify vehicles that are most frequently targeted for catalytic converter theft, and (2) establish the most effective methods for marking catalytic converters.

(d) Materials purchased under this program may be distributed to dealers, as defined in section 168.002, subdivision 6, automobile repair shops and service centers, law enforcement agencies, and community organizations to arrange the catalytic converters of vehicles most likely to be targeted for theft to be marked at no cost to the vehicle owners.

(e) The commissioner may prioritize distribution of materials to areas experiencing the highest rates of catalytic converter theft.

(f) The commissioner must make educational information resulting form the pilot program available to law enforcement agencies and scrap metal dealers, and is encouraged to publicize the program to the general public.

(g) The commissioner must include a report on the pilot project in the report required under section 65B.84, subdivision 2. The report must describe the progress, results, and any findings of the pilot project including the total number of catalytic converters marked under the program, and, to the extent known, whether any catalytic converters marked under the pilot project were stolen and the outcome of any criminal investigation into the thefts.

Sec. 31. **[325E.80] ABNORMAL MARKET DISRUPTIONS; UNCONSCIONABLY EXCESSIVE PRICES.**

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

(b) "Abnormal market disruption" means a change in the market resulting from a natural or man-made disaster, a national or local emergency, a public health emergency, or an event resulting in a declaration of a state of emergency by the governor; and occurs when specifically declared by the governor. The governor's declaration of an abnormal market disruption must note the geographic area to which this section applies. An abnormal market disruption terminates no later than 30 days after the end of the state of emergency for which the abnormal market disruption was activated.

(c) "Essential consumer good or service" means a good or service vital and necessary for the health, safety, and welfare of the public, including without limitation: food; water; fuel; gasoline; shelter; transportation; health care services; pharmaceuticals; and medical, personal hygiene, sanitation, and cleaning supplies.

(d) "Seller" means a manufacturer, supplier, wholesaler, distributor, or retail seller of goods or services.

(e) "Unconscionably excessive" means there is a gross disparity between the seller's price of a good or service offered for sale or sold in the usual course of business during the 30 days immediately prior to the governor's declaration of an abnormal market disruption and the seller's price of the same or similar good or service after the governor's declaration of an abnormal market disruption, and the gross disparity is not substantially related to an increase in the cost of obtaining or selling the good or of providing the service. A gross disparity between the price of a good or service does not occur when the amount charged after the abnormal market disruption increased the price 30 percent or less.

Subd. 2. **Prohibition.** If the governor declares an abnormal market disruption a person is prohibited from selling or offering to sell an essential consumer good or service for an amount that represents an unconscionably excessive price.

Subd. 3. **Civil penalty.** A person who is found to have violated this section is subject to a civil penalty of not more than $1,000 per sale or transaction, with a maximum penalty of $10,000 per day.

Subd. 4. **Enforcement authority.** The attorney general may investigate an alleged violation of this section. The authority of the attorney general under this section includes but is not limited to the authority provided under section 8.31.

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

Sec. 32. Minnesota Statutes 2020, section 325F.171, is amended by adding a subdivision to read:

Subd. 5. **Enforcement.** This section may be enforced as provided under sections 325F.10 to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 33. Minnesota Statutes 2020, section 325F.172, is amended by adding a subdivision to read:

Subd. 4. **Enforcement.** Sections 325F.173 to 325F.175 may be enforced as provided under sections 325F.10 to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 34. **[325F.179] ENFORCEMENT.**

Sections 325F.177 and 325F.178 may be enforced as provided under sections 325F.10 to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 35. Minnesota Statutes 2020, section 514.972, subdivision 4, is amended to read:

Subd. 4. **Denial of access.** Upon default, the owner shall mail notice of default as provided under section 514.974. The owner may deny the occupant access to the personal property contained in the self-service storage facility after default, service of the notice of default, expiration of the date stated for denial of access, and application of any security deposit to unpaid rent. ~~The notice of default must state the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility and that access will be denied until the owner's claim has been satisfied. The notice of default must state that any dispute regarding denial of access can be raised by the occupant beginning legal action in court. Notice of default must further state the rights of the occupant contained in subdivision 5.~~

Sec. 36. Minnesota Statutes 2020, section 514.972, subdivision 5, is amended to read:

Subd. 5. **Access to certain items.** ~~The occupant may remove from the self-service storage facility personal papers, health aids, personal clothing of the occupant and the occupant's dependents, and personal property that is necessary for the livelihood of the occupant, that has a market value of less than $50 per item, if demand is made to any of the persons listed in section 514.976, subdivision 1. The occupant shall present a list of the items, and may remove them during the facility's ordinary business hours prior to the sale authorized by section 514.973. If the owner unjustifiably denies the occupant access for the purpose of removing the items specified in this subdivision, the occupant is entitled to an order allowing access to the storage unit for removal of the specified items. The self-service storage facility is liable to the occupant for the costs, disbursements and attorney fees expended by the occupant to obtain this order.~~ (a) Any occupant may remove from the self-storage facility personal papers and health aids upon demand made to any of the persons listed in section 514.976, subdivision 1.

(b) An occupant who provides documentation from a government or nonprofit agency or legal aid office that the occupant is a recipient of relief based on need, is eligible for legal aid services, or is a survivor of domestic violence or sexual assault may remove, in addition to the items provided in paragraph (a), personal clothing of the occupant and the occupant's dependents and tools of the trade that are necessary for the livelihood of the occupant that has a market value not to exceed $125 per item.

(c) The occupant shall present a list of the items and may remove the items during the facility's ordinary business hours prior to the sale authorized by section 514.973. If the owner unjustifiably denies the occupant access for the purpose of removing the items specified in this subdivision, the occupant is entitled to request relief from the court for an order allowing access to the storage space for removal of the specified items. The self-service storage facility is liable to the occupant for the costs, disbursements, and attorney fees expended by the occupant to obtain this order.

(d) For the purposes of this subdivision, "relief based on need" includes but is not limited to receipt of a benefit from the Minnesota family investment program and diversionary work program, medical assistance, general assistance, emergency general assistance, Minnesota supplemental aid, Minnesota supplemental aid housing assistance, MinnesotaCare, Supplemental Security Income, energy assistance, emergency assistance, Supplemental Nutrition Assistance Program benefits, earned income tax credit, or Minnesota working family tax credit. Relief based on need can also be proven by providing documentation from a legal aid organization that the individual is receiving legal aid assistance, or by providing documentation from a government agency, nonprofit, or housing assistance program that the individual is receiving assistance due to domestic violence or sexual assault.

Sec. 37. Minnesota Statutes 2020, section 514.973, subdivision 3, is amended to read:

Subd. 3. **Contents of notice.** The notice must include:

(1) a statement of the amount owed for rent and other charges and demand for payment within a specified time not less than 14 days after delivery of the notice;

(2) pursuant to section 514.972, subdivision 4, a notice of denial of access to the storage space, if this denial is permitted under the terms of the rental agreement;

(3) the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility;

(4) a statement that access will be denied until the owner's claim has been satisfied;

(5) a statement that any dispute regarding denial of access can be raised by an occupant beginning legal action in court;

~~(3)~~ (6) the name, street address, and telephone number of the owner, or of the owner's designated agent, whom the occupant may contact to respond to the notice;

~~(4)~~ (7) a conspicuous statement that unless the claim is paid within the time stated in the notice, the personal property will be advertised for sale. The notice must specify the time and place of the sale; and

~~(5)~~ (8) a conspicuous statement of the items that the occupant may remove without charge pursuant to section 514.972, subdivision 5, if the occupant is denied general access to the storage space.

Sec. 38. Minnesota Statutes 2020, section 514.973, subdivision 4, is amended to read:

Subd. 4. **Sale of property.** (a) A sale of personal property may take place no sooner than 45 days after default or, if the personal property is a motor vehicle or watercraft, no sooner than 60 days after default.

(b) After the expiration of the time given in the notice, the sale must be published once a week for two weeks consecutively in a newspaper of general circulation where the sale is to be held. The sale may take place no sooner than 15 days after the first publication. If the lien is satisfied before the second publication occurs, the second publication is waived. If there is no qualified newspaper under chapter 331A where the sale is to be held, the advertisement may be posted on an independent, publicly accessible website that advertises self-storage lien sales or public notices. The advertisement must include a general description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale.

(c) A sale of the personal property must conform to the terms of the notification.

(d) A sale of the personal property must be public and must be either:

(1) held via an online auction; or

(2) held at the storage facility, or at the nearest suitable place at which the personal property is held or stored.

Owners shall require all bidders, including online bidders, to register and agree to the rules of the sale.

(e) The sale must be conducted in a commercially reasonable manner. A sale is commercially reasonable if the property is sold in conformity with the practices among dealers in the property sold or sellers of similar distressed property sales.

Sec. 39. Minnesota Statutes 2020, section 514.974, is amended to read:

514.974 ADDITIONAL NOTIFICATION REQUIREMENT.

~~Notification of the proposed sale of personal property must include a notice of denial of access to the personal property until the owner's claim has been satisfied.~~ Any notice the owner is required to mail to the occupant under sections 514.970 to 514.979 shall be sent to:

(1) the e-mail address, if consented to by the occupant, as provided in section 514.973, subdivision 2;

(2) the mailing address and any alternate mailing address provided by the occupant in the rental agreement; or

(3) the last known mailing address of the occupant, if the last known mailing address differs from the mailing address listed by the occupant in the rental agreement and the owner has reason to believe that the last known mailing address is more current.

Sec. 40. Minnesota Statutes 2020, section 514.977, is amended to read:

514.977 ~~DEFAULT~~ ADDITIONAL REMEDIES.

Subdivision 1. **Default; breach of rental agreement.** If an occupant defaults in the payment of rent for the storage space or otherwise breaches the rental agreement, the owner may commence an ~~eviction~~ action ~~under chapter 504B~~ to terminate the rental agreement, recover possession of the storage space, remove the occupant, and dispose of the stored personal property. The action shall be conducted in accordance with the Minnesota Rules of Civil Procedure, except as provided in this section.

Subd. 2. **Service of summons.** The summons must be served at least seven days before the date of the court appearance as provided in subdivision 3.

Subd. 3. **Appearance.** Except as provided in subdivision 4, in an action filed under this section the appearance shall be not less than seven or more than 14 days from the day of issuing the summons.

Subd. 4. **Expedited hearing.** If the owner files a motion and affidavit stating specific facts and instances in support of an allegation that the occupant is causing a nuisance or engaging in illegal or other behavior that seriously endangers the safety of others, others' property, or the storage facility's property, the appearance shall be not less than three days nor more than seven days from the date the summons is issued. The summons in an expedited hearing shall be served upon the occupant within 24 hours of issuance unless the court orders otherwise for good cause shown.

Subd. 5. **Answer; trial; continuance.** At the court appearance specified in the summons, the defendant may answer the complaint, and the court shall hear and decide the action, unless it grants a continuance of the trial, which may be for no longer than six days, unless all parties consent to longer continuance.

Subd. 6. **Counterclaims.** The occupant is prohibited from bringing counterclaims in the action that are unrelated to the possession of the storage space. Nothing in this section prevents the occupant from bringing the claim in a separate action.

Subd. 7. **Judgment; writ.** Judgment in matters adjudicated under this section shall be in accordance with section 504B.345, paragraph (a). Execution of a writ issued under this section shall be in accordance with section 504B.365.

Sec. 41. **THIRD-PARTY FOOD DELIVERY FEES; LIMITATION.**

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

(b) "Delivery fee" means a fee charged by a third-party food delivery service to a food and beverage establishment for a service that delivers food or beverages from the establishment to customers. Delivery fee does not include (1) any other fee that may be charged by a third-party food delivery service to a food and beverage establishment, including but not limited to fees for marketing, listing, or advertising the food and beverage establishment on the third-party food delivery service platform, or (2) fees related to processing an online order.

(c) "Food and beverage establishment" or "establishment" means a retail business that sells prepared food or beverages to the public.

(d) "Online order" means an order, including a telephone order, placed by a customer through or with the assistance of a platform provided by a third-party food delivery service.

(e) "Purchase price" means the total price of the items contained in an online order that are listed on the menu of the food and beverage establishment where the order is placed. Purchase price does not include taxes, gratuities, or other fees that may make up the total cost of a customer's online order.

(f) "Third-party food delivery service" means a platform offered through an online-enabled application, software, website, or other Internet service that offers or arranges for the sale of food and beverages prepared by, delivered by, or picked up from a food and beverage establishment.

Subd. 2. **Limitation on food delivery fees.** (a) A third-party food delivery service is prohibited from:

(1) charging a food and beverage establishment a delivery fee that totals more than ten percent of an online order's purchase price;

(2) charging a food and beverage establishment any fee, other than the delivery fee described in clause (1), to use the third-party delivery service that totals more than five percent of an online order's purchase price;

(3) charging a customer a purchase price that is higher than the price set by the food and beverage establishment or, if no price is set by the food and beverage establishment, the price listed on the establishment's menu; or

(4) reducing the compensation rates paid to third-party food delivery service drivers as a result of the limitations on fees instituted by this section.

(b) A food and beverage establishment may choose, but a third-party food delivery service is prohibited from requiring, an exemption for marketing or advertising the food and beverage establishment on the third-party food delivery service platform from the limitations in paragraph (a).

Subd. 3. **Enforcement by attorney general.** (a) The attorney general must enforce this section under Minnesota Statutes, section 8.31.

(b) In addition to the remedies otherwise provided by law, a person injured by a violation of subdivision 2 may bring a civil action and recover damages, together with costs and disbursements, including costs of investigation and reasonable attorney fees, and receive other equitable relief as determined by the court.

EFFECTIVE DATE. This section is effective the day following final enactment and expires 60 days after the peacetime emergency declared by the governor in an executive order that relates to the infectious disease known as COVID-19 is terminated or rescinded.

ARTICLE 5
COLLECTION AGENCIES AND DEBT BUYERS

Section 1. Minnesota Statutes 2020, section 332.31, subdivision 3, is amended to read:

Subd. 3. **Collection agency.** "Collection agency" or "licensee" means ~~and includes any~~ (1) a person engaged in the business of collection for others any account, bill, or other indebtedness, except as hereinafter provided; or (2) a debt buyer. It includes persons who furnish collection systems carrying a name which simulates the name of a collection agency and who supply forms or form letters to be used by the creditor, even though such forms direct the debtor to make payments directly to the creditor rather than to such fictitious agency.

Sec. 2. Minnesota Statutes 2020, section 332.31, subdivision 6, is amended to read:

Subd. 6. **Collector.** "Collector" is a person acting under the authority of a collection agency under subdivision 3 or a debt buyer under subdivision 8, and on its behalf in the business of collection for ~~others~~ an account, bill, or other indebtedness except as otherwise provided in this chapter.

Sec. 3. Minnesota Statutes 2020, section 332.31, is amended by adding a subdivision to read:

Subd. 8. **Debt buyer.** "Debt buyer" means a business engaged in the purchase of any charged-off account, bill, or other indebtedness for collection purposes, whether the business collects the account, bill, or other indebtedness, hires a third party for collection, or hires an attorney for litigation related to the collection.

Sec. 4. Minnesota Statutes 2020, section 332.31, is amended by adding a subdivision to read:

Subd. 9. **Affiliated company.** "Affiliated company" means a company that: (1) directly or indirectly controls, is controlled by, or is under common control with another company or companies; (2) has the same executive management team or owner that exerts control over the business operations of the company; (3) maintains a uniform network of corporate and compliance policies and procedures; and (4) does not engage in active collection of debts.

Sec. 5. Minnesota Statutes 2020, section 332.311, is amended to read:

332.311 TRANSFER OF ADMINISTRATIVE FUNCTIONS.

The powers, duties, and responsibilities of the consumer services section under sections 332.31 to 332.44 relating to collection agencies and debt buyers are hereby transferred to and imposed upon the commissioner of commerce.

Sec. 6. Minnesota Statutes 2020, section 332.32, is amended to read:

332.32 EXCLUSIONS.

(a) The term "collection agency" ~~shall~~ does not include ~~persons whose collection activities are confined to and are directly related to the operation of a business other than that of a collection agency such as, but not limited to~~ banks when collecting accounts owed to the banks and when the bank will sustain any loss arising from uncollectible accounts, abstract companies doing an escrow business, real estate brokers, public officers, persons acting under order of a court, lawyers, trust companies, insurance companies, credit unions, savings associations, loan or finance companies unless they are engaged in asserting, enforcing or prosecuting unsecured claims which have been purchased from any person, firm, or association when there is recourse to the seller for all or part of the claim if the claim is not collected.

(b) The term "collection agency" shall not include a trade association performing services authorized by section 604.15, subdivision 4a, but the trade association in performing the services may not engage in any conduct that would be prohibited for a collection agency under section 332.37.

Sec. 7. Minnesota Statutes 2020, section 332.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in this chapter, no person shall conduct ~~within this state a collection agency or engage within this state in the business of collecting claims for others~~ business in Minnesota as a collection agency or debt buyer, as defined in sections 332.31 to 332.44, without having first applied for and obtained a collection agency license. A person acting under the authority of a collection agency, debt buyer, or as a collector~~,~~ must first register with the commissioner under this section. A registered collector may use one additional assumed name only if the assumed name is registered with and approved by the commissioner. A business that operates as a debt buyer must submit a completed license application no later than January 1, 2022. A debt buyer who has filed an application with the commissioner for a collection agency license prior to January 1, 2022, and whose application remains pending with the commissioner thereafter, may continue to operate without a license until the commissioner approves or denies the application.

Sec. 8. Minnesota Statutes 2020, section 332.33, subdivision 2, is amended to read:

Subd. 2. **Penalty.** A person who carries on business as a collection agency or debt buyer without first having obtained a license or acts as a collector without first having registered with the commissioner pursuant to sections 332.31 to 332.44, or who carries on this business after the revocation, suspension, or expiration of a license or registration is guilty of a misdemeanor.

Sec. 9. Minnesota Statutes 2020, section 332.33, subdivision 5, is amended to read:

Subd. 5. ~~**Collection agency**~~ **License rejection.** On finding that an applicant for a ~~collection agency~~ license is not qualified under sections 332.31 to 332.44, the commissioner shall reject the application and shall give the applicant written notice of the rejection and the reasons for the rejection.

Sec. 10. Minnesota Statutes 2020, section 332.33, subdivision 5a, is amended to read:

Subd. 5a. **Individual collector registration.** A ~~licensed collection agency~~ licensee, on behalf of an individual collector, must register with the state all individuals in the ~~collection agency's~~ licensee's employ who are performing the duties of a collector as defined in sections 332.31 to 332.44. The ~~collection agency~~ licensee must apply for an individual collection registration in a form prescribed by the commissioner. The ~~collection agency~~ licensee shall verify on the form that the applicant has confirmed that the applicant meets the requirements to perform the duties of a collector as defined in sections 332.31 to 332.44. Upon submission of the application to the department, the individual may begin to perform the duties of a collector and may continue to do so unless the ~~licensed collection agency~~ licensee is informed by the commissioner that the individual is ineligible.

Sec. 11. Minnesota Statutes 2020, section 332.33, subdivision 7, is amended to read:

Subd. 7. **Changes; notice to commissioner.** (a) A ~~licensed collection agency~~ licensee must give the commissioner written notice of a change in company name, address, or ownership not later than ten days after the change occurs. A registered individual collector must give written notice of a change of address, name, or assumed name no later than ten days after the change occurs.

(b) Upon the death of any ~~collection agency~~ licensee, the license of the decedent may be transferred to the executor or administrator of the estate for the unexpired term of the license. The executor or administrator may be authorized to continue or discontinue the collection business of the decedent under the direction of the court having jurisdiction of the probate.

Sec. 12. Minnesota Statutes 2020, section 332.33, subdivision 8, is amended to read:

Subd. 8. **Screening process requirement.** (a) Each ~~licensed collection agency~~ licensee must establish procedures to follow when screening an individual collector applicant prior to submitting an applicant to the commissioner for initial registration and at renewal.

(b) The screening process for initial registration must be done at the time of hiring. The process must include a national criminal history record search, an attorney licensing search, and a county criminal history search for all counties where the applicant has resided within the five years immediately preceding the initial registration, to determine whether the applicant is eligible to be registered under section 332.35. Each ~~licensed collection agency~~ licensee shall use a vendor that is a member of the National Association of Professional Background Screeners, or an equivalent vendor, to conduct this background screening process.

(c) Screening for renewal of individual collector registration must include a national criminal history record search and a county criminal history search for all counties where the individual has resided during the immediate preceding year. Screening for renewal of individual collector registrations must take place no more than 60 days before the license expiration or renewal date. A renewal screening is not required if an individual collector has been subjected to an initial background screening within 12 months of the first registration renewal date. A renewal screening is required for all subsequent annual registration renewals.

(d) The commissioner may review the procedures to ensure the integrity of the screening process. Failure by a ~~licensed collection agency~~ licensee to establish these procedures is subject to action under section 332.40.

Sec. 13. Minnesota Statutes 2020, section 332.33, is amended by adding a subdivision to read:

Subd. 9. **Affiliated companies.** The commissioner must permit affiliated companies to operate under a single license and be subject to a single examination, provided that all of the affiliated company names are listed on the license.

Sec. 14. Minnesota Statutes 2020, section 332.34, is amended to read:

332.34 BOND.

The commissioner of commerce shall require each ~~collection agency~~ licensee to file and maintain in force a corporate surety bond, in a form to be prescribed by, and acceptable to, the commissioner, and in a sum of at least $50,000 plus an additional $5,000 for each $100,000 received by the collection agency from debtors located in Minnesota during the previous calendar year, less commissions earned by the collection agency on those collections for the previous calendar year. The total amount of the bond shall not exceed $100,000. A ~~collection agency~~ licensee may deposit cash in and with a depository acceptable to the commissioner in an amount and in the manner prescribed and approved by the commissioner in lieu of a bond.

Sec. 15. Minnesota Statutes 2020, section 332.345, is amended to read:

332.345 SEGREGATED ACCOUNTS.

A payment collected by a collector or collection agency on behalf of a customer shall be held by the collector or collection agency in a separate trust account clearly designated for customer funds. The account must be in a bank or other depository institution authorized or chartered under the laws of any state or of the United States. This section does not apply to a debt buyer, except to the extent the debt buyer engages in third-party debt collection for others.

Sec. 16. Minnesota Statutes 2020, section 332.355, is amended to read:

332.355 AGENCY RESPONSIBILITY FOR COLLECTORS.

The commissioner may take action against a ~~collection agency~~ licensee for any violations of debt collection laws by its debt collectors. The commissioner may also take action against the debt collectors themselves for these same violations.

Sec. 17. Minnesota Statutes 2020, section 332.37, is amended to read:

332.37 PROHIBITED PRACTICES.

(a) No collection agency, debt buyer, or collector shall:

(1) in collection letters or publications, or in any communication, oral or written threaten wage garnishment or legal suit by a particular lawyer, unless it has actually retained the lawyer;

(2) use or employ sheriffs or any other officer authorized to serve legal papers in connection with the collection of a claim, except when performing their legally authorized duties;

(3) use or threaten to use methods of collection which violate Minnesota law;

(4) furnish legal advice or otherwise engage in the practice of law or represent that it is competent to do so;

(5) communicate with debtors in a misleading or deceptive manner by using the stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare, or instruments which simulate the form and appearance of judicial process;

(6) exercise authority on behalf of a ~~creditor~~ client to employ the services of lawyers unless the ~~creditor~~ client has specifically authorized the agency in writing to do so and the agency's course of conduct is at all times consistent with a true relationship of attorney and client between the lawyer and the ~~creditor~~ client;

(7) publish or cause to be published any list of debtors except for credit reporting purposes, use shame cards or shame automobiles, advertise or threaten to advertise for sale any claim as a means of forcing payment thereof, or use similar devices or methods of intimidation;

(8) refuse to return any claim or claims and all valuable papers deposited with a claim or claims upon written request of the ~~creditor~~ client, claimant or forwarder after tender of the amounts due and owing to ~~the~~ a collection agency within 30 days after the request; refuse or intentionally fail to account to its clients for all money collected within 30 days from the last day of the month in which the same is collected; or, refuse or fail to furnish at intervals of not less than 90 days upon written request of the claimant or forwarder, a written report upon claims received from the claimant or forwarder;

(9) operate under a name or in a manner which implies that the collection agency or debt buyer is a branch of or associated with any department of federal, state, county or local government or an agency thereof;

(10) commingle money collected for a customer with the collection agency's operating funds or use any part of a customer's money in the conduct of the collection agency's business;

(11) transact business or hold itself out as a debt ~~prorater~~ settlement company, debt management company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates or pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to court order or under the supervision of a creditor's committee;

(12) violate any of the provisions of the Fair Debt Collection Practices Act of 1977, Public Law 95-109, while attempting to collect on any account, bill or other indebtedness;

(13) communicate with a debtor by use of a recorded message utilizing an automatic dialing announcing device ~~unless the recorded message is immediately preceded by a live operator who discloses prior to the message the name of the collection agency and the fact the message intends to solicit payment and the operator obtains the consent of the debtor to hearing the message~~ after the debtor expressly informs the agency or collector to cease communication utilizing an automatic dialing announcing device;

(14) in collection letters or publications, or in any communication, oral or written, imply or suggest that health care services will be withheld in an emergency situation;

(15) when a debtor has a listed telephone number, enlist the aid of a neighbor or third party to request that the debtor contact the licensee or collector, except a person who resides with the debtor or a third party with whom the debtor has authorized the licensee or collector to place the request. This clause does not apply to a call back message left at the debtor's place of employment which is limited to the licensee's or collector's telephone number and name;

(16) when attempting to collect a debt, fail to provide the debtor with the full name of the collection agency or debt buyer as it appears on its license or as listed on any "doing business as" or "d/b/a" registered with the Department of Commerce;

(17) collect any money from a debtor that is not reported to a ~~creditor or~~ client;

(18) fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345;

~~(18)~~ (19) accept currency or coin as payment for a debt without issuing an original receipt to the debtor and maintaining a duplicate receipt in the debtor's payment records;

~~(19)~~ (20) attempt to collect any amount ~~of money~~, including any interest, fee, charge, or expense incidental to the charge-off obligation, from a debtor ~~or~~ unless the amount is expressly authorized by the agreement creating the debt or is otherwise permitted by law;

(21) charge a fee to a ~~creditor~~ client that is not authorized by agreement with the client;

~~(20)~~ (22) falsify any collection agency documents with the intent to deceive a debtor, creditor, or governmental agency;

~~(21)~~ (23) when initially contacting a Minnesota debtor by mail, fail to include a disclosure on the contact notice, in a type size or font which is equal to or larger than the largest other type of type size or font used in the text of the notice. The disclosure must state: "This collection agency is licensed by the Minnesota Department of Commerce" or "This debt buyer is licensed by the Minnesota Department of Commerce" as applicable; or

~~(22)~~ (24) commence legal action to collect a debt outside the limitations period set forth in section 541.053.

(b) Paragraph (a), clauses (6), (8), (10), (17), and (21), do not apply to debt buyers except to the extent the debt buyer engages in third-party debt collection for others.

Sec. 18. Minnesota Statutes 2020, section 332.385, is amended to read:

332.385 NOTIFICATION TO COMMISSIONER.

The collection agency or debt buyer licensee shall notify the commissioner of any employee termination within ten days of the termination if ~~it~~ the termination is based in whole or in part ~~based~~ on a violation of this chapter.

Sec. 19. Minnesota Statutes 2020, section 332.40, subdivision 3, is amended to read:

Subd. 3. **Commissioner's powers.** (a) For the purpose of any investigation or proceeding under sections 332.31 to 332.44, the commissioner or any person designated by the commissioner may administer oaths and affirmations, subpoena collection agencies, debt buyers, or collectors and compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements or other documents or records which the commissioner deems relevant or material to the inquiry. The subpoena shall contain a written statement setting forth the circumstances which have reasonably caused the commissioner to believe that a violation of sections 332.31 to 332.44 may have occurred.

(b) In the event that the collection agency, debt buyer, or collector refuses to obey the subpoena, or should the commissioner, upon completion of the examination of the collection agency, debt buyer, or collector, reasonably conclude that a violation has occurred, the commissioner may examine additional witnesses, including third parties, as may be necessary to complete the investigation.

(c) Any subpoena issued pursuant to this section shall be served by certified mail or by personal service. Service shall be made at least 15 days prior to the date of appearance.

Sec. 20. Minnesota Statutes 2020, section 332.42, subdivision 1, is amended to read:

Subdivision 1. **Verified financial statement.** The commissioner of commerce may at any time require a ~~collection agency~~ licensee to submit a verified financial statement for examination by the commissioner to determine whether the ~~collection agency~~ licensee is financially responsible to carry on a collection ~~agency~~ business within the intents and purposes of sections 332.31 to 332.44.

Sec. 21. Minnesota Statutes 2020, section 332.42, subdivision 2, is amended to read:

Subd. 2. **Record keeping.** The commissioner shall require the collection agency or debt buyer licensee to keep such books and records in the licensee's place of business in this state as will enable the commissioner to determine whether there has been compliance with the provisions of sections 332.31 to 332.44, unless the agency is a foreign corporation duly authorized, admitted, and licensed to do business in this state and complies with all the requirements of chapter 303 and with all other requirements of sections 332.31 to 332.44. Every collection agency licensee shall preserve the records of final entry used in such business for a period of five years after final remittance is made on any amount placed with the licensee for collection or after any account has been returned to the claimant on which one or more payments have been made. Every debt buyer licensee must preserve the records of final entry used in the business for a period of five years after final collection of any purchased account.

Sec. 22. **GARNISHMENT PROHIBITIONS ON COVID-19 GOVERNMENT ASSISTANCE.**

(a) Federal, state, local, and tribal governmental payments issued to relieve the adverse economic impact caused by the COVID-19 pandemic are exempt from all claims for garnishments and levies of consumer debtors of debt primarily for personal, family, or household purposes governed by Minnesota Statutes, chapters 550, 551, and 571.

(b) Paragraph (a) does not apply to domestic support orders and obligations, including child support and spousal maintenance obligations, including but not limited to orders and obligations under Minnesota Statutes, chapters 518 and 518A.

(c) This section expires on December 31, 2022.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to government assistance provided on or after March 13, 2020.

ARTICLE 6
COMMERCE MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 45.305, subdivision 1, is amended to read:

Subdivision 1. **~~Appraiser and~~ Insurance Internet prelicense courses.** The design and delivery of ~~an appraiser prelicense education course or~~ an insurance prelicense education course must be approved by the International Distance Education Certification Center (IDECC) before the course is submitted for the commissioner's approval.

Sec. 2. Minnesota Statutes 2020, section 45.305, is amended by adding a subdivision to read:

Subd. 1a. **Appraiser Internet prelicense courses.** The requirements for the design and delivery of an appraiser prelicense education course are the requirements established by the Appraiser Qualifications Board of the Appraisal Foundation and published in the most recent version of the Real Property Appraiser Qualification Criteria.

Sec. 3. Minnesota Statutes 2020, section 45.306, is amended by adding a subdivision to read:

Subd. 1a. **Appraiser Internet continuing education courses.** The requirements for the design and delivery of an appraiser continuing education course are the requirements established by the Appraiser Qualifications Board of the Appraisal Foundation and published in the most recent version of the Real Property Appraiser Qualification Criteria.

Sec. 4. Minnesota Statutes 2020, section 45.33, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions.** In connection with an approved course, coordinators and instructors must not:

(1) recommend or promote the services or practices of a particular business;

(2) encourage or recruit individuals to engage the services of, or become associated with, a particular business;

(3) use materials, clothing, or other evidences of affiliation with a particular entity, except as provided under subdivision 3;

(4) require students to participate in other programs or services offered by the instructor, coordinator, or education provider;

(5) attempt, either directly or indirectly, to discover questions or answers on an examination for a license;

(6) disseminate to any other person specific questions, problems, or information known or believed to be included in licensing examinations;

(7) misrepresent any information submitted to the commissioner;

(8) fail to cover, or ensure coverage of, all points, issues, and concepts contained in the course outline approved by the commissioner during the approved instruction; and

(9) issue inaccurate course completion certificates.

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

Sec. 5. Minnesota Statutes 2020, section 45.33, is amended by adding a subdivision to read:

Subd. 3. **Exceptions.** In connection with an approved course, coordinators and instructors may:

(1) display a company or course provider's logo or branding;

(2) establish a trade-show or conference booth outside the classroom where the educational content is being delivered that is separate from a registration location used to track or facilitate student attendance;

(3) display the logo or branding associated with a particular entity to thank the entity as an organizational partner of the course provider during a scheduled and approved break in the delivery of course content. The display must be separate from a registration location used to track or facilitate student attendance; and

(4) display a third-party logo, promotion, advertisement, or affiliation with a particular entity as part of a course program or advertising for an approved course. For purposes of this subdivision, course program means digital or paper literature describing the schedule of the events, presenters, duration, or background information of the approved course or courses. A course program may be made available in the classroom or at a registration location used to track or facilitate student attendance.

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

Sec. 6. Minnesota Statutes 2020, section 60A.71, subdivision 7, is amended to read:

Subd. 7. **Duration; fees.** (a) Each applicant for a reinsurance intermediary license shall pay to the commissioner a fee of $200 for an initial two-year license and a fee of $150 for each renewal. Applications shall be submitted on forms prescribed by the commissioner.

(b) Initial licenses issued under this chapter are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each renewal reinsurance intermediary license is valid for a period of 24 months. ~~Licensees who submit renewal applications postmarked or delivered on or before October 15 of the renewal year may continue to transact business whether or not the renewal license has been received by November 1. Licensees who submit applications postmarked or delivered after October 15 of the renewal year must not transact business after the expiration date of the license until the renewal license has been received.~~

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

Sec. 7. Minnesota Statutes 2020, section 79.55, subdivision 10, is amended to read:

Subd. 10. **Duties of commissioner; report.** ~~The commissioner shall issue a report by March 1 of each year, comparing the average rates charged by workers' compensation insurers in the state to the pure premium base rates filed by the association, as reviewed by the Rate Oversight Commission. The Rate Oversight Commission shall review the commissioner's report and if the experience indicates that rates have not reasonably reflected changes in pure premiums, the rate oversight commission shall recommend to the legislature appropriate legislative changes to this chapter.~~

(a) By March 1 of each year, the commissioner must issue a report that evaluates the competitiveness of the workers' compensation market in Minnesota in order to evaluate whether the competitive rating law is working.

(b) The report under this subdivision must: (1) compare the average rates charged by workers' compensation insurers in Minnesota with the pure premium base rates filed by the association; and (2) provide market information, including but not limited to the number of carriers, market shares, the loss-cost multipliers used by companies, and the residual market and self-insurance.

(c) The commissioner must provide the report to the Rate Oversight Commission for review. If after reviewing the report the Rate Oversight Commission concludes that concerns exist regarding the competitiveness of the workers' compensation market in Minnesota, the Rate Oversight Commission must recommend to the legislature appropriate modifications to this chapter.

Sec. 8. Minnesota Statutes 2020, section 80G.06, subdivision 1, is amended to read:

Subdivision 1. **Surety bond requirement.** (a) Every dealer shall maintain a current, valid surety bond issued by a surety company admitted to do business in Minnesota in an amount based on the transactions conducted with Minnesota consumers (purchases from and sales to consumers at retail) during the 12-month period prior to registration, or renewal, whichever is applicable.

(b) The amount of the surety bond shall be as specified in the table below:

Transaction Amount in Preceding 12-month Period	Surety Bond Required
~~$25,000~~ $0 to $200,000	$25,000
$200,000.01 to $500,000	$50,000
$500,000.01 to $1,000,000	$100,000
$1,000,000.01 to $2,000,000	$150,000
Over $2,000,000	$200,000

Sec. 9. **[80G.11] NOTIFICATION TO COMMISSIONER.**

A dealer must notify the commissioner of any dealer representative termination within ten days of the termination if the termination is based in whole or in part on a violation of this chapter.

Sec. 10. Minnesota Statutes 2020, section 82.57, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees shall be paid to the commissioner:

(a) a fee of $150 for each initial individual broker's license, and a fee of $100 for each renewal thereof;

(b) a fee of $70 for each initial salesperson's license, and a fee of $40 for each renewal thereof;

(c) a fee of $85 for each initial real estate closing agent license, and a fee of $60 for each renewal thereof;

(d) a fee of $150 for each initial corporate, limited liability company, or partnership license, and a fee of $100 for each renewal thereof;

(e) a fee for payment to the education, research and recovery fund in accordance with section 82.86;

(f) a fee of $20 for each transfer;

~~(g) a fee of $50 for license reinstatement;~~

~~(h)~~ (g) a fee of $20 for reactivating a corporate, limited liability company, or partnership license; and

~~(i)~~ (h) in addition to the fees required under this subdivision, individual licensees under clauses (a) and (b) shall pay, for each initial license and renewal, a technology surcharge of up to $40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

Sec. 11. Minnesota Statutes 2020, section 82.57, subdivision 5, is amended to read:

Subd. 5. **Initial license expiration; fee reduction.** ~~If an initial license issued under subdivision 1, paragraph (a), (b), (c), or (d) expires less than 12 months after issuance, the license fee shall be reduced by an amount equal to one half the fee for a renewal of the license.~~ An initial license issued under this chapter expires in the year that results in the term of the license being at least 12 months, but no more than 24 months.

Sec. 12. Minnesota Statutes 2020, section 82.62, subdivision 3, is amended to read:

Subd. 3. **Timely renewals.** A person ~~whose application for a license renewal has not been timely submitted and~~ who has not received notice of approval of renewal may not continue to transact business either as a real estate broker, salesperson, or closing agent after June 30 of the renewal year until approval of renewal is received. Application for renewal of a license is timely submitted if~~:~~ all requirements for renewal, including continuing education requirements, have been completed and reported pursuant to section 45.43, subdivision 1.

~~(1) all requirements for renewal, including continuing education requirements, have been completed by June 15 of the renewal year; and~~

~~(2) the application is submitted before the renewal deadline in the manner prescribed by the commissioner, duly executed and sworn to, accompanied by fees prescribed by this chapter, and containing any information the commissioner requires.~~

Sec. 13. Minnesota Statutes 2020, section 82.81, subdivision 12, is amended to read:

Subd. 12. **Fraudulent, deceptive, and dishonest practices.** (a) **Prohibitions.** For the purposes of section 82.82, subdivision 1, clause (b), the following acts and practices constitute fraudulent, deceptive, or dishonest practices:

(1) act on behalf of more than one party to a transaction without the knowledge and consent of all parties;

(2) act in the dual capacity of licensee and undisclosed principal in any transaction;

(3) receive funds while acting as principal which funds would constitute trust funds if received by a licensee acting as an agent, unless the funds are placed in a trust account. Funds need not be placed in a trust account if a written agreement signed by all parties to the transaction specifies a different disposition of the funds, in accordance with section 82.82, subdivision 1;

(4) violate any state or federal law concerning discrimination intended to protect the rights of purchasers or renters of real estate;

(5) make a material misstatement in an application for a license or in any information furnished to the commissioner;

(6) procure or attempt to procure a real estate license for ~~himself or herself~~ the procuring individual or any person by fraud, misrepresentation, or deceit;

(7) represent membership in any real estate-related organization in which the licensee is not a member;

(8) advertise in any manner that is misleading or inaccurate with respect to properties, terms, values, policies, or services conducted by the licensee;

(9) make any material misrepresentation or permit or allow another to make any material misrepresentation;

(10) make any false or misleading statements, or permit or allow another to make any false or misleading statements, of a character likely to influence, persuade, or induce the consummation of a transaction contemplated by this chapter;

(11) fail within a reasonable time to account for or remit any money coming into the licensee's possession which belongs to another;

(12) commingle with ~~his or her~~ the individual's own money or property trust funds or any other money or property of another held by the licensee;

(13) a demand from a seller for a commission ~~to~~ or compensation to which the licensee is not entitled, knowing that ~~he or she~~ the individual is not entitled to the commission or compensation;

(14) pay or give money or goods of value to an unlicensed person for any assistance or information relating to the procurement by a licensee of a listing of a property or of a prospective buyer of a property (this item does not apply to money or goods paid or given to the parties to the transaction);

(15) fail to maintain a trust account at all times, as provided by law;

(16) engage, with respect to the offer, sale, or rental of real estate, in an anticompetitive activity;

(17) represent on advertisements, cards, signs, circulars, letterheads, or in any other manner, that ~~he or she~~ the individual is engaged in the business of financial planning unless ~~he or she~~ the individual provides a disclosure document to the client. The document must be signed by the client and a copy must be left with the client. The disclosure document must contain the following:

(i) the basis of fees, commissions, or other compensation received by ~~him or her~~ an individual in connection with rendering of financial planning services or financial counseling or advice in the following language:

"My compensation may be based on the following:

(a) ... commissions generated from the products I sell you;

(b) ... fees; or

(c) ... a combination of (a) and (b). [Comments]";

(ii) the name and address of any company or firm that supplies the financial services or products offered or sold by ~~him or her~~ an individual in the following language:

"I am authorized to offer or sell products and/or services issued by or through the following firm(s):

[List]

The products will be traded, distributed, or placed through the clearing/trading firm(s) of:

[List]";

(iii) the license(s) held by the person under this chapter or chapter 60A or 80A in the following language:

"I am licensed in Minnesota as a(n):

(a) ... insurance agent;

(b) ... securities agent or broker/dealer;

(c) ... real estate broker or salesperson;

(d) ... investment adviser"; and

(iv) the specific identity of any financial products or services, by category, for example mutual funds, stocks, or limited partnerships, the person is authorized to offer or sell in the following language:

"The license(s) entitles me to offer and sell the following products and/or services:

(a) ... securities, specifically the following: [List];

(b) ... real property;

(c) ... insurance; and

(d) ... other: [List]."

(b) **Determining violation.** A licensee shall be deemed to have violated this section if the licensee has been found to have violated sections 325D.49 to 325D.66, by a final decision or order of a court of competent jurisdiction.

(c) **Commissioner's authority.** Nothing in this section limits the authority of the commissioner to take actions against a licensee for fraudulent, deceptive, or dishonest practices not specifically described in this section.

Sec. 14. Minnesota Statutes 2020, section 82B.021, is amended by adding a subdivision to read:

Subd. 14a. **Evaluation.** "Evaluation" means an estimate of the value of real property, made in accordance with the Interagency Appraisal and Evaluation Guidelines provided to an entity regulated by a federal financial institution's regulatory agency, for use in a real estate-related financial transaction for which an appraisal is not required by federal law.

Sec. 15. Minnesota Statutes 2020, section 82B.021, is amended by adding a subdivision to read:

Subd. 16a. **Interagency Appraisal and Evaluation Guidelines.** "Interagency Appraisal and Evaluation Guidelines" means the appraisal and evaluation guidelines provided by a federal financial institution's regulatory agency, as provided by Federal Register, volume 75, page 77450 (2010), as amended.

Sec. 16. Minnesota Statutes 2020, section 82B.021, subdivision 18, is amended to read:

Subd. 18. **Licensed real property appraiser.** "Licensed real property appraiser" means an individual licensed under this chapter to perform appraisals on noncomplex one-family to four-family residential units or agricultural property having a transactional value of less than $1,000,000 and complex one-family to four-family residential units or agricultural property having a transactional value of less than ~~$250,000~~ $400,000.

Sec. 17. Minnesota Statutes 2020, section 82B.03, is amended by adding a subdivision to read:

Subd. 3. **Evaluation.** A licensed real estate appraiser may provide an evaluation. When providing an evaluation, a licensed real estate appraiser is not engaged in real estate appraisal activity and is not subject to this chapter. An evaluation by a licensed real estate appraiser under this subdivision must contain a disclosure that the evaluation is not an appraisal.

Sec. 18. Minnesota Statutes 2020, section 82B.11, subdivision 3, is amended to read:

Subd. 3. **Licensed residential real property appraiser.** A licensed residential real property appraiser may appraise noncomplex residential property or agricultural property having a transaction value less than $1,000,000 and complex residential or agricultural property having a transaction value less than ~~$250,000~~ $400,000.

Sec. 19. Minnesota Statutes 2020, section 82B.195, is amended by adding a subdivision to read:

Subd. 5. **Evaluation.** When providing an evaluation, a licensed real estate appraiser is not required to comply with the Uniform Standards of Professional Appraisal Practice.

Sec. 20. **[82B.25] VALUATION BIAS.**

Subdivision 1. **Definition.** For the purposes of this section, "valuation bias" means to explicitly, implicitly, or structurally select data and apply that data to an appraisal methodology or technique in a biased manner that harms a protected class, as defined by the Fair Housing Act of 1968, as amended.

Subd. 2. **Education.** Within two years of receiving a license under this chapter, and as required by the Appraiser Qualifications Board, a real property appraiser shall provide to the commissioner evidence of satisfactory completion of a continuing education course on the valuation bias of real property.

EFFECTIVE DATE. This section is effective September 1, 2021. A real property appraiser who has received their license prior to the effective date of this section must complete the course required by this section by August 31, 2023.

Sec. 21. Minnesota Statutes 2020, section 115C.094, is amended to read:

115C.094 ABANDONED UNDERGROUND STORAGE TANKS.

(a) As used in this section, an abandoned underground petroleum storage tank means an underground petroleum storage tank that was:

(1) taken out of service prior to December 22, 1988; ~~or~~

(2) taken out of service on or after December 22, 1988, if the current property owner did not know of the existence of the underground petroleum storage tank and could not have reasonably been expected to have known of the tank's existence at the time the owner first acquired right, title, or interest in the tank~~.~~; or

(3) taken out of service and is located on property that is being held by the state in trust for local taxing districts under section 281.25.

(b) The board may contract for:

(1) a statewide assessment in order to determine the quantity, location, cost, and feasibility of removing abandoned underground petroleum storage tanks;

(2) the removal of an abandoned underground petroleum storage tank; and

(3) the removal and disposal of petroleum-contaminated soil if the removal is required by the commissioner at the time of tank removal.

(c) Before the board may contract for removal of an abandoned petroleum storage tank, the tank owner must provide the board with written access to the property and release the board from any potential liability for the work performed.

(d) If at the time of the forfeiture of property identified under paragraph (a), clause (3), the property owner or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was granted by statute, mortgage, or other agreement, repurchases the property under section 282.241, the board's contracted costs for the underground storage tank removal project must be included as a special assessment included in the repurchase price, as provided under section 282.251, and must be returned to the board upon the sale of the property.

~~(d)~~ (e) Money in the fund is appropriated to the board for the purposes of this section.

Sec. 22. Minnesota Statutes 2020, section 308A.201, subdivision 12, is amended to read:

Subd. 12. **Electric cooperative powers.** (a) An electric cooperative has the power and authority to:

(1) make loans to its members;

(2) prerefund debt;

(3) obtain funds through negotiated financing or public sale;

(4) borrow money and issue its bonds, debentures, notes, or other evidence of indebtedness;

(5) mortgage, pledge, or otherwise hypothecate its assets as may be necessary;

(6) invest its resources;

(7) deposit money in state and national banks and trust companies authorized to receive deposits; and

(8) exercise all other powers and authorities granted to cooperatives.

(b) A cooperative organized to provide rural electric power may enter agreements and contracts with other electric power cooperatives or with a cooperative constituted of electric power cooperatives to share losses and risk of losses to their transmission and distribution lines, transformers, substations, and related appurtenances from storm, sleet, hail, tornado, cyclone, hurricane, or windstorm. An agreement or contract or a cooperative formed to share losses under this paragraph is not subject to the laws of this state relating to insurance and insurance companies.

(c) An electric cooperative, an affiliate of the cooperative formed to provide broadband, or another entity pursuant to an agreement with the cooperative or the cooperative's affiliate may use the cooperative, affiliate, or entity's existing or subsequently acquired electric transmission or distribution easements for broadband infrastructure and to provide broadband service, which may include an agreement to lease fiber capacity. To exercise rights granted under this paragraph, the cooperative must provide to the property owner on which the easement is located two written notices, at least two months apart, that the cooperative intends to use the easement for broadband purposes. The use of the easement for broadband services vests and runs with the land beginning

six months after the first notice is provided under paragraph (d) unless a court action challenging the use of the easement for broadband purposes has been filed before that time by the property owner as provided under paragraph (e). The cooperative must also file evidence of the notices for recording with the county recorder.

(d) The cooperative's notices under paragraph (c) must be sent by first class mail to the last known address of the owner of the property on which the easement is located or by printed insertion in the property owner's utility bill. The notice must include the following:

(1) the name and mailing address of the cooperative;

(2) a narrative describing the nature and purpose of the intended easement use;

(3) a description of any trenching or other underground work expected to result from the intended use, including the anticipated time frame for the work;

(4) a phone number of a cooperative employee to contact regarding the easement; and

(5) the following statement, in bold red lettering: "It is important to make any challenge by the deadline to preserve any legal rights you may have."

(e) A property owner, within six months after receiving notice under paragraph (d), may commence an action seeking to recover damages for an electric cooperative's use of an electric transmission or distribution easement for broadband service purposes. If the claim for damages is under $15,000, the claim may be brought in conciliation court. Notwithstanding any other law to the contrary, the procedures and substantive matters set forth in this subdivision govern an action under this paragraph and are the exclusive means to bring a claim for compensation with respect to a notice of intent to use a cooperative transmission or distribution easement for broadband purposes. To commence an action under this paragraph, the property owner must serve a complaint upon the electric cooperative as in a civil action and file the complaint with the district court for the county in which the easement is located. The complaint must state whether the property owner (1) is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), (2) is seeking damages as provided under paragraph (f), or (3) both.

(f) If the property owner is seeking damages, the electric cooperative may, at any time after answering the complaint, (1) deposit with the court administrator an amount equal to the cooperative's estimate of damages, up to $5,000, and (2) after making the deposit, use the electric transmission or service line easements for broadband purposes, conditioned on an obligation to pay the amount of damages determined by the court. If the property owner is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), after the electric cooperative answers the complaint the district court must promptly hold a hearing on the property owner's challenge. If the district court denies the property owner's challenge, the electric cooperative may proceed to make a deposit and make use of the easement for broadband service purposes, as provided under clause (2).

(g) In an action involving a property owner's claim for damages, the landowner has the burden to prove the existence and amount of any net reduction in the fair market value of the property, considering the existence, installation, construction, maintenance, modification, operation, repair, replacement, or removal of broadband infrastructure in the easement, as well as any benefit to the property from access to broadband service. Consequential or special damages must not be awarded. Evidence of revenue, profits, fees, income, or similar benefits to the electric cooperative, the cooperative's affiliate, or a third party is inadmissible. Any fees or costs incurred as a result of an action under this subdivision must be paid by the party that incurred the fees or costs.

(h) Nothing in this section limits in any way an electric cooperative's existing easement rights, including but not limited to rights an electric cooperative has or may acquire to transmit communications for electric system operations or otherwise.

(i) Placement of broadband infrastructure for use in providing broadband service under paragraphs (c) to (h) in any portion of an electric transmission or distribution easement located in the public right-of-way is subject to local government permitting and right-of-way management authority under section 237.163, and the placement must be coordinated with the relevant local government unit to minimize potential future relocations. The cooperative must notify a local government unit prior to placing infrastructure for broadband service in an easement that is in or adjacent to the local government unit's public right-of-way.

(j) For purposes of this subdivision:

(1) "broadband infrastructure" has the meaning given in section 116J.394; and

(2) "broadband service" means broadband infrastructure and any services provided over the infrastructure that offer advanced telecommunications capability and Internet access.

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

Sec. 23. **[332.61] INFORMATIVE DISCLOSURE.**

A lead generator must prominently make the following disclosure on all print, electronic, and nonprint solicitations, including advertising on websites, radio, or television: "This company does not actually provide any of the credit services you are seeking. We ONLY refer you to companies that want to provide some or all of those services."

Sec. 24. Minnesota Statutes 2020, section 349.11, is amended to read:

349.11 PURPOSE.

The purpose of sections 349.11 to 349.22 is to regulate lawful gambling, to insure integrity of operations, ~~and~~ to provide for the use of net profits only for lawful purposes, and to authorize only those games or game features discussed in this chapter.

EFFECTIVE DATE. This section is effective September 6, 2022.

Sec. 25. Minnesota Statutes 2020, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means a handheld and portable electronic device that:

(1) is used by a bingo player to:

(i) monitor bingo paper sheets or a facsimile of a bingo paper sheet purchased and played at the time and place of an organization's bingo occasion, or to play an electronic bingo game that is linked with other permitted premises;

(ii) activate numbers announced or displayed, and to compare the numbers to the bingo faces previously stored in the memory of the device;

(iii) identify a winning bingo pattern or game requirement; and

(iv) play against other bingo players;

(2) limits the play of bingo faces to 36 faces per game;

(3) requires coded entry to activate play but does not allow the use of a coin, currency, or tokens to be inserted to activate play;

(4) may only be used for play against other bingo players in a bingo game;

(5) may only display the results of the electronic bingo game in a manner typically associated with bingo played in a paper format, may only display the grid of numbers and letters typically associated with paper bingo, and may not display or simulate any other form of gambling, entertainment, slot machines, electronic video lotteries, or video games of chance;

(6) has no spinning reels or other representations that mimic a slot machine, including but not limited to nonstraight win line graphics, nonstraight pay line graphics, open all features, single button press reveals, hold and spin features, delayed reveals, cascading or tumbling reveals, bonus games, bonus wheels, free play, free spins, or screens or game features that are triggered after the initial symbols are revealed that display the results of the game;

~~(5)~~ (7) has no additional function as an amusement or gambling device other than as an electronic pull-tab game defined under section 349.12, subdivision 12c;

~~(6)~~ (8) has the capability to ensure adequate levels of security internal controls;

~~(7)~~ (9) has the capability to permit the board to electronically monitor the operation of the device and the internal accounting systems; and

~~(8)~~ (10) has the capability to allow use by a player who is visually impaired.

EFFECTIVE DATE. This section is effective September 6, 2022.

Sec. 26. Minnesota Statutes 2020, section 349.12, subdivision 12b, is amended to read:

Subd. 12b. **Electronic pull-tab device.** "Electronic pull-tab device" means a handheld and portable electronic device that:

(1) is used to play one or more electronic pull-tab games;

(2) requires coded entry to activate play but does not allow the use of coin, currency, or tokens to be inserted to activate play;

(3) requires that a player must manually activate or open each electronic pull-tab ticket and also manually activate or open each ~~individual~~ line, row, or column of ~~each electronic pull-tab ticket~~ symbols on each electronic pull-tab ticket with a separate push of a button, and must display the underlying symbols in a given line, row, or column immediately after the player manually activates or opens the applicable line, row, or column of symbols;

(4) maintains information pertaining to accumulated win credits that may be applied to games in play or redeemed upon termination of play;

(5) may only display the results of the electronic pull-tab game in a manner typically associated with paper pull-tabs tickets, may only display symbols typically associated with paper pull-tab tickets, may not include continuation play, bonus games, or additional screens or game features that display the results of the game after the initial symbols are revealed, and may not display or simulate any other form of gambling, entertainment, slot machines, electronic video lotteries, or video games of chance;

~~(5)~~ (6) has no spinning reels or other representations that mimic a video slot machine, including but not limited to nonstraight win line graphics, nonstraight pay line graphics, open all features, single button press reveals, hold and spin features, delayed reveals, cascading or tumbling reveals, bonus games, bonus wheels, free play, free spins, progressive prizes or jackpots, or screens or game features that are triggered after the initial symbols are revealed that display the results of the game;

~~(6)~~ (7) has no additional function as a gambling device other than as an electronic-linked bingo game played on a device defined under section 349.12, subdivision 12a;

~~(7)~~ (8) may incorporate an amusement game feature as part of the pull-tab game but may not require additional consideration for that feature or award any prize, or other benefit for that feature;

~~(8)~~ (9) may have auditory or visual enhancements to promote or provide information about the game being played, provided the component does not affect the outcome of a game or display the results of a game;

~~(9)~~ (10) maintains, on nonresettable meters, a printable, permanent record of all transactions involving each device and electronic pull-tab games played on the device;

~~(10)~~ (11) is not a pull-tab dispensing device as defined under subdivision 32a; and

~~(11)~~ (12) has the capability to allow use by a player who is visually impaired.

EFFECTIVE DATE. This section is effective September 6, 2022.

Sec. 27. Minnesota Statutes 2020, section 349.12, subdivision 12c, is amended to read:

Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab game containing:

(1) facsimiles of pull-tab tickets that are played on an electronic pull-tab device, provided that any game with multiple lines, rows, or columns of symbols requires a separate push of a button to reveal the symbols underneath the applicable line, row, or column and results are displayed pursuant to subdivision 12b;

(2) a predetermined, finite number of winning and losing tickets, not to exceed 7,500 tickets;

(3) the same price for each ticket in the game;

(4) a price paid by the player of not less than 25 cents per ticket;

(5) tickets that are in conformance with applicable board rules for pull-tabs;

(6) winning tickets that comply with prize limits under section 349.211;

(7) a unique serial number that may not be regenerated;

(8) an electronic flare that displays the game name; form number; predetermined, finite number of tickets in the game; and prize tier; and

(9) no spinning reels or other representations that mimic a video slot machine as provided in subdivision 12b, clause (6).

EFFECTIVE DATE. This section is effective September 6, 2022.

Sec. 28. Minnesota Statutes 2020, section 386.375, subdivision 3, is amended to read:

Subd. 3. **Consumer education information.** (a) A person other than the mortgagor or fee owner who transfers or offers to transfer an abstract of title shall present to the mortgagor or fee owner basic information in plain English about abstracts of title. This information must be sent in a form prepared and approved by the commissioner of commerce and must contain at least the following items:

(1) a definition and description of abstracts of title;

(2) an explanation that holders of abstracts of title must maintain it with reasonable care;

(3) an approximate cost or range of costs to replace a lost or damaged abstract of title; and

~~(4) an explanation that abstracts of title may be required to sell, finance, or refinance real estate; and~~

~~(5)~~ (4) an explanation of options for storage of abstracts.

(b) The commissioner shall prepare the form for use under this subdivision as soon as possible. This subdivision does not apply until 60 days after the form is approved by the commissioner.

(c) A person violating this subdivision is subject to a penalty of $200 for each violation.

Sec. 29. **APPRAISER INTERNET COURSE REQUIREMENTS.**

Notwithstanding Minnesota Statutes, sections 45.305, subdivision 1a, and 45.306, subdivision 1a, education providers may submit to the commissioner of commerce for approval a classroom course under Minnesota Statutes, section 45.25, subdivision 2a, clause (3), or a distance learning course, as defined in Minnesota Statutes, section 45.25, subdivision 5a, that has not been approved by the International Distance Education Certification Center.

EFFECTIVE DATE. This section is effective the day following final enactment and expires after the peacetime emergency declared by the governor in an executive order that relates to the infectious disease known as COVID-19 is terminated or rescinded or December 31, 2021, whichever is later.

Sec. 30. **MINNESOTA COUNCIL ON ECONOMIC EDUCATION.**

(a) The Minnesota Council on Economic Education, with funds made available through grants from the commissioner of education in fiscal years 2022 and 2023, must:

(1) provide professional development to Minnesota's kindergarten through grade 12 teachers implementing state graduation standards in learning areas related to economic education;

(2) support the direct-to-student ancillary economic and personal finance programs that Minnesota teachers supervise and coach; and

(3) provide support to geographically diverse affiliated higher education-based centers for economic education, including those based at Minnesota State University Mankato, Minnesota State University Moorhead, St. Cloud State University, St. Catherine University, and the University of St. Thomas, as the centers' work relates to activities in clauses (1) and (2).

(b) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must report to the commissioner of education on the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or affiliated state centers.

The report must include a description of the content, length, and location of the programs; the number of preservice and licensed teachers receiving professional development through each of these opportunities; and a summary of evaluations of professional opportunities for teachers.

(c) On August 15, 2021, the Department of Education must pay the full amount of the grant for fiscal year 2022 to the Minnesota Council on Economic Education. On August 15, 2022, the Department of Education must pay the full amount of the grant for fiscal year 2023 to the Minnesota Council on Economic Education. The Minnesota Council on Economic Education must submit its fiscal reporting in the form and manner specified by the commissioner. The commissioner may request additional information as necessary.

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

Sec. 31. **CONSUMER DEBT COLLECTION LANGUAGE BARRIER WORKING GROUP.**

Subdivision 1. **Establishment.** The commissioner of commerce shall convene a working group to review language barriers and the effect on creditors, debt collectors, and limited English proficient communities.

Subd. 2. **Membership.** The working group consists of the following members:

(1) the commissioner of commerce or a designee;

(2) one member appointed by the Attorney General's Office;

(3) two members of the public representing creditors or debt collectors, appointed by the industry and subject to approval by the commissioner of commerce;

(4) two members of the public representing consumer rights, appointed by consumer rights advocate organizations and subject to approval by the commissioner of commerce;

(5) one member appointed by the Council for Minnesotans of African Heritage;

(6) one member appointed by the Minnesota Council on Latino Affairs;

(7) one member appointed by the Council on Asian-Pacific Minnesotans;

(8) two members appointed by the Indian Affairs Council; and

(9) one member appointed by Mid-Minnesota Legal Aid.

Subd. 3. **Report.** (a) By January 1, 2022, the commissioner of commerce shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over commerce with the working group's recommendations to address language barriers between creditors, debt collectors, and consumers.

(b) The working group shall examine:

(1) current practices for communicating with consumers in the consumer's preferred language when attempting to collect a debt or enforce a lien;

(2) the availability of translation services or a written glossary of financial terms for consumers whose primary language is not English; and

(3) state and federal laws involving issues under clauses (1) and (2).

Sec. 32. **COLLECTION AGENCY EMPLOYEES; WORK FROM HOME.**

An employee of a collection agency licensed under Minnesota Statutes, chapter 332, may work from a location other than the licensee's business location if the licensee and employee comply with all the requirements of Minnesota Statutes, section 332.33, that would apply if the employee were working at the business location. The fee for a collector registration or renewal under Minnesota Statutes, section 332.33, subdivision 3, entitles the individual collector to work at a licensee's business location or a location otherwise acceptable under this section. An additional branch license is not required for a location used under this section. This section expires May 31, 2022.

Sec. 33. **REPEALER.**

Minnesota Statutes 2020, sections 45.017; 45.306, subdivision 1; and 115C.13, are repealed.

ARTICLE 7
ENERGY CONSERVATION AND STORAGE

Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

16B.86 ~~PRODUCTIVITY~~ STATE BUILDING ENERGY CONSERVATION IMPROVEMENT REVOLVING LOAN ACCOUNT.

Subdivision 1. **Definitions.** (a) For purposes of this section and section 16B.87, the following terms have the meanings given.

(b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1, paragraph (d).

(c) "Energy conservation improvement" has the meaning given in section 216B.241, subdivision 1, paragraph (e).

(d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f).

(e) "Project" means the energy conservation improvements financed by a loan made under this section.

(f) "State building" means an existing building owned by the state of Minnesota.

Subd. 2. **Account established.** The ~~productivity~~ state building energy conservation improvement revolving loan account is established as a ~~special~~ separate account in the state treasury. The commissioner shall manage the account and shall credit to the account investment income, repayments of principal and interest, and any other earnings arising from assets of the account. Money in the account is appropriated to the commissioner of administration to make loans to ~~finance agency projects that will result in either reduced operating costs or increased revenues, or both, for a state agency~~ state agencies to implement energy conservation and energy efficiency improvements in state buildings under section 16B.87.

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

Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

16B.87 AWARD AND REPAYMENT OF ~~PRODUCTIVITY~~ STATE BUILDING ENERGY IMPROVEMENT CONSERVATION LOANS.

Subdivision 1. **Committee.** The ~~Productivity~~ State Building Energy Conservation Improvement Loan Committee consists of the commissioners of administration, management and budget, and ~~revenue~~ commerce. The commissioner of administration serves as chair of the committee. The members serve without compensation or reimbursement for expenses.

Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form ~~provided~~ developed by the commissioner of administration~~.~~ that requires an applicant to submit the following information:

(1) a description of the proposed project, including existing equipment, structural elements, operating characteristics, and other conditions affecting energy use that the energy conservation improvements financed by the loan modify or replace;

(2) the total estimated project cost and the loan amount sought;

(3) a detailed project budget;

(4) projections of the proposed project's expected energy and monetary savings;

(5) information demonstrating the agency's ability to repay the loan;

(6) a description of the energy conservation programs offered by the utility providing service to the state building from which the applicant seeks additional funding for the project; and

(7) any additional information requested by the commissioner.

(b) The committee shall review applications for loans and shall award a loan based upon criteria adopted by the committee. ~~The committee shall determine the amount, interest, and other terms of the loan. The time for repayment of a loan may not exceed five years.~~ A loan made under this section must:

(1) be at or below the market rate of interest, including a zero interest loan; and

(2) have a term no longer than seven years.

(c) In making awards, the committee shall give preference to:

(1) applicants that have sought funding for the project through energy conservation projects offered by the utility serving the state building that is the subject of the application; and

(2) to the extent feasible, applications for state buildings located within the electric retail service area of the utility that is subject to section 116C.779.

Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan according to the terms of the loan agreement. The principal and interest must be paid to the commissioner of administration, who shall deposit it in the ~~productivity~~ state building energy conservation improvement revolving loan ~~fund~~ account. Payments of loan principal and interest must begin no later than one year after the project is completed.

Sec. 3. **[216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.**

(a) For purposes of this section, "innovative clean technology" means advanced energy technology that is:

(1) environmentally superior to technologies currently in use;

(2) expected to offer energy-related, environmental, or economic benefits; and

(3) not widely deployed by the utility industry.

(b) A public utility may petition the commission for authorization to invest in a project or projects to deploy one or more innovative clean technologies to further the development, commercialization, and deployment of innovative clean technologies that benefit the public utility's customers.

(c) The commission may approve a petition under paragraph (b) if it finds:

(1) the technologies proposed are innovative clean technologies;

(2) the investment in an innovative clean energy technology is likely to provide benefits to customers that exceed the technology's cost;

(3) the public utility is meeting its energy conservation goals under section 216B.241; and

(4) the project complies with the spending limits under paragraph (d).

(d) Over any three consecutive years, a public utility must not spend more on innovative clean technologies under this section than:

(1) for a public utility providing service to 200,000 or more retail Minnesota customers, $6,000,000; or

(2) for a public utility providing service to fewer than 200,000 retail Minnesota customers, $3,000,000.

(e) The commission may authorize a public utility to file a rate schedule containing provisions that automatically adjust charges for public utility service in direct relation to changes in prudent costs incurred by a public utility under this section, up to the amounts allowed under paragraph (d). To the extent the public utility investment under this section is for a capital asset, the utility may request that the asset be included in the utility's rate base.

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

Sec. 4. Minnesota Statutes 2020, section 216B.2401, is amended to read:

216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.

(a) The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. In addition, the legislature finds that optimizing the timing and method used by energy consumers to manage energy use provides significant benefits to the consumers and to the utility system as a whole. The legislature further finds that cost-effective energy savings and load management programs should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings ~~equal~~ equivalent to at least ~~1.5~~ 2.5 percent of annual retail energy sales of electricity and natural gas through ~~cost-effective energy conservation improvement programs and rate design, energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation.~~ multiple measures, including but not limited to:

(1) cost-effective energy conservation improvement programs and efficient fuel-switching utility programs under sections 216B.2402 to 216B.241;

(2) rate design;

(3) energy efficiency achieved by energy consumers without direct utility involvement;

(4) advancements in statewide energy codes and cost-effective appliance and equipment standards;

(5) programs designed to transform the market or change consumer behavior;

(6) energy savings resulting from efficiency improvements to the utility infrastructure and system; and

(7) other efforts to promote energy efficiency and energy conservation.

(b) A utility is encouraged to design and offer to customers load management programs that enable: (1) customers to maximize the economic value gained from the energy purchased from the customer's utility service provider; and (2) utilities to optimize the infrastructure and generation capacity needed to effectively serve customers and facilitate the integration of renewable energy into the energy system.

(c) The commissioner must provide a reasonable estimate of progress made toward the statewide energy-savings goal under paragraph (a) in the annual report required under section 216B.241, subdivision 1c, and make recommendations for administrative or legislative initiatives to increase energy savings toward that goal. The commissioner must annually report on the energy productivity of the state's economy by estimating the ratio of economic output produced in the most recently completed calendar year to the primary energy inputs used in that year.

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

Sec. 5. **[216B.2402] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of section 216B.16, subdivision 6b, and sections 216B.2401 to 216B.241, the following terms have the meanings given them.

Subd. 2. **Consumer-owned utility.** "Consumer-owned utility" means a municipal gas utility, a municipal electric utility, or a cooperative electric association.

Subd. 3. **Cumulative lifetime savings.** "Cumulative lifetime savings" means the total electric energy or natural gas savings in a given year from energy conservation improvements installed in that given year and energy conservation improvements installed in previous years that are still in operation.

Subd. 4. **Efficient fuel-switching improvement.** "Efficient fuel-switching improvement" means a project that:

(1) replaces a fuel used by a customer with electricity or natural gas delivered at retail by a utility subject to section 216B.2403 or 216B.241;

(2) results in a net increase in the use of electricity or natural gas and a net decrease in source energy consumption on a fuel-neutral basis;

(3) otherwise meets the criteria established for consumer-owned utilities in section 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11 and 12; and

(4) requires the installation of equipment that utilizes electricity or natural gas, resulting in a reduction or elimination of the previous fuel used.

An efficient fuel-switching improvement is not an energy conservation improvement or energy efficiency even if it results in a net reduction in electricity or natural gas consumption.

Subd. 5. **Energy conservation.** "Energy conservation" means an action that results in a net reduction in electricity or natural gas consumption. Energy conservation does not include an efficient fuel-switching improvement.

Subd. 6. **Energy conservation improvement.** "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity or used as thermal energy, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636.

Subd. 7. **Energy efficiency.** "Energy efficiency" means measures or programs, including energy conservation measures or programs, that: (1) target consumer behavior, equipment, processes, or devices; (2) are designed to reduce the consumption of electricity or natural gas on either an absolute or per unit of production basis; and (3) do not reduce the quality or level of service provided to an energy consumer.

Subd. 8. **Fuel.** "Fuel" means energy, including electricity, propane, natural gas, heating oil, gasoline, diesel fuel, or steam, consumed by a retail utility customer.

Subd. 9. **Fuel neutral.** "Fuel neutral" means an approach that compares the use of various fuels for a given end use, using a common metric.

Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. Gross annual retail energy sales does not include:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural gas sales made to the large customer facility; or

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to natural gas sales made to the commercial gas customer facility;

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made to the large customer facility; or

(3) the amount of electric sales prior to December 31, 2032, that are associated with a utility's program, rate, or tariff for electric vehicle charging based on a methodology and assumptions developed by the department in consultation with interested stakeholders no later than December 31, 2021. After December 31, 2032, incremental sales to electric vehicles must be included in calculating a utility's gross annual retail sales.

Subd. 11. **Investments and expenses of a public utility.** "Investments and expenses of a public utility" means the investments and expenses incurred by a public utility in connection with an energy conservation improvement.

Subd. 12. **Large customer facility.** "Large customer facility" means all buildings, structures, equipment, and installations at a single site that in aggregate: (1) impose a peak electrical demand on an electric utility's system of at least 20,000 kilowatts, measured in the same manner as the utility that serves the customer facility measures electric demand for billing purposes; or (2) consume at least 500,000,000 cubic feet of natural gas annually. When

calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may include peak energy demand from the large customer facility's mining processing operations.

Subd. 13. **Large energy facility.** "Large energy facility" has the meaning given in section 216B.2421, subdivision 2, clause (1).

Subd. 14. **Lifetime energy savings.** "Lifetime energy savings" means the amount of savings a particular energy conservation improvement is projected to produce over the improvement's effective useful lifetime.

Subd. 15. **Load management.** "Load management" means an activity, service, or technology that changes the timing or the efficiency of a customer's use of energy that allows a utility or a customer to: (1) respond to local and regional energy system conditions; or (2) reduce peak demand for electricity or natural gas. Load management that reduces a customer's net annual energy consumption is also energy conservation.

Subd. 16. **Low-income household.** "Low-income household" means a household whose household income is 60 percent or less of the state median household income.

Subd. 17. **Low-income programs.** "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income households, including low-income renters.

Subd. 18. **Member.** "Member" has the meaning given in section 308B.005, subdivision 15.

Subd. 19. **Multifamily building.** "Multifamily building" means a residential building containing five or more dwelling units.

Subd. 20. **Preweatherization measure.** "Preweatherization measure" means an improvement that is necessary to allow energy conservation improvements to be installed in a home.

Subd. 21. **Qualifying utility.** "Qualifying utility" means a utility that supplies a customer with energy that enables the customer to qualify as a large customer facility.

Subd. 22. **Waste heat recovered and used as thermal energy.** "Waste heat recovered and used as thermal energy" means the capture of heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes, and productively using the recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

Subd. 23. **Waste heat recovery converted into electricity.** "Waste heat recovery converted into electricity" means an energy recovery process that converts to electricity energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or from the reduction of high pressure in water or gas pipelines, that would otherwise be lost.

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

Sec. 6. **[216B.2403] CONSUMER-OWNED UTILITIES; ENERGY CONSERVATION AND OPTIMIZATION.**

Subdivision 1. **Applicability.** This section applies to:

(1) a cooperative electric association that provides retail service to more than 5,000 members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas retail customers.

Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual consumer-owned utility subject to this section has an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales, which must be met with a minimum of energy savings from energy conservation improvements equivalent to at least one percent of the consumer-owned utility's gross annual retail energy sales. The balance of energy savings toward the annual energy-savings goal may be achieved only by the following consumer-owned utility activities:

(1) energy savings from additional energy conservation improvements;

(2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision 1, that result in increased efficiency greater than would have occurred through normal maintenance activity;

(3) net energy savings from efficient fuel-switching improvements that meet the criteria under subdivision 8; or

(4) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(b) The energy-savings goals specified in this section must be calculated based on weather-normalized sales averaged over the most recent three years. A consumer-owned utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the next three years, except that energy savings from electric utility infrastructure projects may be carried forward for five years. A particular energy savings can only be used to meet one year's goal.

(c) A consumer-owned utility subject to this section is not required to make energy conservation improvements that are not cost-effective, even if the improvement is necessary to attain the energy-savings goal. A consumer-owned utility subject to this section must make reasonable efforts to implement energy conservation improvements that exceed the minimum level established under this subdivision if cost-effective opportunities and funding are available, considering other potential investments the consumer-owned utility intends to make to benefit customers during the term of the plan filed under subdivision 3.

Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a) By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must file with the commissioner an energy conservation and optimization plan that describes the programs for energy conservation, efficient fuel-switching, load management, and other measures the consumer-owned utility intends to offer to achieve the utility's energy savings goal.

(b) A plan's term may extend up to three years. A multiyear plan must identify the total energy savings and energy savings resulting from energy conservation improvements that are projected to be achieved in each year of the plan. A multiyear plan that does not, in each year of the plan, meet both the minimum energy savings goal from energy conservation improvements and the total energy savings goal of 1.5 percent, or lower goals adjusted by the commissioner under paragraph (k), must:

(1) state why each goal is projected to be unmet; and

(2) demonstrate how the consumer-owned utility proposes to meet both goals on an average basis over the duration of the plan.

(c) A plan filed under this subdivision must provide:

(1) for existing programs, an analysis of the cost-effectiveness of the consumer-owned utility's programs offered under the plan, using a list of baseline energy- and capacity-savings assumptions developed in consultation with the department; and

(2) for new programs, a preliminary analysis upon which the program will proceed, in parallel with further development of assumptions and standards.

(d) The commissioner must evaluate a plan filed under this subdivision based on the plan's likelihood to achieve the energy-savings goals established in subdivision 2. The commissioner may make recommendations to a consumer-owned utility regarding ways to increase the effectiveness of the consumer-owned utility's energy conservation activities and programs under this subdivision. The commissioner may recommend that a consumer-owned utility implement a cost-effective energy conservation program, including an energy conservation program suggested by an outside source, including but not limited to a political subdivision, nonprofit corporation, or community organization.

(e) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility must file: (1) an annual update identifying the status of the plan filed under this subdivision, including: (i) total expenditures and investments made to date under the plan; and (ii) any intended changes to the plan; and (2) a summary of the annual energy-savings achievements under a plan. An annual filing made in the last year of a plan must contain a new plan that complies with this section.

(f) When evaluating the cost-effectiveness of a consumer-owned utility's energy conservation programs, the consumer-owned utility and the commissioner must consider the costs and benefits to ratepayers, the utility, participants, and society. The commissioner must also consider the rate at which the consumer-owned utility is increasing energy savings and expenditures on energy conservation, and lifetime energy savings and cumulative energy savings.

(g) A consumer-owned utility may annually spend and invest up to ten percent of the total amount spent and invested on energy conservation improvements on research and development projects that meet the definition of energy conservation improvement.

(h) A generation and transmission cooperative electric association or municipal power agency that provides energy services to consumer-owned utilities may file a plan under this subdivision on behalf of the consumer-owned utilities to which the association or agency provides energy services and may make investments, offer conservation programs, and otherwise fulfill the energy-savings goals and reporting requirements under this subdivision for the consumer-owned utilities on an aggregate basis.

(i) A consumer-owned utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility the commissioner has exempted under section 216B.241, subdivision 1a.

(j) The energy conservation and optimization plan of a consumer-owned utility may include activities to improve energy efficiency in the public schools served by the utility. These activities may include programs to:

(1) increase the efficiency of the school's lighting and heating and cooling systems;

(2) recommission buildings;

(3) train building operators; and

(4) provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(k) A consumer-owned utility may request that the commissioner adjust the consumer-owned utility's minimum goal for energy savings from energy conservation improvements under subdivision 2, paragraph (a), for the duration of the plan filed under this subdivision. The request must be made by January 1 of the year the consumer-owned utility is required to file a plan under this subdivision. The request must be based on:

(1) historical energy conservation improvement program achievements;

(2) customer class makeup;

(3) projected load growth;

(4) an energy conservation potential study that estimates the amount of cost-effective energy conservation potential that exists in the consumer-owned utility's service territory;

(5) the cost-effectiveness and quality of the energy conservation programs offered by the consumer-owned utility; and

(6) other factors the commissioner and consumer-owned utility determine warrant an adjustment.

The commissioner must adjust the energy savings goal to a level the commissioner determines is supported by the record, but must not approve a minimum energy savings goal from energy conservation improvements that is less than an average of one percent per year over the consecutive years of the plan's duration, including the year the minimum energy savings goal is adjusted.

Subd. 4. **Consumer-owned utility; energy savings investment.** (a) Except as otherwise provided, a consumer-owned utility that the commissioner determines falls short of the minimum energy savings goal from energy conservation improvements established in subdivision 2, paragraph (a), for three consecutive years during which the utility has annually spent on energy conservation improvements less than 1.5 percent of gross operating revenues for an electric utility, or less than 0.5 percent of gross operating revenues for a natural gas utility, must spend no less than the following amounts for energy conservation improvements:

(1) for a municipality, 0.5 percent of gross operating revenues from the sale of gas and 1.5 percent of gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in Minnesota to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of gross operating revenues from service provided in Minnesota, excluding gross operating revenues from service provided in Minnesota to large electric customers facilities indirectly through a distribution cooperative electric association.

(b) The commissioner must not impose the spending requirement under this subdivision if the commissioner has determined that the utility has followed the commissioner's recommendations, if any, provided under subdivision 3, paragraph (d).

(c) Upon request of a consumer-owned utility, the commissioner may reduce the amount or duration of the spending requirement imposed under this subdivision, or both, if the commissioner determines that the consumer-owned utility's failure to maintain the minimum energy savings goal is the result of:

(1) a natural disaster or other emergency that is declared by the executive branch through an emergency executive order that affects the consumer-owned utility's service area;

(2) a unique load distribution experienced by the consumer-owned utility; or

(3) other factors that the commissioner determines justifies a reduction.

(d) Unless the commissioner reduces the duration of the spending requirement under paragraph (c), the spending requirement under this subdivision remains in effect until the consumer-owned utility has met the minimum energy savings goal for three consecutive years.

Subd. 5. **Energy conservation programs for low-income households.** (a) A consumer-owned utility subject to this section must provide energy conservation programs to low-income households. The commissioner must evaluate a consumer-owned utility's plans under this section by considering the consumer-owned utility's historic spending on energy conservation programs directed to low-income households, the rate of customer participation in and the energy savings resulting from those programs, and the number of low-income persons residing in the consumer-owned utility's service territory. A municipal utility that furnishes natural gas service must spend at least 0.2 percent of the municipal utility's most recent three-year average gross operating revenue from residential customers in Minnesota on energy conservation programs for low-income households. A consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the consumer-owned utility's gross operating revenue from residential customers in Minnesota on energy conservation programs for low-income households. The requirement under this paragraph applies to each generation and transmission cooperative association's aggregate gross operating revenue from the sale of electricity to residential customers in Minnesota by all of the association's member distribution cooperatives.

(b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned utility may contribute money to the energy and conservation account established in section 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount of contributions the consumer-owned utility plans to make to the energy and conservation account. Contributions to the account must be used for energy conservation programs serving low-income households, including renters, located in the service area of the consumer-owned utility making the contribution. Contributions must be remitted to the commissioner by February 1 each year.

(c) The commissioner must establish energy conservation programs for low-income households funded through contributions made to the energy and conservation account under paragraph (b). When establishing energy conservation programs for low-income households, the commissioner must consult political subdivisions, utilities, and nonprofit and community organizations, including organizations providing energy and weatherization assistance to low-income households. The commissioner must record and report expenditures and energy savings achieved as a result of energy conservation programs for low-income households funded through the energy and conservation account in the report required under section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A consumer-owned utility may petition the commissioner to modify the required spending under this subdivision if the consumer-owned utility and the commissioner were unable to expend the amount required for three consecutive years.

(e) The commissioner must develop and establish guidelines for determining the eligibility of multifamily buildings to participate in energy conservation programs provided to low-income households. Notwithstanding the definition of low-income household in section 216B.2402, a consumer-owned utility or association may apply the most recent guidelines published by the department for purposes of determining the eligibility of multifamily buildings to participate in low-income programs. The commissioner must convene a stakeholder group to review and update these guidelines by July 1, 2022, and at least once every five years thereafter. The stakeholder group must include but is not limited to representatives of public utilities; municipal electric or gas utilities; electric cooperative associations; multifamily housing owners and developers; and low-income advocates.

(f) Up to 15 percent of a consumer-owned utility's spending on low-income energy conservation programs may be spent on preweatherization measures. A consumer-owned utility is prohibited from claiming energy savings from preweatherization measures toward the consumer-owned utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures eligible for inclusion in low-income energy conservation programs no later than March 15, 2022.

(h) A consumer-owned utility may elect to contribute money to the Healthy AIR account under section 216B.241, subdivision 7, paragraph (h), to provide preweatherization measures for households eligible for weatherization assistance from the state weatherization assistance program in section 216C.264. Remediation activities must be executed in conjunction with federal weatherization assistance program services.

Subd. 6. **Recovery of expenses.** The commission must allow a cooperative electric association subject to rate regulation under section 216B.026 to recover expenses resulting from: (1) a plan under this section; and (2) assessments and contributions to the energy and conservation account under section 216B.241, subdivision 2a.

Subd. 7. **Ownership of preweatherization measure or energy conservation improvement.** (a) A preweatherization measure or energy conservation improvement installed in a building under this section, excluding a system owned by a consumer-owned utility that is designed to turn off, limit, or vary the delivery of energy, is the exclusive property of the building owner, except to the extent that the improvement is subject to a security interest in favor of the consumer-owned utility in case of a loan to the building owner for the improvement.

(b) A consumer-owned utility has no liability for loss, damage, or injury directly or indirectly caused by a preweatherization measure or energy conservation improvement, unless a consumer-owned utility is determined to have been negligent in purchasing, installing, or modifying a preweatherization measure or energy conservation improvement.

Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (b), the improvement, relative to the fuel being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric consumer-owned utility, the reduction in emissions must be measured based on the hourly emissions profile of the consumer-owned utility or the utility's electricity supplier, as reported in the most recent resource plan approved by the commission under section 216B.2422. If the hourly emissions profile is not available, the commissioner must develop a method consumer-owned utilities must use to estimate that value;

(3) is cost-effective, considering the costs and benefits from the perspective of the consumer-owned utility, participants, and society; and

(4) is installed and operated in a manner that improves the consumer-owned utility's system load factor.

(b) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

Subd. 9. **Manner of filing and service.** (a) A consumer-owned utility must submit the filings required under this section to the department using the department's electronic filing system. The commissioner may approve an exemption from this requirement if a consumer-owned utility is unable to submit filings via the department's electronic filing system. All other interested parties must submit filings to the department via the department's electronic filing system whenever practicable but may also file by personal delivery or by mail.

(b) The submission of a document to the department's electronic filing system constitutes service on the department. If a department rule requires service of a notice, order, or other document by the department, a consumer-owned utility, or an interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service. Electronic service may be made only to persons on the service list that have previously agreed in writing to accept electronic service at an e-mail address provided to the department for electronic service purposes.

Subd. 10. **Assessment.** The commission or department may assess consumer-owned utilities subject to this section to carry out the purposes of section 216B.241, subdivisions 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a consumer-owned utility's gross operating revenue from sales of gas or electric service in Minnesota during the previous calendar year, as applicable. Assessments under this subdivision are not subject to the cap on assessments under section 216B.62 or any other law.

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

Sec. 7. Minnesota Statutes 2020, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. ~~**Investment, expenditure, and contribution; public utility**~~ **Large customer facility.** ~~(a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:~~

~~(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;~~

~~(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and~~

~~(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.~~

~~For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large customer facilities exempted under paragraph (b), or from commercial gas customers that are exempted under paragraph (c) or (e).~~

~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from ~~the investment and expenditure requirements of paragraph (a)~~ contributing to investments and expenditures made under an energy and conservation optimization plan filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become effective January 1 of the year following the filing, unless the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility qualifies as a large customer facility solely due to its peak electrical demand or annual natural gas usage, the exemption may be limited to the qualifying utility if the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements with respect to the nonqualifying utility. Once an exemption is approved, the commissioner may request the owner of a large customer facility to submit, not more often than once every five years, a report demonstrating the large customer facility's ongoing commitment to energy conservation and efficiency improvement after the exemption filing. The commissioner may request such reports for up to ten years after the effective date of the exemption, unless the majority ownership of the large customer

facility changes, in which case the commissioner may request additional reports for up to ten years after the change in ownership occurs. The commissioner may, within 180 days of receiving a report submitted under this paragraph, rescind any exemption granted under this paragraph upon a determination that the large customer facility is not continuing to make reasonable efforts to identify, evaluate, and implement energy conservation improvements. A large customer facility that is, under an order from the commissioner, exempt from the investment and expenditure requirements of paragraph (a) as of December 31, 2010, is not required to submit a report to retain its exempt status, except as otherwise provided in this paragraph with respect to ownership changes. No exempt large customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the commissioner to withdraw its exemption.

~~(c)~~ (b) A commercial gas customer that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota may petition the commissioner to exempt gas utilities serving the commercial gas customer from ~~the investment and expenditure requirements of paragraph (a)~~ contributing to investments and expenditures made under an energy and conservation optimization plan filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues attributable to the commercial gas customer. The petition must be supported by evidence demonstrating that the commercial gas customer has acquired or can reasonably acquire the capability to bypass use of the utility's gas distribution system by obtaining natural gas directly from a supplier not regulated by the commission. The commissioner shall grant the exemption if the commissioner finds that the petitioner has made the demonstration required by this paragraph.

~~(d) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under midrange forecast assumptions.~~

~~(e)~~ (c) A public utility, consumer-owned utility, or owner of a large customer facility may appeal a decision of the commissioner under paragraph (a) or (b)~~, (c), or (d)~~ to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (a) or (b), ~~(c), or (d),~~ the commission shall rescind the decision if it finds ~~that the required investments or spending will:~~

~~(1) not result in cost-effective energy conservation improvements; or~~

~~(2) otherwise~~ the decision is not ~~be~~ in the public interest.

(d) A public utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility to which the commissioner has issued an exemption under this section.

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

Sec. 8. Minnesota Statutes 2020, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation ~~improvement expenditures~~ improvements and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) ~~Each individual~~ A public utility ~~and association shall have~~ providing electric service has an annual energy-savings goal equivalent to ~~1.5~~ 1.75 percent of gross annual retail energy sales unless modified by the commissioner under paragraph ~~(d).~~ (c). A public utility providing natural gas service has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, which must not be lowered by the commissioner. The savings goals must be calculated based on the most recent three-year weather-normalized average. A public utility ~~or association~~ providing electric service may elect to carry forward energy savings in excess of ~~1.5~~

1.75 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A public utility providing natural gas service may elect to carry forward energy savings in excess of one percent for a year to the succeeding three calendar years. A particular energy savings can only be used ~~only for~~ to meet one year's goal.

~~(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.~~

~~(d)~~ (c) In its energy conservation ~~improvement~~ and optimization plan filing, a public utility ~~or association~~ may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment.

(d) The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

~~A utility or association may include in its energy conservation plan energy savings from~~ The balance of the 1.75 percent annual energy savings goal may be achieved through energy savings from:

(1) additional energy conservation improvements;

(2) electric utility infrastructure projects approved by the commission under section 216B.1636 that result in increased efficiency greater than would have occurred through normal maintenance activity; or ~~waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy savings goal of at least one percent for energy conservation improvements. Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity~~

(3) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

~~(e) An energy savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy savings goal established in this subdivision.~~

~~(f) An association or~~ (e) A public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits to ratepayers, the utility, participants, and society~~. In addition, the commissioner shall consider~~; (2) the rate at which ~~an association or municipal~~ a public utility is increasing both its energy savings and its expenditures on energy conservation; and (3) the public utility's lifetime energy savings and cumulative energy savings.

~~(g)~~ (f) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the ~~energy conservation improvement~~ programs under this section and section 216B.2403 for the two most recent years for which data is available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must estimate progress made toward the statewide energy-savings goal under section 216B.2401.

~~(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.~~

~~(i) This subdivision does not apply to:~~

~~(1) a cooperative electric association with fewer than 5,000 members;~~

~~(2) a municipal utility with fewer than 1,000 retail electric customers; or~~

~~(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.~~

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

Sec. 9. Minnesota Statutes 2020, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs filed under this section and section 216B.2403 on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used by utilities when filing energy conservation improvement programs. The department must track a public utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime energy savings reported in plans submitted under this section and section 216B.2403.

(b) The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate~~, in their service territories~~. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness.

(c) The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program.

(d) The commissioner may assess up to $850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

~~(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to $400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2018.~~

(e) The commissioner must work with stakeholders to develop technical guidelines that public utilities and consumer-owned utilities must use to:

(1) determine whether deployment of a fuel-switching improvement meets the criteria established in subdivision 11, paragraph (e), or section 216B.2403, subdivision 8, as applicable; and

(2) calculate the amount of energy saved by deploying a fuel-switching improvement.

The guidelines under this paragraph must be issued by the commissioner by order no later than March 15, 2022, and must be updated as the commissioner determines is necessary.

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

Sec. 10. Minnesota Statutes 2020, section 216B.241, subdivision 1f, is amended to read:

Subd. 1f. **Facilities energy efficiency.** (a) The commissioner of administration and the commissioner of commerce shall maintain and, as needed, revise the sustainable building design guidelines developed under section 16B.325.

(b) The commissioner of administration and the commissioner of commerce shall maintain and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section 3, so that all public buildings can use the benchmarking tool to maintain energy use information for the purposes of establishing energy efficiency benchmarks, tracking building performance, and measuring the results of energy efficiency and conservation improvements.

(c) The commissioner shall require that utilities include in their conservation improvement plans programs that facilitate professional engineering verification to qualify a building as Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or Green Globes-certified. ~~The state goal is to achieve certification of 1,000 commercial buildings as Energy Star-labeled, and 100 commercial buildings as LEED-certified or Green Globes-certified by December 31, 2010.~~

(d) The commissioner may assess up to $500,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

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

Sec. 11. Minnesota Statutes 2020, section 216B.241, subdivision 1g, is amended to read:

Subd. 1g. **Manner of filing and service.** (a) A public utility~~, generation and transmission cooperative electric association, municipal power agency, cooperative electric association, and municipal utility~~ shall submit filings to the department via the department's electronic filing system. The commissioner may approve an exemption from this requirement in the event ~~an affected~~ a public utility ~~or association~~ is unable to submit filings via the department's electronic filing system. All other interested parties shall submit filings to the department via the department's electronic filing system whenever practicable but may also file by personal delivery or by mail.

(b) Submission of a document to the department's electronic filing system constitutes service on the department. Where department rule requires service of a notice, order, or other document by the department, public utility, ~~association,~~ or interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service, except that electronic service may only be made upon persons on the service list who have previously agreed in writing to accept electronic service at an electronic address provided to the department for electronic service purposes.

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

Sec. 12. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

Subd. 2. ~~**Programs**~~ **Public utility; energy conservation and optimization plans.** (a) The commissioner may require a public ~~utilities~~ utility to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. ~~The required programs must cover no more than a three-year period.~~

(b) A public ~~utilities~~ utility shall file an energy conservation ~~improvement plans~~ and optimization plan by June 1, on a schedule determined by order of the commissioner, but at least every three years. ~~Plans received~~ As provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching improvements and load management. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative lifetime energy savings projected to be achieved under the plan. A plan filed by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year.

(c) The commissioner shall evaluate the ~~program~~ plan on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice~~,~~ by consumers participating in ~~the~~ an energy conservation program~~,~~ of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

~~(b)~~ (d) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. ~~The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.~~

~~(c)~~ (e) Each public utility subject to this subdivision ~~1a~~ may spend and invest annually up to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation improvements under this section by the public utility on research and development projects that meet the definition of energy conservation improvement ~~in subdivision 1 and that are funded directly by the public utility~~.

~~(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).~~

(f) The commissioner shall consider and may require a public utility to undertake ~~a~~ an energy conservation program suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization.

~~(e)~~ (g) A public utility, a political subdivision, or a nonprofit or community organization that has suggested ~~a~~ an energy conservation program, the attorney general acting on behalf of consumers and small business interests, or a public utility customer that has suggested ~~a~~ an energy conservation program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the energy conservation program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that ~~a~~ an energy conservation program is not in the public interest.

~~(f)~~ (h) The commissioner may order a public utility to include, with the filing of the public utility's annual status report, the results of an independent audit of the public utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the public utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the public utility that is the result of the public utility's spending and investments. The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

~~(g) A gas utility may not spend for or invest in energy conservation improvements that directly benefit a large customer facility or commercial gas customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or (e). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or a community organization.~~

(i) The energy conservation and optimization plan of each public utility subject to this section must include activities to improve energy efficiency in public schools served by the utility. As applicable to each public utility, at a minimum the activities must include programs to increase the efficiency of the school's lighting and heating and cooling systems, and to provide for building recommissioning, building operator training, and opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(j) The commissioner may require investments or spending greater than the amounts proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose most recent advanced forecast required under section 216B.2422 projects a peak demand deficit of 100 megawatts or more within five years under midrange forecast assumptions.

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

Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. **Recovery of expenses.** (a) The commission shall allow a public utility to recover expenses resulting from ~~a~~ an energy conservation ~~improvement program required~~ and optimization plan approved by the department under this section and contributions and assessments to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. ~~The commission shall allow a cooperative electric association subject to rate regulation under section 216B.026, to recover expenses resulting from energy conservation improvement programs, load management programs, and assessments and contributions to the energy and conservation account unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. In addition,~~

(b) A public utility may file annually, or the Public Utilities Commission may require the public utility to file, and the commission may approve~~,~~ rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the public utility for real and personal property taxes, fees, and permits, the amounts of which the public utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service, excluding gross operating revenues from gas services provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), for that year for energy conservation improvements under this section.

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

Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

Subd. 3. **Ownership of preweatherization measure or energy conservation improvement.** ~~An~~ (a) A preweatherization measure or energy conservation improvement made to or installed in a building in accordance with this section, except systems owned by ~~the~~ a public utility and designed to turn off, limit, or vary the delivery of energy, are the exclusive property of the owner of the building except to the extent that the improvement is subjected to a security interest in favor of the public utility in case of a loan to the building owner. ~~The~~

(b) A public utility has no liability for loss, damage, or injury caused directly or indirectly by ~~an~~ a preweatherization measure or energy conservation improvement except for negligence by the utility in ~~purchase, installation, or modification of the product.~~ purchasing, installing, or modifying a preweatherization measure or energy conservation improvement.

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

Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

Subd. 5. **Efficient lighting program.** (a) Each public utility~~, cooperative electric association, and municipal~~ and consumer-owned utility that provides electric service to retail customers and is subject to subdivision 1c or section 216B.2403 shall include as part of its conservation improvement activities a program to strongly encourage the use of LED lamps. The program must include at least a public information campaign to encourage use of LED lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new LED lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, ~~a cooperative electric association, or a municipal~~ or a consumer-owned utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility~~, cooperative electric association, or municipality~~ or consumer-owned utility that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility~~, cooperative electric association, or municipal~~ or consumer-owned utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility~~, cooperative electric association, or municipal~~ or consumer-owned utility to promote the use of LED lamps and to ~~collect fluorescent and high-intensity discharge~~ collect LED lamps under this subdivision are conservation improvement spending under this section.

(h) For the purposes of this subdivision, "LED lamp" means a light-emitting diode ~~lamp that consists of a solid state device that emits visible light when an electric current passes through a semiconductor~~ bulb or lighting product.

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

Sec. 16. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public utility ~~and association~~ subject to subdivision 1c provides ~~low-income~~ energy conservation programs to low-income households. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings ~~for~~ achieved by low-income programs, and the number of low-income persons residing in the utility's service territory. A ~~municipal utility that furnishes gas service must spend at least 0.2 percent, and a~~ public utility furnishing gas service must spend at least ~~0.4~~ 0.8 percent~~,~~ of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. A public utility ~~or association~~ that furnishes electric service must spend at least ~~0.1~~ 0.4 percent of its gross operating revenue from residential customers in the state on low-income programs. ~~For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, a utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.~~

(b) To meet the requirements of paragraph (a), a public utility ~~or association~~ may contribute money to the energy and conservation account established under subdivision 2a. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the public utility ~~or association~~ will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income energy conservation programs to utilize ~~money contributed~~ contributions made to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations ~~engaged in~~ providing energy and weatherization assistance to low-income ~~persons~~ households. ~~Money contributed~~ Contributions made to the energy and conservation account under paragraph (b) must provide programs for low-income ~~persons~~ households, including low-income renters, in the service territory of the public utility ~~or association~~ providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph ~~(g)~~ (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, ~~municipality,~~ or ~~cooperative electric association~~ consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A public utility ~~or association~~ may petition the commissioner to modify its required spending under paragraph (a) if the utility ~~or association~~ and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) The commissioner must develop and establish guidelines to determine the eligibility of multifamily buildings to participate in low-income energy conservation programs. Notwithstanding the definition of low-income household in section 216B.2402, for purposes of determining the eligibility of multifamily buildings for low-income programs a public utility may apply the most recent guidelines published by the department. The commissioner must convene a stakeholder group to review and update guidelines by July 1, 2022, and at least once every five years thereafter. The stakeholder group must include but is not limited to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal electric or gas utilities; electric cooperative associations; multifamily housing owners and developers; and low-income advocates.

(f) Up to 15 percent of a public utility's spending on low-income programs may be spent on preweatherization measures. A public utility is prohibited from claiming energy savings from preweatherization measures toward the public utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures eligible for inclusion in low-income programs no later than March 15, 2022.

(h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate account in the special revenue fund in the state treasury. A public utility may elect to contribute money to the Healthy AIR account to provide preweatherization measures to households eligible for weatherization assistance under section 216C.264. Remediation activities must be executed in conjunction with federal weatherization assistance program services. Money contributed to the account counts toward: (1) the minimum low-income spending requirement in paragraph (a); and (2) the cap on preweatherization measures under paragraph (f). Money in the account is annually appropriated to the commissioner of commerce to pay for Healthy AIR-related activities.

~~(e)~~ (i) The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the public utility may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the public utility. The energy and demand savings may, at the discretion of the public utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

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

Sec. 17. Minnesota Statutes 2020, section 216B.241, subdivision 8, is amended to read:

Subd. 8. **Assessment.** The commission or department may assess public utilities subject to this section ~~in proportion to their respective~~ to carry out the purposes of subdivisions 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a public utility's gross operating revenue from sales of gas or electric service within ~~the state~~ Minnesota during the last calendar year ~~to carry out the purposes of subdivisions 1d, 1e, and 1f. Those assessments~~, as applicable. Assessments made under this subdivision are not subject to the cap on assessments provided by section 216B.62, or any other law.

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

Sec. 18. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a) A public utility providing electric service at retail may include in the plan required under subdivision 2 programs to implement efficient fuel-switching improvements or combinations of energy conservation improvements, fuel-switching improvements, and load management. For each program, the public utility must provide a proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy and demand savings.

(b) The department may approve proposed programs for efficient fuel-switching improvements if the department determines the improvements meet the requirements of paragraph (d). For fuel-switching improvements that require the deployment of electric technologies, the department must also consider whether the fuel-switching improvement can be operated in a manner that facilitates the integration of variable renewable energy into the electric system. The net benefits from an efficient fuel-switching improvement that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program if the department determines the primary purpose and effect of the program is energy efficiency.

(c) A public utility may file a rate schedule with the commission that provides for annual cost recovery of reasonable and prudent costs incurred to implement and promote efficient fuel-switching programs. The commission may not approve a financial incentive to encourage efficient fuel-switching programs operated by a public utility providing electric service.

(d) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (b), the improvement meets the following criteria, relative to the fuel that is being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric utility, the reduction in emissions must be measured based on the hourly emission profile of the electric utility, using the hourly emissions profile in the most recent resource plan approved by the commission under section 216B.2422;

(3) is cost-effective, considering the costs and benefits from the perspective of the utility, participants, and society; and

(4) is installed and operated in a manner that improves the utility's system load factor.

(e) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

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

Sec. 19. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 12. **Programs for efficient fuel-switching improvements; natural gas utilities.** (a) As part of a public utility's plan filed under subdivision 2, a public utility that provides natural gas service to Minnesota retail customers may propose as an energy conservation improvement one or more programs to install electric technologies that reduce the consumption of natural gas by the utility's retail customers. The commissioner may approve a proposed program if the commissioner, applying the technical criteria developed under section 216B.241, subdivision 1d, paragraph (b), determines:

(1) the electric technology to be installed meets the criteria established under section 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

(2) the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(b) If a program is approved by the commission under this subdivision, the public utility may count the program's energy savings toward the public utility's energy savings goal under section 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient fuel-switching achieved through programs approved under this subdivision is energy conservation.

(c) A public utility may file rate schedules with the commission that provide annual cost-recovery for programs approved by the department under this subdivision, including reasonable and prudent costs incurred to implement and promote the programs.

(d) The commission may approve, modify, or reject a proposal made by the department or a utility for an incentive plan to encourage efficient fuel-switching programs approved under this subdivision, applying the considerations established under section 216B.16, subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive mechanism that is calculated based on the combined energy savings and net benefits that the commission determines have been achieved by a program approved under this subdivision, provided the commission determines that the financial incentive mechanism is in the ratepayers' interest.

(e) A public utility is not eligible for a financial incentive for an efficient fuel-switching program under this subdivision in any year in which the utility achieves energy savings below one percent of gross annual retail energy sales, excluding savings achieved through fuel-switching programs.

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

Sec. 20. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 13. **Cost-effective load management programs.** (a) A public utility may include in the utility's plan required under subdivision 2 programs to implement load management activities, or combinations of energy conservation improvements, fuel-switching improvements, and load management activities. For each program the public utility must provide a proposed budget, cost-effectiveness analysis, and estimated net energy and demand savings.

(b) The commissioner may approve a proposed program if the commissioner determines the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(c) A public utility providing retail service to Minnesota customers may file rate schedules with the commission that provide for annual cost recovery of reasonable and prudent costs incurred to implement and promote cost-effective load management programs approved by the department under this subdivision.

(d) In determining whether to approve, modify, or reject a proposal made by the department or a public utility for an incentive plan to encourage investments in load management programs, the commission shall consider whether the plan:

(1) is needed to increase the public utility's investment in cost-effective load management;

(2) is compatible with the interest of the public utility's ratepayers; and

(3) links the incentive to the public utility's performance in achieving cost-effective load management.

(e) The commission may structure an incentive plan to encourage cost-effective load management programs as an asset on which a public utility earns a rate of return at a level the commission determines is reasonable and in the public interest.

(f) The commission may include the net benefits from a load management activity integrated with an energy efficiency program approved under this section in the net benefits of the energy efficiency program for purposes of a financial incentive program under section 216B.16, subdivision 6c, if the department determines the primary purpose of the load management activity is energy efficiency.

(g) A public utility is not eligible for a financial incentive for a load management program in any year in which the utility achieves energy savings below one percent of gross annual retail energy sales, excluding savings achieved through load management programs.

(h) The commission may include net benefits from a particular load management activity in an incentive plan under this subdivision or section 216B.16, subdivision 6c, but not both.

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

Sec. 21. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 14. **Minnesota efficient technology accelerator.** (a) A nonprofit organization with extensive experience implementing energy efficiency programs and conducting energy-efficient technology research in Minnesota may file a proposal with the commissioner for a program to accelerate deployment and reduce the cost of emerging and innovative efficient technologies and approaches and result in lower energy costs for Minnesota ratepayers. The program must include strategic initiatives with technology manufacturers to improve the efficiency and performance of products, and with equipment installers and other key actors in the technology supply chain. The program's goals are to achieve cost-effective energy savings for Minnesota utilities, provide bill savings to Minnesota utility consumers, enhance employment opportunities in Minnesota, and avoid greenhouse gas emissions.

(b) Prior to developing and filing a proposal, the nonprofit must submit to the commissioner a notice of intent to file a proposal under this subdivision that describes the nonprofit's eligibility with respect to the requirements of paragraph (a). The commissioner shall review the notice of intent and issue a determination of eligibility within 30 days of the date the notice of intent is filed.

(c) Upon receiving approval from the commissioner to file a proposal under this section, a nonprofit organization must engage interested stakeholders in discussions regarding, at a minimum, the following elements required of a program proposal under this subdivision:

(1) a proposed budget and operational guidelines for the accelerator;

(2) proposed methodologies to estimate, evaluate, and allocate energy savings and net benefits from program activities. Energy savings and net benefits from program activities must be allocated to participating utilities and must be considered when determining the cost-effectiveness of energy savings achieved by the program and related incentives;

(3) a process to identify and select technologies that:

(i) address energy use in residential, commercial, and industrial buildings; and

(ii) benefit utility customers in proportion to the funds contributed to the program by electric and natural gas utilities, respectively; and

(4) a process to identify and track performance metrics for each technology selected so that progress toward achieving energy savings can be measured, including one or more methods to evaluate cost-effectiveness.

(d) No earlier than 180 days from the date of the commissioner's eligibility determination under paragraph (b), the nonprofit may file a program proposal under this subdivision. The filing must address each of the elements listed in paragraph (c), clauses (1) to (4), and the recommendations and concerns identified in the stakeholder engagement process required under paragraph (c). Within 90 days of the filing of the proposal, after notice and comment, and after the commissioner has considered the estimated program costs and benefits from the perspectives of ratepayers, utilities, and society, the commissioner shall approve, modify, or reject the proposal. An approved program may have a term extending up to five years, and may be renewed by the commissioner one or more times for additional terms of up to five years.

(e) Upon approval of a program under paragraph (d), each public utility with over 30,000 customers must participate in the program and contribute to the approved program budget in proportion to the public utility's gross operating revenue from sales of gas or electric service in Minnesota, excluding revenues from large customer facilities exempted under subdivision 1a. A participating utility is not required to contribute more than the following percentages of the utility's spending approved by the commission in the plan filed under subdivision 2: (1) two percent in the program's initial two years; (2) 3.5 percent in the program's third and fourth years; and (3) five percent each year thereafter. Other utilities may elect to participate in an approved program.

(f) A participating utility may request the commissioner to adjust its approved annual budget under subdivision 2, if necessary to meet approved energy savings goals under subdivision 2. Other utilities may elect to participate in the accelerator program.

(g) Costs incurred by a public utility under this subdivision are recoverable under subdivision 2b as an assessment to the energy and conservation account. Amounts provided to the account under this subdivision are not subject to the cap on assessments in section 216B.62. The commissioner may make expenditures from the account for the purposes of this subdivision, including amounts necessary to reimburse administrative costs incurred by the department under this subdivision. Costs for research projects under this subdivision that the commissioner determines may be duplicative to projects that would be eligible for funding under subdivision 1e, paragraph (a), may be deducted from the assessment under subdivision 1e for utilities participating in the accelerator.

EFFECTIVE DATE. This section is effective immediately upon enactment.

Sec. 22. Minnesota Statutes 2020, section 216B.2412, subdivision 3, is amended to read:

Subd. 3. **Pilot programs.** The commission shall allow one or more rate-regulated utilities to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote energy efficiency and conservation. Each pilot program must utilize the criteria and standards established in subdivision 2 and be designed to determine whether a rate-decoupling strategy achieves energy savings. On or before a date established by the commission, the commission shall require electric and gas utilities that intend to implement a decoupling program to file a decoupling pilot plan, which shall be approved or approved as modified by the commission. A pilot program may not exceed three years in length. Any extension beyond three years can only be approved in a general rate case, unless that decoupling program was previously approved as part of a general rate case. ~~The commission shall report on the programs annually to the chairs of the house of representatives and senate committees with primary jurisdiction over energy policy.~~

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

Sec. 23. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 7a. **Energy storage systems; installation.** The commission shall, as part of an order with respect to a public utility's integrated resource plan filed under this section, require a public utility to install one or more energy storage systems, provided that the commission finds the investments are reasonable, prudent, and in the public interest. In determining the aggregate capacity of the energy storage systems ordered under this subdivision, the commission must consider the public utility's assessment of energy storage systems contained in the public utility's integrated resource plan, as required under subdivision 7.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any order issued to a public utility by the commission in an integrated resource plan proceeding after July 1, 2021.

Sec. 24. **[216B.2427] ENERGY STORAGE SYSTEM; APPLICATION.**

Subdivision 1. **Definition.** For the purposes of this section, "energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

Subd. 2. **Application requirement.** No later than one year following the commission's order to a public utility in an integrated resource plan proceeding under section 216B.2422, the public utility must submit an application to the commission for review and approval to install one or more energy storage systems whose aggregate capacity meets or exceeds that ordered by the commission in the public utility's most recent integrated resource plan proceeding under section 216B.2422, subdivision 7a.

Subd. 3. **Application contents.** (a) Each application submitted under this section shall contain the following information:

(1) technical specifications of the energy storage system, including but not limited to:

(i) the maximum amount of electric output that the energy storage system can provide;

(ii) the length of time the energy storage system can sustain maximum output;

(iii) the location of the project and a description of the analysis conducted to determine the location;

(iv) a description of the public utility's electric system needs that the proposed energy storage system address;

(v) a description of the types of services the energy storage system is expected to provide; and

(vi) a description of the technology required to construct, operate, and maintain the energy storage system, including any data or communication system necessary to operate the energy storage system;

(2) the estimated cost of the project, including:

(i) capital costs;

(ii) the estimated cost per unit of energy delivered by the energy storage system; and

(iii) an evaluation of the cost-effectiveness of the energy storage system;

(3) the estimated benefits of the energy storage system to the public utility's electric system, including but not limited to:

(i) deferred investments in generation, transmission, or distribution capacity;

(ii) reduced need for electricity during times of peak demand;

(iii) improved reliability of the public utility's transmission or distribution system; and

(iv) improved integration of the public utility's renewable energy resources;

(4) how the addition of an energy storage system complements proposed actions of the public utility described in the most recent integrated resource plan submitted under section 216B.2422 to meet expected demand with the least cost combination of resources; and

(5) any additional information required by the commission.

(b) A public utility must include in the application an evaluation of the potential to store energy in the public utility's electric system and must identify geographic areas in the public utility's service area where the deployment of energy storage systems has the greatest potential to achieve the economic benefits identified in paragraph (a), clause (3).

Subd. 4. **Commission review.** The commission shall review each proposal submitted under this section and may approve, reject, or modify the proposal. The commission shall approve a proposal the commission determines is in the public interest and reasonably balances the value derived from the deployment of an energy storage system for ratepayers and the public utility's operations with the costs of procuring, constructing, operating, and maintaining the energy storage system.

Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently incurred by the public utility to deploy an energy storage system approved by the commission under this section, net of any revenues generated by the operation of the energy storage system.

Subd. 6. **Commission authority; orders.** The commission may issue orders necessary to implement and administer this section.

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

Sec. 25. Minnesota Statutes 2020, section 216C.05, subdivision 2, is amended to read:

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas ~~be~~ is achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input ~~be~~ is reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

(3) 25 percent of the total energy used in ~~the state be~~ Minnesota is derived from renewable energy resources by the year 2025; ~~and~~

(4) statewide greenhouse gas emissions from energy use in existing commercial and residential buildings is reduced by 50 percent by 2035 through: (i) continued use of the most effective current energy-saving incentives programs, evaluated by participation and efficacy; and (ii) development and implementation of new programs, prioritizing solutions that achieve the highest overall carbon reduction; and

~~(4)~~ (5) retail electricity rates for each customer class ~~be~~ are at least five percent below the national average.

Sec. 26. **[216C.402] REBUILD RIGHT GRANT PROGRAM.**

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

(b) "Cold climate air-source heat pump" means a mechanism that heats and cools indoor air by transferring heat from outdoor or indoor air using a fan, a refrigerant-filled heat exchanger, and an inverter-driven compressor that varies the pressure of the refrigerant to warm or cool the refrigerant vapor.

(c) "Commercial building" means a building:

(1) with an occupant that is (i) engaged in wholesale or retail trade or the provision of services, or (ii) a restaurant; or

(2) that contains four or more dwelling units.

(d) "Energy conservation" has the meaning given in section 216B.241, subdivision 1, paragraph (e).

(e) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f).

(f) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(g) "Envelope" means the physical elements separating a building's interior and exterior.

(h) "Grantee" means a person awarded a grant by the commissioner under this section.

(i) "Ground-source heat pump" means an earth-coupled heating or cooling device consisting of a sealed closed-loop piping system installed in the ground to transfer heat between the surrounding earth and a building.

(j) "Institutional building" means a building with occupants that provide health care, educational, or government services.

(k) "Preweatherization measure" means a general repair or measure that affects the health or safety of residents of a dwelling unit and that is required under federal law in order for weatherization services to be provided to the dwelling unit.

(l) "Qualified energy technology" means:

(1) a solar energy system;

(2) a measure installed in a building that results in energy efficiency or energy conservation, excluding a natural gas furnace that does not function solely as a backup to a primary heating system utilizing a ground-source heat pump or a cold climate air-source heat pump; or

(3) an energy storage system.

(m) "Residential building" means a building containing one to three residential units.

(n) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 2. **Program establishment.** A rebuild right grant program is established in the Department of Commerce to award grants to incorporate qualified energy technologies as part of the renovation or new construction of buildings damaged or destroyed by civil unrest in May and June 2020.

Subd. 3. **Application.** (a) An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The application must include:

(1) evidence substantiating the applicant's experience required under subdivision 4, paragraph (b);

(2) information detailing how property owners are notified that financial assistance is available;

(3) the geographic area within which an applicant proposes to target financial assistance;

(4) information detailing (i) how the applicant determines whether a proposed project meets the applicable energy standards required under subdivision 5, and (ii) what post-implementation methods are used to assess whether the standards have been met;

(5) information detailing how the applicant evaluates and ranks project proposals; and

(6) any other information required by the commissioner.

(b) The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 4. **Eligible applicants.** (a) Multiple organizations, including political subdivisions and nonprofit organizations, may jointly file a single application for a grant award under this section.

(b) Applicants for a grant awarded under this section must have experience:

(1) analyzing the energy and economic impacts of installing qualified energy technologies in buildings;

(2) working with contractors to implement projects that install qualified energy technologies in buildings; and

(3) successfully working with small businesses, community groups, and residents of neighborhoods where a preponderance of the total number of households are low-income households.

Subd. 5. **Eligible activities; energy standards.** (a) Except as provided in paragraph (b), a renovated or newly constructed commercial or institutional building awarded grant funds under this section must meet, at a minimum, the current Sustainable Building 2030 energy performance standards adopted under section 216B.241, subdivision 9.

(b) A renovated or newly constructed residential building or a commercial building containing four or more dwelling units awarded grant funds under this section must meet, at a minimum, the current energy performance standards for new residential construction or renovations, as applicable, contained in the International Passive House Standard promoted by the North American Passive House Network or the United States Department of Energy's Zero Energy Ready Home.

Subd. 6. **Eligible properties.** A property is eligible to receive a grant awarded under this section if the property: (1) was damaged or destroyed by civil unrest that occurred in the state in May and June 2020; and (2) is being renovated or constructed to operate as a residential, commercial, or institutional property.

Subd. 7. **Eligible expenditures.** An appropriation made to support activities under this section may be used to:

(1) conduct outreach activities to:

(i) cities and business associations affected by the civil unrest that occurred in Minnesota in May and June 2020;

(ii) persons listed in subdivision 8, clause (1), items (i) to (iv); and

(iii) potential building owners who may receive services under the program;

(2) purchase and install qualified energy technologies in buildings;

(3) pay the reasonable costs incurred by the department to administer this section; and

(4) compensate task force members under subdivision 12.

Subd. 8. **Grant priorities.** When awarding grants under this section, the commissioner must give priority to applications that:

(1) commit to conduct aggressive outreach programs to provide assistance under this section to eligible owners of buildings:

(i) located in census tracts in which 50 percent or more of households have household incomes at or below 60 percent of the state median household income;

(ii) located in census tracts designated by the governor as Opportunity Zones under United States Code, title 26, section 1400Z-1, et. seq.;

(iii) containing minority-owned businesses, as defined in section 116J.8737; or

(iv) containing women-owned businesses, as defined in section 116J.8737;

(2) commit to employ contractors that pay employees a wage comparable to, as determined by the commissioner, the prevailing wage rate, as defined in section 177.42; or

(3) leverage additional funding to be used for the purposes of this section.

Subd. 9. **Limits.** Grant funds awarded under this section to support the renovation or construction of building envelopes and energy systems in commercial or institutional buildings may be used to pay the difference between (1) the cost to renovate or construct a building's envelope or energy system to meet the current applicable energy code, and (2) the cost to meet the standards required under subdivision 5. The commissioner must develop a methodology to calculate the cost to renovate or construct a commercial or institutional building's envelope and energy system to meet current applicable energy code standards, which must be used by a grantee to determine the amount awarded to a building owner.

Subd. 10. **Awards to building owners.** A commercial or institutional building owner seeking funding from a grant awarded under this section must submit an application to the grantee that includes:

(1) evidence that the building is eligible to receive a grant under this section, including documentation of damage done to the building;

(2) a description of the project, including cost estimates for major project elements;

(3) documentation that the measures funded result in the building meeting the applicable energy standards of subdivision 5; and

(4) any other information required by a grantee.

Subd. 11. **Grantee reports.** Recipients of a grant awarded under this section must file semiannual reports with the commissioner containing:

(1) a list of properties where grant funds have been expended, the amount of the expenditures, and the nature of the energy efficiency measures and renewable energy systems installed;

(2) estimated energy savings and greenhouse gas emissions reductions resulting from expenditures made under this section compared with estimated levels of energy use and greenhouse gas emissions associated with those properties in 2019; and

(3) any other information required by the commissioner.

Subd. 12. **Advisory task force.** (a) Within 60 days of the effective date of this act, the commissioner must select and appoint eight members to a Rebuild Right Advisory Task Force and must convene the initial meeting of the task force. The advisory task force must include:

(1) one representative of the public utility subject to section 116C.779, subdivision 1;

(2) one representative of the Prairie Island Indian Community;

(3) one representative of organized labor;

(4) two representatives of organizations with expertise installing energy conservation measures and renewable energy programs in buildings;

(5) one representative of organizations that advocate for energy policies addressing low-income households; and

(6) two representatives of organizations representing businesses located in areas that experienced extensive property damage from civil unrest in Minnesota in May and June 2020.

(b) Within 60 days of the effective date of this act, the state senators and state representatives representing Minneapolis neighborhoods that suffered extensive property damage from civil unrest in May and June 2020 must jointly appoint as task force members two residents who live in the neighborhoods where the property damage occurred.

(c) Within 60 days of the effective date of this act, the state senators and state representatives representing St. Paul neighborhoods that suffered extensive property damage from civil unrest in May and June 2020 must jointly appoint as task force members two residents who live in the neighborhoods where the property damage occurred.

(d) Members of the advisory task force appointed under paragraph (a), clauses (1) to (3), are nonvoting members. All other members are voting members.

(e) The Department of Commerce must serve as staff and provide administrative support to the advisory task force.

(f) The advisory task force must advise the commissioner throughout the development of the request for proposal and grant award process, and may recommend funding priorities in addition to those listed in subdivision 8. Within 60 days of the initial meeting, the advisory task force must present recommendations to the commissioner regarding the content of the request for proposal.

(g) An organization that is represented on the advisory task force must not be awarded a grant under this section.

(h) Notwithstanding section 15.059, subdivision 6, advisory task force members may be compensated as provided under section 15.059, subdivision 3.

(i) The advisory task force established under this subdivision expires two years after the effective date of this act.

Subd. 13. **Report.** Beginning January 15, 2022, and continuing each January 15 through 2026, the commissioner must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy. The report must contain:

(1) a list of the grant awards made under this section;

(2) summaries of the grantee reports submitted under subdivision 10; and

(3) other information deemed relevant by the commissioner.

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

Sec. 27. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. Beginning in 2022, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard, and amending the standard as necessary to achieve a minimum of eight percent energy efficiency with each edition, as measured against energy consumption by an average building in each applicable building sector in 2003. These amendments must achieve a net zero energy standard for new commercial buildings by 2036 and thereafter. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

Sec. 28. **SUPPLEMENTING WEATHERIZATION SERVICES.**

(a) The state may implement preweatherization measures and qualified energy technologies in dwelling units of low-income households that are: (1) receiving weatherization services delivered under the federal Weatherization Assistance Program authorized under United States Code, title 42, section 6861, et. seq.; and (2) located in neighborhoods adjacent to areas that experienced property damage resulting from civil unrest in May and June 2020, as determined by the commissioner of commerce.

(b) Minnesota Statutes, section 216C.264, subdivisions 1 to 3 and 6, apply to assistance provided under this section.

(c) The commissioner of commerce may require the design heating load of a dwelling unit receiving assistance under this section to be no more than 12 British Thermal Units per hour per square foot after all preweatherization measures financed under this section, qualified energy technologies financed under this section, and weatherization measures provided under the federal weatherization program are implemented.

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

Sec. 29. **TASK FORCE ON EXPANDING THE PROVISION OF WEATHERIZATION SERVICES.**

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

(b) "Commissioner" means the commissioner of commerce.

(c) "Weatherization Assistance Program" means the federal program described in Code of Federal Regulations, title 10, part 440 et. seq., designed to assist low-income households to cost-effectively reduce energy use.

(d) "Weatherization service providers" means the network of contracted entities that administer the Weatherization Assistance Program.

(e) "Weatherization assistance services" means the energy conservation measures installed in households under the Weatherization Assistance Program.

Subd. 2. **Establishment.** A task force is established to explore ways to expand existing funding sources and identify potential new funding sources in order to increase the number of low-income Minnesota households served or the scope of services provided by the Weatherization Assistance Program.

Subd. 3. **Membership.** (a) No later than August 1, 2021, the commissioner must appoint members to the task force representing the following stakeholders:

(1) a statewide association representing Weatherization Assistance Program providers;

(2) individual Weatherization Assistance Program service providers;

(3) investor-owned utilities;

(4) electric cooperatives and municipal utilities;

(5) low-income energy advocates;

(6) Tribal nations; and

(7) delivered fuel dealers.

(b) Task force members serve without compensation.

(c) The commissioner must fill task force vacancies to maintain the representation required under paragraph (a).

Subd. 4. **Meetings; officers.** (a) The commissioner must convene the first meeting of the task force no later than August 15, 2021.

(b) At the first meeting, the task force must elect a chair and vice-chair from among the task force's members and may elect other officers as necessary.

(c) The task force must meet according to a schedule determined by the task force and may also meet at the call of the chair. The task force must meet as often as necessary to accomplish the duties listed under subdivision 5.

(d) Task force meetings are subject to the open meeting provisions of Minnesota Statutes, chapter 13D.

Subd. 5. **Duties.** The task force must:

(1) develop a strategy to reduce, each year, a targeted number of eligible households denied weatherization services due to unaddressed health, environmental, or structural hazards in the home;

(2) explore new sources of funding in order to increase the number of households receiving weatherization assistance services;

(3) analyze existing program models in other states that offer services that complement the Weatherization Assistance Program;

(4) analyze the current distribution of weatherization services across ethnic groups; among different regions of Minnesota; in urban, suburban, and rural areas; and with respect to other demographic factors in order to determine how to distribute weatherization services more equitably throughout Minnesota;

(5) discuss how additional funding would impact the ability of weatherization assistance service providers to provide weatherization assistance services to more eligible households;

(6) identify services that a supplemental funding program could provide to address necessary repairs to homes that the federal Weatherization Assistance Program requires before weatherization assistance is provided, but which cannot be funded with federal Weatherization Assistance Program funds; and

(7) examine other related issues the task force deems relevant.

Subd. 6. **Administrative support.** The commissioner must provide administrative support and physical or virtual meeting space needed to complete the task force's work.

Subd. 7. **Report.** No later than February 1, 2022, the task force must submit a report on the task force's findings and recommendations to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy. The report must include recommendations for legislation to supplement funding for the Weatherization Assistance Program.

Subd. 8. **Expiration.** This section expires April 15, 2022.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 30. **TRANSFER.**

Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are transferred from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of administration for deposit in the state building energy conservation improvement account established in Minnesota Statutes, section 16B.86, to provide loans to state agencies for energy conservation projects under Minnesota Statutes, section 16B.87.

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

Sec. 31. **APPROPRIATION.**

Subdivision 1. **State building energy conservation loan account.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $249,000 in fiscal year 2022 and $137,000 in fiscal year 2023 are appropriated from the renewable development account to the commissioner of administration for software and administrative costs associated with the state building energy conservation improvement revolving loan program under Minnesota Statutes, section 16B.87. The base in fiscal years 2024 and 2025 is $137,000.

Subd. 2. **Building energy codes.** $146,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of labor and industry to implement new commercial energy codes, as described in Minnesota Statutes, section 326B.106, subdivision 1. This is a onetime appropriation.

Subd. 3. **Rebuild right grants.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $3,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award rebuild right grants to building owners, as described in Minnesota Statutes, section 216C.402. This is a onetime appropriation.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 32. **REPEALER.**

Minnesota Statutes 2020, section 216B.241, subdivisions 1, 1b, 2c, 4, and 10, are repealed.

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

ARTICLE 8
ENERGY TRANSITION

Section 1. **[116J.5491] ENERGY TRANSITION OFFICE.**

Subdivision 1. **Definitions.** (a) For purposes of sections 116J.5491 to 116J.5493, the following terms have the meanings given.

(b) "Impacted facility" means an electric generating unit that is or was owned by a public utility, as defined in section 216B.02, subdivision 4, and that:

(1) is currently operating and (i) is scheduled to cease operations, or (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the Public Utilities Commission under section 216B.2422; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the effective date of this section.

(c) "Impacted community" means a municipality, Tribal government, or county in which an impacted facility is located.

(d) "Impacted worker" means a Minnesota resident:

(1) employed at an impacted facility and who is facing the loss of employment as a result of the impacted facility's retirement; or

(2) employed by a company that, under contract, regularly performs construction, maintenance, or repair work at an impacted facility, and who is facing the loss of employment or of work opportunities as a result of the impacted facility's retirement.

Subd. 2. **Office established; director.** (a) The Energy Transition Office is established in the Department of Employment and Economic Development.

(b) The director of the Energy Transition Office is appointed by the governor. The director must be qualified by experience in issues related to energy, economic development, and the environment.

(c) The office may employ staff necessary to carry out the duties required in this section.

Subd. 3. **Purpose.** The purpose of the office is to:

(1) address economic dislocations experienced by impacted workers after an impacted facility is retired;

(2) implement recommendations of the Minnesota energy transition plan developed in section 116J.5493;

(3) improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation;

(4) address local tax and fiscal issues related to the impacted facility's retirement and develop strategies to reduce economic dislocations of impacted communities and impacted workers; and

(5) assist the establishment and implementation of economic support programs, including but not limited to property tax revenue replacement, community energy transition programs, and economic development tools, for impacted communities and impacted workers.

Subd. 4. **Duties.** The office is authorized to:

(1) administer programs to support impacted communities and impacted workers;

(2) coordinate resources at local, state, and federal levels to support impacted communities and impacted workers that are subject to significant economic transition;

(3) coordinate the development of a statewide policy on impacted communities and impacted workers;

(4) deliver programs and resources to impacted communities and impacted workers;

(5) support impacted workers by establishing benefits and educating impacted workers on applying for benefits;

(6) act as a liaison among impacted communities, impacted workers, and state agencies;

(7) assist state agencies to (i) address local tax, land use, economic development, and fiscal issues related to an impacted facility's retirement, and (ii) develop strategies to support impacted communities and impacted workers;

(8) review existing programs supporting impacted workers and identify gaps that need to be addressed;

(9) support the activities of the energy transition advisory committee members;

(10) monitor transition efforts in other states and localities;

(11) identify impacted facility closures and estimate job losses and the effect on impacted communities and impacted workers;

(12) maintain communication regarding closure dates with all affected parties; and

(13) monitor and participate in administrative proceedings that affect the office's activities, including matters before the Public Utilities Commission, the Department of Commerce, the Department of Revenue, and other entities.

Subd. 5. **Reporting.** (a) Beginning January 15, 2023, and each year thereafter, the Energy Transition Office must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy, economic development, and tax policy and finance on the office's activities during the previous year.

(b) The report must contain:

(1) a list of impacted facility closures, projected associated job losses, and the effect on impacted communities and impacted workers;

(2) recommendations to support impacted communities and impacted workers;

(3) information on the administration of assistance programs administered by the office; and

(4) updates on implementation of the Minnesota energy transition plan.

Subd. 6. **Gifts; grants; donations.** The office may accept gifts and grants on behalf of the state that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the purposes of the office.

Sec. 2. **[116J.5492] ENERGY TRANSITION ADVISORY COMMITTEE.**

Subdivision 1. **Creation; purpose.** The Energy Transition Advisory Committee is established to develop a statewide energy transition plan and to advise the governor, the commissioner, and the legislature on transition issues, established transition programs, economic initiatives, and transition policy.

Subd. 2. **Membership.** (a) The advisory committee consists of 18 voting members and seven ex officio nonvoting members.

(b) The voting members of the advisory committee are appointed by the commissioner of employment and economic development, except as specified below:

(1) two members of the senate, one appointed by the majority leader of the senate and one appointed by the minority leader of the senate;

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

(3) one representative of the Prairie Island Indian community;

(4) four representatives of impacted communities, of which two must represent counties and two must represent municipalities, and, to the extent possible, of the impacted facilities in those communities, at least one must be a coal plant, at least one must be a nuclear plant, and at least one must be a natural gas plant;

(5) three representatives of impacted workers at impacted facilities;

(6) one representative of impacted workers employed by companies that, under contract, regularly perform construction, maintenance, or repair work at an impacted facility;

(7) one representative with professional economic development or workforce retraining experience;

(8) two representatives of utilities that operate an impacted facility;

(9) one representative from a nonprofit organization with expertise and experience delivering energy efficiency and conservation programs; and

(10) one representative from the Coalition of Utility Cities.

(c) The ex officio nonvoting members of the advisory committee consist of:

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

(2) the commissioner of employment and economic development or the commissioner's designee;

(3) the commissioner of commerce, or the commissioner's designee;

(4) the commissioner of labor and industry or the commissioner's designee;

(5) the commissioner of revenue or the commissioner's designee;

(6) the executive secretary of the Public Utilities Commission or the secretary's designee; and

(7) the commissioner of the Pollution Control Agency or the commissioner's designee.

Subd. 3. **Initial appointments and first meeting.** The appointing authorities must appoint the members of the advisory committee by August 1, 2021. The commissioner of employment and economic development must convene the first meeting by September 1, 2021, and must act as chair until the advisory committee elects a chair at the first meeting.

Subd. 4. **Officers.** The committee must elect a chair and vice-chair from among the voting members for terms of two years.

Subd. 5. **Open meetings.** Advisory committee meetings are subject to chapter 13D.

Subd. 6. **Conflict of interest.** An advisory committee member is prohibited from discussing or voting on issues relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 7. **Gifts; grants; donations.** The advisory committee may accept gifts and grants on behalf of the state and that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the activities of the advisory committee.

Subd. 8. **Meetings.** The advisory committee must meet monthly until the energy transition plan is submitted to the governor and the legislature. The chair may call additional meetings as necessary.

Subd. 9. **Staff.** The Department of Employment and Economic Development shall serve as staff for the advisory committee.

Subd. 10. **Expiration.** This section expires the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor.

Sec. 3. **[116J.5493] MINNESOTA ENERGY TRANSITION PLAN.**

(a) By July 1, 2022, the Energy Transition Advisory Committee established in section 116J.5492 must submit a statewide energy transition plan to the governor and the chairs and ranking minority members of the legislative committees having jurisdiction over economic development and energy.

(b) The energy transition plan must, at a minimum, for each impacted facility:

(1) identify the timing and location of impacted facility retirements and projected job losses in communities;

(2) analyze the estimated fiscal impact of impacted facility retirements on local governments;

(3) describe the statutes and administrative processes that govern how retired utility property impacts a local government tax base;

(4) review existing state programs that might support impacted communities and impacted workers, and a projection of how effective or ineffective the programs might be in responding to the effects of impacted facility retirements; and

(5) recommend how to effectively respond to the economic effects of impacted facility retirements.

Sec. 4. **[116J.5501] MINNESOTA INNOVATION FINANCE AUTHORITY.**

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

(b) "Authority" means the Minnesota Innovation Finance Authority.

(c) "Clean energy project" has the meaning given to qualified project in paragraph (j), clauses (1) to (4).

(d) "Credit enhancement" means a pool of capital set aside to cover potential losses on loans made by private lenders, including but not limited to loan loss reserves and loan guarantees.

(e) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(f) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(g) "Greenhouse gas emissions" has the meaning given to statewide greenhouse gas emissions in section 216H.01, subdivision 2.

(h) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if a customer defaults on a loan, up to an agreed upon percentage of loans originated by the private lender.

(i) "Microgrid system" means an electrical grid that serves a discrete geographical area from distributed energy resources and can operate independently from the central electric grid on a temporary basis.

(j) "Qualified project" means:

(1) a project, technology, product, service, or measure that:

(i) reduces energy use while providing the same level and quality of service or output obtained before the application of the project;

(ii) shifts the use of electricity by retail customers in response to changes in the price of electricity that vary over time, or other incentives designed to shift electricity demand from times when market prices are high or when system reliability is jeopardized; or

(iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions produced before implementing the project, excluding projects that generate power from the combustion of fossil fuels;

(2) the development, construction, deployment, alteration, or repair of any:

(i) project, technology, product, service, or measure that generates electric power from renewable energy; or

(ii) distributed generation system, energy storage system, smart grid technology, microgrid system, fuel cell system, or combined heat and power system;

(3) the installation, construction, or use of end-use electric technology that replaces existing fossil fuel-based technology;

(4) a project, technology, product, service, or measure that supports the development and deployment of electric vehicle charging stations and associated infrastructure;

(5) agriculture projects that reduce net greenhouse gas emissions or improve climate resiliency, including but not limited to reforestation, afforestation, forestry management, and regenerative agriculture;

(6) the construction or enhancement of infrastructure that is planned, designed, and operated in a manner that anticipates, prepares for, and adapts to current and projected changing climate conditions so that the infrastructure withstands, responds to, and more readily recovers from disruptions caused by the current and projected changing climate conditions; and

(7) the development, construction, deployment, alteration, or repair of any project, technology, product, service, or measure that:

(i) reduces water use while providing the same or better level and quality of service or output that was obtained before implementing the water-saving approach; or

(ii) protects, restores, or preserves the quality of groundwater and surface waters, including but not limited to actions that further the purposes of the Clean Water Legacy Act, as provided in section 114D.10, subdivision 1.

(k) "Regenerative agriculture" means the deployment of farming methods that reduce agriculture's contribution to climate change by increasing the soil's ability to absorb atmospheric carbon and convert the atmospheric carbon to soil carbon.

(l) "Renewable energy" means energy generated from the following sources:

(1) solar;

(2) wind;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) anaerobic digestion of organic waste streams; and

(7) fuel cells using energy sources listed in this paragraph.

(m) "Smart grid" means a digital technology that allows for two-way communication between a utility and the utility's customers that enables the utility to control power flow and load in real time.

(n) "Task force" means the task force of the Minnesota Innovation Finance Authority.

Subd. 2. **Establishment; purpose.** (a) By October 15, 2021, the Minnesota Innovation Finance Authority Task Force established in this section must establish the Minnesota Innovation Finance Authority as a nonprofit corporation under chapter 317A and must seek designation as a charitable tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

(b) When incorporated, the authority's purpose is to accelerate the deployment of clean energy and other qualified projects by reducing the upfront and total cost of adoption, which the authority achieves by leveraging existing public sources and additional private sources of capital through the strategic deployment of public funds in the form of loans, credit enhancements, and other financing mechanisms. The initial directors of the nonprofit corporation must include at least a majority of the members of the task force and must include, as nonvoting ex officio members, the commissioner of commerce or the commissioner's designee and the commissioner of employment and economic development or the commissioner's designee. The task force must engage independent legal counsel with relevant experience in nonprofit corporation law and clean energy financing.

(c) The Minnesota Innovation Finance Authority must:

(1) identify underserved markets for qualified projects in Minnesota, develop programs to overcome market impediments, and provide access to financing to serve the projects and underserved markets;

(2) strategically use authority funds to leverage private investment in qualified projects, achieving a high ratio of private to public funds invested through funding mechanisms that support, enhance, and complement private investment;

(3) coordinate with existing government- and utility-based programs to make the most efficient use of the authority's funds, ensure that financing terms and conditions offered are well-suited to qualified projects, and ensure the authority's activities add to and complement the efforts of these partners;

(4) stimulate demand for qualified projects by serving as a single point of access for a customer to obtain technical information on energy conservation and renewable energy measures, for contractors who install energy conservation and renewable energy measures, and for financing to reduce the upfront and total costs to borrowers, including through:

(i) serving as a clearinghouse for information about federal, state, and utility financial assistance for qualifying projects in targeted underserved markets, including coordinating efforts with the energy conservation programs administered by the customer's utility under section 216B.241 and other programs offered to low-income households;

(ii) forming partnerships with contractors and educating contractors regarding the authority's financing programs;

(iii) coordinating multiple contractors on projects that install multiple qualifying technologies; and

(iv) developing innovative marketing strategies to stimulate project owner interest in targeted underserved markets;

(5) develop rules, policies, and procedures specifying borrower eligibility and other terms and conditions of financial support offered by the authority;

(6) develop consumer protection standards governing the authority's investments to ensure the authority and partners provide financial support in a responsible and transparent manner that is in the financial interest of participating project owners;

(7) develop and administer policies to collect reasonable fees for authority services that are sufficient to support ongoing authority activities;

(8) develop and adopt a workplan to accomplish all of the activities required of the authority, and update the workplan on an annual basis; and

(9) establish and maintain a comprehensive website providing access to all authority programs and financial products, including rates, terms, and conditions of all financing support programs, unless disclosure of the information constitutes a trade secret or confidential commercial or financial information.

Subd. 3. **Additional authorized activities.** The authority is authorized to:

(1) engage in any activities of a Minnesota nonprofit corporation operating under chapter 317A;

(2) develop and employ the following financing methods to support qualified projects:

(i) credit enhancement mechanisms that reduce financial risk for private lenders by providing assurance that a limited portion of a loan is assumed by the authority by means of a loan loss reserve, loan guarantee, or other mechanism;

(ii) co-investment, in which the authority invests directly in a clean energy project through the provision of senior or subordinated debt, equity, or other mechanisms in conjunction with a private financier's investment; and

(iii) serve as an aggregator of many small and geographically dispersed qualified projects, in which the authority may provide direct lending, investment, or other financial support in order to diversify risk;

(3) serve as the designated state entity to apply for and accept federal funds authorized by Congress under a federal climate bank, federal green bank, or other similar entity, provided that the commissioner of commerce authorizes the application; and

(4) seek to qualify as a Community Development Financial Institution under United States Code, title 12, section 4702, in which case the authority must be treated as a qualified community development entity for the purposes of sections 45D and 1400(m) of the Internal Revenue Code.

Subd. 4. **Task force; membership.** (a) The task force of the Minnesota Innovation Finance Authority is established and consists of nine members as follows:

(1) the commissioner of commerce or the commissioner's designee, as a nonvoting ex officio member;

(2) the commissioner of employment and economic development or the commissioner's designee, as a nonvoting ex officio member;

(3) three additional members appointed by the governor;

(4) two additional members appointed by the speaker of the house of representatives; and

(5) two additional members appointed by the president of the senate.

(b) The members appointed to the task force under paragraph (a), clauses (3) to (5), must have expertise in matters relating to energy conservation, clean energy, economic development, banking, law, finance, or other matters relevant to the work of the task force. When appointing a member to the task force, consideration must be given to whether the task force members collectively reflect the geographical and ethnic diversity of Minnesota.

(c) Task force members must be appointed by August 15, 2021.

(d) The task force expires when the authority is established as a nonprofit corporation under chapter 317A.

Subd. 5. **Report.** By June 30, 2022, and by June 30 each year thereafter, the authority must submit a comprehensive annual report on the authority's activities to the governor and to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must contain, at a minimum, information on:

(1) the amount of authority capital invested, by project type;

(2) the amount of private capital leveraged as a result of authority investments, by project type;

(3) the number of qualified projects supported, by project type, and the location of the projects within Minnesota;

(4) the estimated number of jobs created and tax revenue generated as a result of the authority's activities;

(5) the number of clean energy projects financed in low- and moderate-income households; and

(6) the authority's financial statements.

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

Sec. 5. Minnesota Statutes 2020, section 216B.16, subdivision 6, is amended to read:

Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value. If the commission orders a generating facility to terminate its operations before the end of the facility's physical life in order to comply with a specific state or federal energy ~~statute or~~ policy, the commission may allow the public utility to recover any positive net book value of the facility as determined by the commission.

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

Sec. 6. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

Subd. 13. **Economic and community development.** The commission may allow a public utility to recover from ratepayers the reasonable expenses incurred (1) for economic and community development, and (2) to employ local workers to construct and maintain generation facilities that supply power to the utility's customers.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 7. Minnesota Statutes 2020, section 216B.1645, subdivision 1, is amended to read:

Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public Utilities Commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in sections 216B.169, 216B.2423, and 216B.2424, ~~and~~ to satisfy the renewable and solar energy ~~objectives and~~ standards set forth in section 216B.1691, and to provide additional clean energy resources beyond the proportions required by the mandates and standards, including reasonable investments and expenditures, net of revenues, made to:

(1) transmit the electricity generated from sources developed under those sections that is ultimately used to provide service to the utility's retail customers, including studies necessary to identify new transmission facilities needed to transmit electricity to Minnesota retail customers from generating facilities constructed to satisfy the renewable energy objectives and standards, provided that the costs of the studies have not been recovered previously under existing tariffs and the utility has filed an application for a certificate of need or for certification as a priority project under section 216B.2425 for the new transmission facilities identified in the studies;

(2) provide storage facilities for renewable energy generation facilities that contribute to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or

(3) develop renewable energy sources from the account required in section 116C.779.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 8. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section 116C.779 ~~shall be~~, and the expenses incurred to employ local workers to construct and maintain generation facilities that supply power to the utility's customers are recoverable from the ratepayers of the utility~~,~~ to the extent ~~they~~ the expenses or expenditures are not offset by utility revenues attributable to the contracts, investments, or expenditures, and if the expenses or expenditures are deemed reasonable by the commission. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission under subdivision 1, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 9. Minnesota Statutes 2020, section 216B.1691, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy technology" means an energy technology that generates electricity from the following renewable energy sources:

(1) solar;

(2) wind;

(3) hydroelectric with a capacity of less than 100 megawatts;

(4) hydrogen~~, provided that after January 1, 2010, the hydrogen must be~~ generated from the resources listed in this paragraph; or

(5) biomass, which includes, without limitation, landfill gas; an anaerobic digester system; the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel.

(b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, a municipal power agency, or a power district.

(c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by an electric utility to retail customers of the electric utility or to a distribution utility for distribution to the retail customers of the distribution utility. "Total retail electric sales" does not include the sale of hydroelectricity supplied by a federal power marketing administration or other federal agency, regardless of whether the sales are directly to a distribution utility or are made to a generation and transmission utility and pooled for further allocation to a distribution utility.

(d) "Carbon-free" means a technology that generates electricity without emitting carbon dioxide.

(e) "Area of concern for environmental justice" means an area in Minnesota that meets one or more of the following conditions:

(1) 50 percent or more of the population is nonwhite, based on the most recent data published by the United States Census Bureau;

(2) 40 percent or more of the households have an income at or below 185 percent of the federal poverty level, based on the most recent data published by the United States Census Bureau; or

(3) is within Indian country, as defined in United State Code, title 18, section 1151.

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

Sec. 10. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision to read:

Subd. 1a. **Exception; solid waste incinerators.** (a) An energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel is not an eligible energy technology, as defined in subdivision 1, if:

(1) air pollutants emitted by the facility are deposited in an environmental justice area; and

(2) the facility has a permitted maximum capacity of 1,000 tons per day or more.

(b) For the purposes of this subdivision, "environmental justice area" has the meaning given to area of concern for environmental justice under subdivision 1, paragraph (e).

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

Sec. 11. Minnesota Statutes 2020, section 216B.1691, subdivision 2a, is amended to read:

Subd. 2a. **Eligible energy technology standard.** ~~(a) Except as provided in paragraph (b),~~ Each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1)	2012	12 percent
(2)	2016	17 percent
(3)	2020	20 percent
(4)	2025	~~25~~ 40 percent~~.~~
(5)	2035	55 percent.

~~(b) An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:~~

~~(1)~~	~~2010~~	~~15 percent~~
~~(2)~~	~~2012~~	~~18 percent~~
~~(3)~~	~~2016~~	~~25 percent~~
~~(4)~~	~~2020~~	~~30 percent.~~

~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.~~

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

Sec. 12. Minnesota Statutes 2020, section 216B.1691, subdivision 2b, is amended to read:

Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in part, if the commission determines it is in the public interest to do so. The commission, when requested to modify or delay implementation of a standard, must consider:

(1) the impact of implementing the standard on its customers' utility costs, including the economic and competitive pressure on the utility's customers;

(2) the environmental costs that would be incurred as a result of a delay or modification, based on the full range of environmental cost values established in section 216B.2422, subdivision 3;

~~(2)~~ (3) the effects of implementing the standard on the reliability of the electric system;

~~(3)~~ (4) technical advances or technical concerns;

~~(4)~~ (5) delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;

~~(5)~~ (6) delays, cancellations, or nondelivery of necessary equipment for construction or commercial operation of an eligible energy technology facility;

~~(6)~~ (7) transmission constraints preventing delivery of service; ~~and~~

~~(7)~~ (8) other statutory obligations imposed on the commission or a utility; and

(9) impacts on areas of concern for environmental justice.

The commission may modify or delay implementation of a standard obligation under clauses (1) to ~~(3)~~ (4) only if it finds implementation would cause significant rate impact, requires significant measures to address reliability, or raises significant technical issues. The commission may modify or delay implementation of a standard obligation under clauses ~~(4)~~ (5) to ~~(6)~~ (7) only if it finds that the circumstances described in those clauses were due to circumstances beyond an electric utility's control and make compliance not feasible.

(b) When evaluating transmission capacity constraints under paragraph (a), clause (7), the commission must consider whether the utility has:

(1) undertaken reasonable measures under the utility's control and consistent with the utility's obligations under local, state, and federal laws and regulations, and the utility's obligations as a member of a regional transmission organization or independent system operator, to acquire sites, necessary permit approvals, and necessary equipment to develop and construct new transmission lines or upgrade existing transmission lines to transmit electricity generated by eligible energy technologies; and

(2) taken all reasonable operational measures to maximize cost-effective electricity delivery from eligible energy technologies in advance of transmission availability.

~~(b)~~ (c) When considering whether to delay or modify implementation of a standard obligation, the commission must give due consideration to a preference for electric generation through use of eligible energy technology and to the achievement of the standards set by this section.

~~(c)~~ (d) An electric utility requesting a modification or delay in the implementation of a standard must file a plan to comply with its standard obligation in the same proceeding ~~that~~ in which it ~~is requesting~~ requests the delay.

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

Sec. 13. Minnesota Statutes 2020, section 216B.1691, subdivision 2d, is amended to read:

Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing the criteria and standards ~~by which it will~~ used to measure an electric utility's efforts to meet the renewable energy ~~objectives of subdivision 2~~ standards under subdivisions 2a, 2f, and 2g, and to determine whether the utility is ~~making the required good faith effort~~ achieving the standards. In this order, the commission shall include criteria and standards that protect against undesirable impacts on the reliability of the utility's system and economic impacts on the utility's ratepayers and that consider technical feasibility.

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

Sec. 14. Minnesota Statutes 2020, section 216B.1691, subdivision 2e, is amended to read:

Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must submit to the commission and the legislative committees with primary jurisdiction over energy policy a report containing an estimation of the rate impact of activities of the electric utility necessary to comply with this section. In consultation with the Department of Commerce, the commission shall determine a uniform reporting system to ensure that individual utility reports are consistent and comparable, and shall, by order, require each electric utility subject to this section to use that reporting system. The rate impact estimate must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall also be for the impact on the electric utility's retail rates. Those activities include, without limitation, energy purchases, generation facility acquisition and construction, and transmission improvements. ~~An initial report must be submitted within 150 days of May 28, 2011. After the initial report,~~ A report must be updated and submitted as part of each integrated resource plan or plan modification filed by the electric utility under section 216B.2422. The reporting obligation of an electric utility under this subdivision expires December 31, ~~2025, for an electric utility subject to subdivision 2a, paragraph (a), and December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b)~~ 2040.

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

Sec. 15. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and ~~2b~~ 2g, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

(d) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

(e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

(f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scram mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

(g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

~~(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.~~

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

Sec. 16. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision to read:

Subd. 2g. **Carbon-free standard.** In addition to the requirements under subdivisions 2a and 2f, each electric utility must generate or procure sufficient electricity generated from a carbon-free energy technology to provide the utility's retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated from carbon-free energy technologies by the end of the year indicated:

(1)	2025	65 percent
(2)	2030	80 percent
(3)	2035	90 percent
(4)	2040	100 percent.

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

Sec. 17. Minnesota Statutes 2020, section 216B.1691, subdivision 3, is amended to read:

Subd. 3. **Utility plans filed with commission.** (a) Each electric utility shall report on its plans, activities, and progress with regard to the ~~objectives and standards of~~ standard obligations under this section in its filings under section 216B.2422 or in a separate report submitted to the commission every two years, whichever is more frequent, demonstrating to the commission the utility's effort to comply with this section. In its resource plan or a separate report, each electric utility shall provide a description of:

(1) the status of the utility's renewable energy mix relative to the ~~objective and standards~~ standard obligations;

(2) efforts taken to meet the ~~objective and standards~~ standard obligations;

(3) any obstacles encountered or anticipated in meeting the ~~objective or standards; and~~ standard obligations;

(4) potential solutions to the obstacles~~.~~;

(5) the number of Minnesotans employed to construct facilities designed to meet the utility's standard obligations under this section;

(6) efforts taken to retain and retrain workers employed at electric generating facilities that the utility has ceased operating or designated to cease operating for new positions constructing or operating facilities to meet a utility's standard obligation;

(7) impacts of facilities designed to meet the utility's standard obligations under this section on areas of concern for environmental justice; and

(8) efforts to increase the diversity of both its workforce and vendors.

(b) The commissioner shall compile the information provided to the commission under paragraph (a), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state, including the progress of each individual electric utility, in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15 of each odd-numbered year.

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

Sec. 18. Minnesota Statutes 2020, section 216B.1691, subdivision 4, is amended to read:

Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the commission, by rule or order, shall establish by January 1, 2008, a program for tradable renewable energy credits for electricity generated by eligible energy technology. The credits must represent energy produced by an eligible energy technology, as defined in subdivision 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour of eligible energy technology generated or procured by an electric utility if it is produced by an eligible energy technology. The program must permit a credit to be used only once. The program must treat all eligible energy technology equally and shall not give more or less credit to energy based on the state where the energy was generated or the technology with which the energy was generated. The commission must determine the period in which the credits may be used for purposes of the program.

(b) In lieu of generating or procuring energy directly to satisfy ~~the eligible energy technology objective or~~ a standard ~~of~~ obligation under this section, an electric utility may utilize renewable energy credits allowed under the program to satisfy the ~~objective or~~ standard.

(c) The commission shall facilitate the trading of renewable energy credits between states.

(d) The commission shall require all electric utilities to participate in a commission-approved credit-tracking system or systems. Once a credit-tracking system is in operation, the commission shall issue an order establishing protocols for trading credits.

~~(e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.~~

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

Sec. 19. Minnesota Statutes 2020, section 216B.1691, subdivision 5, is amended to read:

Subd. 5. **Technology based on fuel combustion.** (a) Electricity produced by fuel combustion through fuel blending or co-firing under paragraph (b) may only count toward a utility's ~~objectives or standards~~ standard obligation if the generation facility:

(1) was constructed in compliance with new source performance standards promulgated under the federal Clean Air Act, United States Code, title 42, section 7401 et seq., for a generation facility of that type; or

(2) employs the maximum achievable or best available control technology available for a generation facility of that type.

(b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1, paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage of electricity that is attributable to a fuel listed in that clause can be counted toward an electric utility's ~~renewable energy objectives~~ standard obligation.

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

Sec. 20. Minnesota Statutes 2020, section 216B.1691, subdivision 7, is amended to read:

Subd. 7. **Compliance.** The commission must regularly investigate whether an electric utility is in compliance with its ~~good faith objective under subdivision 2 and~~ standard obligation under ~~subdivision~~ subdivisions 2a, 2f, and 2g. If the commission finds noncompliance, it may order the electric utility to construct facilities, purchase energy generated by eligible energy technology, purchase renewable energy credits, or engage in other activities to achieve compliance. If an electric utility fails to comply with an order under this subdivision, the commission may impose a financial penalty on the electric utility in an amount not to exceed the estimated cost of the electric utility to achieve compliance. The penalty may not exceed the lesser of the cost of constructing facilities or purchasing credits. The commission must deposit financial penalties imposed under this subdivision in the energy and conservation account established in the special revenue fund under section 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other authority of the commission to enforce this section.

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

Sec. 21. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented ~~to maximize~~ in a manner that maximizes net benefits to all Minnesota citizens~~,~~ ~~balancing~~ throughout the state, including but not limited to:

(1) the creation of high-quality jobs in Minnesota paying wages that support families;

(2) recognition of the rights of workers to organize and unionize;

(3) ensuring that workers have the necessary tools, opportunities, and economic assistance to adapt successfully during the energy transition, particularly in areas of concern for environmental justice;

(4) ensuring that all Minnesotans share the benefits of clean and renewable energy, and the opportunity to participate fully in the clean energy economy;

(5) ensuring that statewide air emissions are reduced, particularly in areas of concern for environmental justice; and

(6) the provision of affordable electric service to Minnesotans, particularly to low-income consumers.

(b) The commission must also implement this section in a manner that balances factors such as local ownership of or participation in energy production, development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities, the costs of energy generation to satisfy the renewable ~~standard~~ and carbon-free standards, and the reliability of electric service to Minnesotans.

(c) When making investments to meet the requirements under this section, utilities are encouraged to locate new energy generating facilities in Minnesota communities where fossil-fuel generating plants have been retired or are scheduled for retirement.

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

Sec. 22. Minnesota Statutes 2020, section 216B.1691, subdivision 10, is amended to read:

Subd. 10. **Utility acquisition of resources.** A competitive resource acquisition process established by the commission prior to June 1, 2007, shall not apply to a utility for the construction, ownership, and operation of generation facilities used to satisfy the requirements of this section unless, upon a finding that it is in the public interest, the commission issues an order on or after June 1, 2007, that requires compliance by a utility with a competitive resource acquisition process. A utility that owns a nuclear generation facility and intends to construct, own, or operate facilities under this section shall file with the commission ~~on or before March 1, 2008,~~ as part of the utility's filing under section 216B.2422 a renewable energy plan setting forth the manner in which the utility proposes to meet the requirements of this section. ~~The utility shall update the plan as necessary in its filing under section 216B.2422.~~ The commission shall approve the plan unless it determines, after public hearing and comment, that the plan is not in the public interest. As part of its determination of public interest, the commission shall consider the plan's impact on balancing the state's interest in:

(1) promoting the policy of economic development in rural areas through the development of renewable energy projects, as expressed in subdivision 9;

(2) maintaining the reliability of the state's electric power grid; and

(3) minimizing cost impacts on ratepayers.

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

Sec. 23. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

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

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

(f) "Energy storage system" means a commercially available technology that:

(1) uses mechanical, chemical, or thermal processes to:

(i) store energy, ~~including energy generated from renewable resources and energy that would otherwise be wasted,~~ and deliver the stored energy for use at a later time; or

(ii) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time;

~~(2) is composed of stationary equipment;~~

~~(3)~~ (2) if being used for electric grid benefits, is (i) operationally visible to the distribution or transmission entity managing it, and (ii) capable of being controlled by the distribution or transmission entity ~~managing it,~~ to enable and optimize the safe and reliable operation of the electric system; and

~~(4)~~ (3) achieves any of the following:

(i) reduces peak or electrical demand;

(ii) defers the need or substitutes for an investment in electric generation, transmission, or distribution assets;

(iii) improves the reliable operation of the electrical transmission or distribution systems~~, while ensuring transmission or distribution needs are not created~~; ~~or~~ and

(iv) ~~lowers customer costs~~ produces a net ratepayer benefit by storing energy when the cost of generating or purchasing ~~it~~ energy is low and delivering ~~it~~ energy to customers when the costs are high.

(g) Clean energy resource means:

(1) renewable energy, as defined in section 216B.2422, subdivision 1, paragraph (c);

(2) an energy storage system storing energy generated by renewable energy or a carbon-free resource;

(3) energy efficiency, as defined in section 216B.241, subdivision 1;

(4) load management, as defined in section 216B.241, subdivision 1; or

(5) a carbon-free resource that the commission has determined is cost competitive under subdivision 4, paragraph (g).

(h) "Carbon-free resource" means a generation technology that, when operating, does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(i) "Nonrenewable energy facility" means a generation facility that does not use a renewable energy or other clean energy resource. Nonrenewable facility does not include a nuclear facility.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 24. Minnesota Statutes 2020, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 ~~and,~~ 75, and 100 percent of all energy needs from both new and refurbished generating facilities through a combination of ~~conservation and renewable~~ clean energy and carbon-free resources.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 25. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 2d. **Plan to minimize impacts to workers due to facility retirement.** A utility required to file a resource plan under subdivision 2 that has scheduled the retirement of an electric generating facility located in Minnesota must include in the filing a narrative describing the utility's efforts, in conjunction with the utility's workers and the workers' designated representatives, to develop a plan to minimize the dislocations employees may suffer as a result of the facility's retirement. The narrative must address, at a minimum, plans to:

(1) minimize financial losses to workers;

(2) provide a transition timeline to ensure certainty for workers;

(3) protect pension benefits;

(4) extend or replace health insurance, life insurance, and other employment benefits;

(5) identify and maximize employment opportunities within the utility for dislocated workers, including providing incentives for the utility to retain as many workers as possible;

(6) provide training and skill development for workers who must or choose to leave the utility;

(7) create targeted transition plans for workers at all locations impacted by the facility retirement; and

(8) quantify any additional costs the utility would incur and specifying what costs, if any, the utility would request be recovered in the utility's rates as a result of efforts made under this subdivision to minimize impacts to workers.

Sec. 26. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** (a) The commission shall, ~~to the extent practicable~~ using the best available scientific and economic information and data, quantify and establish a range of environmental costs associated with each method of electricity generation. The commission shall adopt and apply the interim cost of greenhouse gas emissions valuations presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates, released by the federal government in February 2021, adopting the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with three percent as the central estimate, and shall update the parameters as necessary to conform with updates released by the federal Interagency Working Group on the Social Cost of Greenhouse Gases or successors that are above the February 2021 interim valuations.

(b) When evaluating and selecting resource options in all proceedings before the commission, including but not limited to proceedings regarding power purchase agreements, resource plans, and certificates of need, a utility ~~shall~~ must use the values established by the commission ~~in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.~~ under this subdivision to quantify and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for in-state or imported electricity generation, including extraction, processing, transport, and combustion.

(c) When evaluating resource options, the commission must include and consider the environmental cost values adopted under this subdivision. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs analyzed under this subdivision, including both the low and high values of any cost range adopted by the commission.

~~(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).~~

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 27. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 3a. **Favored electric resources; state policy.** It is the policy of the state that: (1) in order to hasten the achievement of the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the solar energy standard under section 216B.1691, subdivision 2f; and (2) given the significant and continuing reductions in the cost of wind technologies, solar technologies, energy storage systems, demand-response technologies, and energy efficiency technologies and strategies, the favored method to meet electricity demand in Minnesota is a combination of clean energy resources.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 28. Minnesota Statutes 2020, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for ~~renewable~~ clean energy ~~facility~~ resources.** (a) The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission approve a power purchase agreement or allow rate recovery pursuant to section 216B.16 for ~~such~~ a nonrenewable energy facility, unless the utility has demonstrated by clear and convincing evidence that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest. ~~When making the public interest determination, the commission must consider:~~

~~(1) whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f;~~

~~(2) impacts on local and regional grid reliability;~~

~~(3) utility and ratepayer impacts resulting from the intermittent nature of renewable energy facilities, including but not limited to the costs of purchasing wholesale electricity in the market and the costs of providing ancillary services; and~~

~~(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environmental compliance costs.~~

(b) In order to determine that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest, the commission must find by clear and convincing evidence that using renewable or clean energy resources to meet the need for resources is not affordable or reliable when compared with a nonrenewable energy facility or nonclean energy resource.

(c) When determining whether a renewable or clean energy resource is not affordable, the commission must consider utility and ratepayer effects resulting from:

(1) the intermittent nature of renewable energy facilities, including but not limited to the cost to purchase wholesale electricity in the market and the cost to provide ancillary services;

(2) reduced exposure to fuel price volatility, changes in transmission and distribution costs, portfolio diversification, and environmental compliance costs; and

(3) other environmental costs resulting from a nonrenewable energy facility, as determined by the commission under subdivision 3.

(d) When determining whether a renewable or clean energy resource is reliable, the commission must consider, to the extent reasonable, the ability of the resources or facilities of the utility and the regional electric grid to provide essential reliability services, including frequency response, balancing services, and voltage control.

(e) The commission must make a written determination describing the commission's findings and the reasoning behind the conclusions regarding whether a renewable or clean energy resource is affordable and reliable under this subdivision. When making the public interest determination under paragraph (a), the commission must also consider and make a written determination as to whether the energy resources approved by the commission:

(1) help the state achieve the greenhouse gas reduction goals under section 216H.02; and

(2) help the utility achieve the renewable energy standard under section 216B.1691, subdivision 2a, or the solar energy standard under section 216B.1691, subdivision 2f.

(f) Nothing in this section impacts a decision to continue operating a nuclear facility that is generating energy in Minnesota as of June 1, 2020. If a decision is made to retire an existing nuclear electric generating unit, paragraphs (a) to (e) govern the process to identify replacement resources.

(g) The commission may, by order, add to the list of resources the commission determines are clean energy resources for the purposes of this section upon finding that the resource is carbon-free and cost competitive when compared with other carbon-free alternatives.

(h) If the commission approves a public utility's integrated resource plan that includes the retirement of a facility that contributes to statewide greenhouse gas emissions, the public utility is entitled to own at least a portion of the generation, transmission, and other facilities necessary to replace the accredited capacity and energy of the retiring facility, as determined by the commission, provided that:

(1) for a public utility with more than 200,000 retail electric customers in Minnesota, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 80 percent or more, measured from 2005 to 2030;

(2) for a public utility with more than 100,000 but fewer than 200,000 retail electric customers, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 80 percent or more, measured from 2005 to 2035;

(3) for a public utility with fewer than 100,000 retail electric customers in Minnesota, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 65 percent or more, measured from 2005 to 2030; and

(4) the commission determines that the public utility's ownership of clean energy and carbon-free resources that replace retired facilities is reasonable and in the public interest.

(i) Utility purchases or contracts to purchase capacity, energy, or ancillary services from an independent systems operator, an auction, or other market administered by an independent systems operator, and whose term is one year or less, are not subject to this subdivision.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 29. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 4a. **Preference for local job creation.** As part of a resource plan filing, a utility must report on associated local job impacts and the steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers. The commission must consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers, consistent with the public interest, when evaluating any utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility's customers, including but not limited to an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility. The commission must, to the maximum extent possible, prioritize the hiring of workers from communities hosting retiring electric generation facilities, including workers previously employed at those facilities.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 30. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

Subd. 5. **Bidding; exemption from certificate of need proceeding.** (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 ~~in~~ and consider local job impacts when evaluating bids submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding process approved or established by the commission, a certificate of need proceeding under section 216B.243 is not required.

(c) A certificate of need proceeding is also not required for an electric power generating plant that has been selected in a bidding process approved or established by the commission, or such other selection process approved by the commission, to satisfy, in whole or in part, the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 31. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 8. **Transmission planning in advance of generation retirement.** A utility must identify in a resource plan each nonrenewable energy facility on the utility's system that has a depreciation term, probable service life, or operating license term that ends within 15 years of the resource plan filing date. For each nonrenewable energy facility identified, the utility must include in the resource plan an initial plan to: (1) replace the nonrenewable energy facility; and (2) upgrade any transmission or other grid capabilities needed to support the retirement of that nonrenewable energy facility.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 32. **[216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428, the following terms have the meanings given.

(b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes.

(c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise be released into the atmosphere.

(d) "Carbon-free resource" means an electricity generation facility whose operation does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(e) "District energy" means a heating or cooling system that is solar thermal powered or that uses the constant temperature of the earth or underground aquifers as a thermal exchange medium to heat or cool multiple buildings connected through a piping network.

(f) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f), but does not include energy conservation investments that the commissioner determines could reasonably be included in a utility's conservation improvement program.

(g) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources within Minnesota and from the generation of electricity imported from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected into geological formations to prevent its release to the atmosphere in compliance with applicable laws.

(h) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture, strategic electrification, district energy, and energy efficiency.

(i) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions resulting from the production, processing, transmission, and consumption of an energy resource.

(j) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy.

(k) "Nonexempt customer" means a utility customer that has not been included in a utility's innovation plan under subdivision 3, paragraph (f).

(l) "Power-to-ammonia" means the production of ammonia from hydrogen produced via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity than does natural gas produced from conventional geologic sources.

(m) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource to produce hydrogen.

(n) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

(o) "Renewable natural gas" means biogas that has been processed to be interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced from conventional geologic sources.

(p) "Solar thermal" has the meaning given to qualifying solar thermal project in section 216B.2411, subdivision 2, paragraph (d).

(q) "Strategic electrification" means the installation of electric end-use equipment in an existing building in which natural gas is a primary or back-up fuel source, or in a newly constructed building in which a customer receives natural gas service for one or more end-uses, provided that the electric end-use equipment:

(1) results in a net reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient commercially available natural gas alternative; and

(2) is installed and operated in a manner that improves the load factor of the customer's electric utility.

Strategic electrification does not include investments that the commissioner determines could reasonably be included in the natural gas utility's conservation improvement program under section 216B.241.

(r) "Total incremental cost" means the calculation of the following components of a utility's innovation plan approved by the commission under subdivision 2:

(1) the sum of:

(i) return of and on capital investments for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(ii) incremental operating costs associated with capital investments in infrastructure for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(iii) incremental costs to procure innovative resources from third parties;

(iv) incremental costs to develop and administer programs; and

(v) incremental costs for research and development related to innovative resources;

(2) less the sum of:

(i) value received by the utility upon the resale of innovative resources or innovative resource by-products, including any environmental credits included with the resale of renewable gaseous fuels or value received by the utility when innovative resources are used as vehicle fuel;

(ii) cost savings achieved through avoidance of purchases of natural gas produced from conventional geologic sources, including but not limited to avoided commodity purchases or avoided pipeline costs; and

(iii) other revenues received by the utility that are directly attributable to the utility's implementation of an innovation plan.

(s) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas sales or natural gas transportation services to customers in Minnesota.

Subd. 2. **Innovation plans.** (a) A natural gas utility may file an innovation plan with the commission. The utility's plan must include, as applicable, the following components:

(1) the innovative resource or resources the utility plans to implement to contribute to meeting the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, within the requirements and limitations set forth in this section;

(2) research and development investments related to innovative resources the utility plans to undertake;

(3) total lifecycle greenhouse gas emissions that the utility projects are reduced or avoided through implementing the plan;

(4) a comparison of the estimate in clause (3) to total emissions from natural gas use by utility customers in 2020;

(5) a description of each pilot program included in the plan that is related to the development or provision of innovative resources, and an estimate of the total incremental costs to implement each pilot program;

(6) the cost-effectiveness of innovative resources calculated from the perspective of the utility, society, the utility's nonparticipating customers, and the utility's participating customers compared to other innovative resources that could be deployed to reduce or avoid the same greenhouse gas emissions targeted for reduction by the utility's proposed innovative resource;

(7) for any pilot program not previously approved as part of the utility's most recent innovation plan, a third-party analysis of:

(i) the lifecycle greenhouse gas emissions intensity of the proposed innovative resources; and

(ii) the forecasted lifecycle greenhouse gas emissions reduced or avoided if the proposed pilot program is implemented;

(8) an explanation of the methodology used by the utility to calculate the lifecycle greenhouse gas emissions avoided or reduced by each pilot program included in the plan, including descriptions of how the utility's method deviated, if at all, from the carbon accounting frameworks established by the commission under section 216B.2428;

(9) a discussion of whether the plan supports the development and use of alternative agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and the recovery of energy from wastewater, and, if it does, a description of the geographic areas of the state in which the benefits are realized;

(10) a description of third-party systems and processes the utility plans to use to:

(i) track the innovative resources included in the plan so that environmental benefits produced by the plan are not claimed for any other program; and

(ii) verify the environmental attributes and greenhouse gas emissions intensity of innovative resources included in the plan;

(11) projected local job impacts resulting from implementation of the plan and a description of steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers;

(12) a description of how the utility proposes to recover annual total incremental costs of the plan;

(13) steps the utility has taken or proposes to take to reduce the expected cost of the plan on low- and moderate-income residential customers and to ensure that low- and moderate-income residential customers benefit from innovative resources included in the plan;

(14) a report on the utility's progress toward implementing the utility's previously approved innovation plan, if applicable;

(15) a report of the utility's progress toward achieving the cost-effectiveness objectives established by the commission with respect to the utility's previously approved innovation plan, if applicable; and

(16) collections of pilot programs that the utility estimates would, if implemented, provide approximately 50 percent, 150 percent, and 200 percent of the greenhouse gas reduction or avoidance benefits of the utility's proposed plan.

(b) The commission must approve, modify, or reject a plan. The commission must not approve an innovation plan unless the commission finds:

(1) the size, scope, and scale of the plan produces net benefits under the cost-benefit framework established by the commission in section 216B.2428;

(2) the plan promotes the use of renewable energy resources and reduces or avoids greenhouse gas emissions at a cost level consistent with subdivision 3;

(3) the plan promotes local economic development;

(4) the innovative resources included in the plan have a lower lifecycle greenhouse gas intensity than natural gas produced from conventional geologic sources;

(5) the systems used to track and verify the environmental attributes of the innovative resources included in the plan are reasonable, considering available third-party tracking and verification systems;

(6) the costs and revenues projected under the plan are reasonable in comparison to other innovative resources the utility could deploy to reduce greenhouse gas emissions, considering other benefits of the innovative resources included in the plan;

(7) the total amount of estimated greenhouse gas emissions reduction or avoidance to be achieved under the plan is reasonable considering the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1; customer cost; and the total amount of greenhouse gas emissions reduction or avoidance achieved under the utility's previously approved plans, if applicable; and

(8) any renewable natural gas purchased by a utility under the plan that is produced from the anaerobic digestion of manure is certified as being produced at an agricultural livestock production facility that does not increase the number of animal units at the facility solely or primarily to produce renewable natural gas for the plan.

(c) In seeking to recover costs under a plan approved by the commission under this section, the utility must demonstrate to the satisfaction of the commission that the actual total incremental costs incurred to implement the approved innovation plan are reasonable. Prudently incurred costs under an approved plan, including prudently incurred costs to obtain the third-party analysis required in paragraph (a), clauses (6) and (7), are recoverable either:

(1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas adjustment;

(2) in the utility's next general rate case; or

(3) via annual adjustments, provided that after notice and comment the commission determines that the costs included for recovery through rates are prudently incurred. Annual adjustments must include a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and incremental operation and maintenance expenses. The rate of return must be at the level approved by the commission in the utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

(d) Upon approval of a utility's plan, the commission shall establish cost-effectiveness objectives for the plan based on the cost-benefit test for innovative resources developed under section 216B.2428. The cost-effectiveness objective for each plan must demonstrate incremental progress from the previously approved plan's cost-effectiveness objective.

(e) A utility operating under an approved plan must file annual reports to the commission on work completed under the plan, including:

(1) costs incurred;

(2) lifecycle greenhouse gas emissions reductions or avoidance achieved;

(3) a description of the processes used to track and verify the innovative resources and to retire the associated environmental attributes;

(4) an assessment of the degree to which the lifecycle greenhouse gas accounting methodology is consistent with current science;

(5) the economic impact of the plan, including job creation;

(6) the utility's progress toward achieving the cost-effectiveness objectives established by the commission; and

(7) modifications to elements of the plan proposed by the utility.

(f) When evaluating a utility's annual report, the commission may:

(1) approve the continuation of a pilot program included in the plan, with or without modifications;

(2) require the utility to file a new or modified pilot program or plan; or

(3) disapprove the continuation of a pilot program or plan.

(g) An innovation plan has a term of five years. A subsequent innovation plan must be filed no later than four years after the previous plan was approved by the commission so that, if approved, the new plan takes effect immediately upon expiration of the previous plan.

(h) For purposes of this section and the commission's lifecycle carbon accounting framework and cost-benefit test for innovative resources under section 216B.2428, any required analysis of lifecycle greenhouse gas emissions reductions or avoidance, or lifecycle greenhouse gas intensity:

(1) must include but is not limited to estimates of:

(i) avoided or reduced greenhouse gas emissions attributable to utility operations;

(ii) avoided or reduced greenhouse gas emissions from the production, processing, and transmission of fuels prior to receipt by the utility; and

(iii) avoided or reduced greenhouse gas emissions at the point of end use;

(2) must not count any unit of greenhouse gas emissions avoidance or reduction more than once; and

(3) may, where direct measurement is not technically or economically feasible, rely on emissions factors, default values, or engineering estimates from a publicly accessible source accepted by a federal or state government agency, provided that the emissions factors, default values, or engineering estimates can be demonstrated to the satisfaction of the commission to produce a reasonable estimate of greenhouse gas emissions reductions, avoidance, or intensity.

(i) Strategic electrification implemented in a plan approved by the commission under this section is not eligible for a financial incentive under section 216B.241, subdivision 2c. Electric end-use equipment installed under a plan approved by the commission under this section is the exclusive property of the building owner.

Subd. 3. **Limitations on utility customer costs.** (a) Except as provided in paragraph (b), the first innovation plan submitted to the commission by a utility must not propose, and the commission must not approve, annual total incremental costs exceeding the lesser of:

(1) 1.75 percent of the utility's gross operating revenues from natural gas service provided in Minnesota at the time of plan filing; or

(2) $20 per nonexempt customer, based on the proposed annual total incremental costs for each year of the plan divided by the total number of nonexempt utility customers.

(b) The commission may approve additional annual costs up to the lesser of:

(1) an additional 0.25 percent of the utility's gross operating revenues from service provided in Minnesota at the time of plan filing; or

(2) $5 per nonexempt customer, based on the proposed annual total incremental costs for each year of the plan divided by the total number of nonexempt utility customers of incremental costs, provided that the additional costs under this paragraph are associated exclusively with the purchase of renewable natural gas produced from:

(i) food waste diverted from a landfill;

(ii) a municipal wastewater treatment system; or

(iii) an organic mixture that includes at least 15 percent, by volume, sustainably harvested native prairie grasses or locally appropriate cover crops, as determined by a local soil and water conservation district or the United States Department of Agriculture, Natural Resources Conservation Service.

(c) If the commission determines that the utility has successfully achieved the cost-effectiveness objectives established in the utility's most recently approved innovation plan, except as provided in paragraph (d), the next subsequent plan filed by the utility under this section is subject to the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the second plan is the lesser of:

(i) 2.75 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $35 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 0.75 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $10 per nonexempt customer.

(d) If the commission determines that the utility has successfully achieved the cost-effectiveness objectives established in two of the same utility's previously approved innovation plans, all subsequent plans filed by the utility under this section are subject to the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the third or subsequent plan is the lesser of:

(i) four percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $50 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 1.5 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $20 per nonexempt customer.

(e) For purposes of paragraphs (a) to (d), the limits on annual total incremental costs must be calculated at the time the innovation plan is filed as the average of the utility's forecasted total incremental costs over the five-year term of the plan.

(f) A large customer facility that the commissioner of commerce has exempted from a utility's conservation improvement program under section 216B.241, subdivision 1a, paragraph (b), is exempt from the utility's innovation plan offerings and must not be charged any costs incurred to implement an approved innovation plan unless the large customer facility files a request with the commissioner to be included in a utility's innovation plan. The commission may prohibit large customer facilities exempt from innovation plan costs from participating in innovation plans.

(g) A utility filing an innovation plan may include annual spending and investments on research and development of up to ten percent of the proposed total incremental costs related to innovative plans, subject to the limitations in paragraphs (a) to (e).

(h) For purposes of this subdivision, gross operating revenues do not include revenues from large customer facilities exempt from innovation plan costs.

Subd. 4. **Innovative resources procured outside of an innovation plan.** (a) Without filing an innovation plan, a natural gas utility may propose and the commission may approve cost recovery for:

(1) innovative resources acquired to satisfy a commission-approved green tariff program that allows customers to choose to meet a portion of the customers' energy needs through innovative resources; or

(2) utility expenditures for innovative resources procured at a cost that is within five percent of the average of Ventura and Demarc index prices for natural gas produced from conventional geologic sources at the time of the transaction per unit of natural gas that the innovative resource displaces.

(b) An approved green tariff program must include provisions to ensure that reasonable systems are used to track and verify the environmental attributes of innovative resources included in the program, taking into account any available third-party tracking or verification systems.

(c) For the purposes of this subdivision, "Ventura and Demarc index prices" means the daily index price of wholesale natural gas sold at the Northern Natural Gas Company's Ventura trading hub in Hancock County, Iowa, and its demarcation point in Clifton, Kansas.

Subd. 5. **Power-to-ammonia.** When determining whether to approve a power-to-ammonia pilot program as part of an innovative plan, the commission must consider:

(1) the risk of exposing any person to unhealthy concentrations of ammonia;

(2) the risk that any home or business might be affected by ammonia odors;

(3) whether the greenhouse gas emissions addressed by the proposed power-to-ammonia project could be more efficiently addressed using power-to-hydrogen; and

(4) whether the power-to-ammonia project achieves lifecycle greenhouse gas emissions reductions in the agricultural sector more effectively than power-to-hydrogen.

Subd. 6. **Thermal energy audits.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide thermal energy audits to small- and medium-sized business in order to identify opportunities to reduce or avoid greenhouse gas emissions from natural gas use. The

pilot program must provide incentives for businesses to implement recommendations made by the audit. The utility must develop criteria to identify businesses that achieve significant emissions reductions by implementing audit recommendations and must recognize the businesses as thermal energy leaders.

Subd. 7. **Innovative resources for certain industrial processes.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide innovative resources to industrial facilities whose manufacturing processes, for technical reasons, are not amenable to electrification. A large customer facility exempt from innovation plan offerings under subdivision 3, paragraph (f), is not eligible to participate in the pilot program under this subdivision.

Subd. 8. **Electric cold climate air-source heat pumps.** (a) The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program that facilitates deep energy retrofits and the installation of cold climate electric air-source heat pumps in existing residential homes that have natural gas heating systems.

(b) For purposes of this subdivision, "deep energy retrofit" means the installation of any measure or combination of measures, including air sealing and addressing thermal bridges, that under normal weather and operating conditions can reasonably be expected to reduce a building's calculated design load to ten or fewer British Thermal Units per hour per square foot of conditioned floor area. Deep energy retrofit does not include the installation of photovoltaic electric generation equipment, but may include the installation of a qualifying solar thermal energy project.

Subd. 9. **District energy.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to facilitate the development, expansion, or modification of district energy systems in Minnesota. This subdivision does not require the utility to propose, construct, maintain, or own district energy infrastructure.

Subd. 10. **Throughput goal.** It is the goal of the state of Minnesota that through the Natural Gas Innovation Act and Conservation Improvement Program, utilities reduce the overall amount of natural gas produced from conventional geologic sources delivered to customers.

Subd. 11. **Utility system report and forecasts.** (a) A public utility filing an innovation plan shall concurrently submit a report to the commission containing the following information:

(1) methane gas emissions attributed to venting or leakage across the utility's system, including emissions information reported to the Environmental Protection Agency and gas leaks considered to be hazardous or nonhazardous, and a narrative description of the utility's expectations regarding the cost and performance of the utility's leakage reduction programs over the next five years;

(2) total system greenhouse gas emissions and greenhouse gas emissions projected to be reduced or avoided through innovative resource investments and energy conservation investments, and a narrative description of the costs required to achieve the reductions over the next five years through investments in innovative resources and energy conservation;

(3) the quantity of pipe in service in the utility's natural gas network in Minnesota, by material, size, coating, operating pressure, and decade of installation, based on utility information reported to the United States Department of Transportation;

(4) a narrative description of other significant equipment owned and operated by the utility through which gas is transported or stored, including regulator stations and storage facilities, a discussion of the function of the equipment, how the equipment is maintained, and utility efforts to prevent leaks from the equipment;

(5) a five-year forecast of fuel prices and anticipated purchases including, as available, natural gas produced from conventional geologic sources, renewable natural gas, and alternative fuels;

(6) a five-year forecast of potential capital investments by the utility in existing infrastructure and new infrastructure for natural gas produced from conventional geologic sources and for innovative resources; and

(7) an inventory of the utility's current financial incentive programs for natural gas, including rebates and incentives offered for new and existing buildings and a description of the utility's projected changes in incentives the utility is likely to implement over the next five years.

(b) Information filed under this subdivision is intended to be used by the commission to evaluate a utility's innovation plan in the context of the utility's other planned investments and activities with respect to natural gas produced from conventional geologic sources. Information filed under this subdivision must not be used by the commission to set or limit utility rate recovery.

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

Sec. 33. **[216B.2428] LIFECYCLE GREENHOUSE GAS EMISSIONS ACCOUNTING FRAMEWORK; COST-BENEFIT TEST FOR INNOVATIVE RESOURCES.**

By June 1, 2022, the commission shall, by order, issue frameworks the commission must use to calculate lifecycle greenhouse gas emissions intensities of each innovative resource, as follows:

(1) a general framework to compare the lifecycle greenhouse gas emissions intensities of power-to-hydrogen, strategic electrification, renewable natural gas, district energy, energy efficiency, biogas, carbon capture, and power-to-ammonia; and

(2) a cost-benefit analytic framework to be applied to innovative resources and innovation plans filed under section 216B.2427 that the commission must use to compare the cost-effectiveness of those resources and plans. This analytic framework must take into account:

(i) the total incremental cost of the plan or resource and the lifecycle greenhouse gas emissions avoided or reduced by the innovative resource or plan, using the framework developed under clause (1);

(ii) additional economic costs and benefits, programmatic costs and benefits, additional environmental costs and benefits, and other costs or benefits that may be expected under a plan; and

(iii) baseline cost-effectiveness criteria against which an innovation plan should be compared. When establishing baseline criteria, the commission must take into account options available to reduce lifecycle greenhouse gas emissions from natural gas end uses and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1. To the maximum reasonable extent, the cost-benefit framework must be consistent with environmental cost values established under section 216B.2422, subdivision 3, and other calculations of the social value of greenhouse gas emissions reductions used by the commission. The commission may update frameworks established under this section as necessary.

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

Sec. 34. **[216B.247] BENEFICIAL BUILDING ELECTRIFICATION.**

(a) It is the goal of the state of Minnesota to promote energy end uses powered by electricity in the building sector that result in a net reduction in greenhouse gas emissions and improvements to public health, consistent with the goal established under section 216H.02, subdivision 1.

(b) To the maximum reasonable extent, the implementation of beneficial electrification in the building sector should prioritize investment and activity in low-income and under-resourced communities, maintain or improve the quality of electricity service, maximize customer savings, improve the integration of renewable and carbon-free resources, and prioritize job creation.

Sec. 35. **[216B.248] PUBLIC UTILITY BENEFICIAL BUILDING ELECTRIFICATION.**

(a) A public utility may submit to the commission a plan to promote energy end uses powered by electricity within the public utility's service area in residential and commercial buildings. To the maximum reasonable extent, a plan must:

(1) maximize consumer savings over the lifetime of the investment;

(2) mitigate cost and avoid duplication with the utility's conservation improvement plan under section 216B.241;

(3) maintain or enhance the reliability of electricity service;

(4) quantify the acres of land needed for new generation, transmission, and distribution facilities to provide the additional electricity required under the plan;

(5) maintain or enhance public health and safety when temperatures fall below 25 degrees below zero Fahrenheit;

(6) support the integration of renewable and carbon-free resources;

(7) encourage demand response and load shape management opportunities and the use of energy storage that reduce overall system costs;

(8) prioritize electrification projects in economically disadvantaged communities;

(9) consider cost protections for low- and moderate-income customers;

(10) produce a net reduction in greenhouse gas emissions, based on the electricity generation portfolio of the public utility proposing the plan, or based on the electricity serving the end-use in the event that a public utility providing retail natural gas service proposes the plan, either over the lifetime of the conversion or by 2050, whichever is sooner; and

(11) consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers.

(b) The commission must approve, reject, or modify the public utility's plan, consistent with the public interest. Plans approved by the commission under this subdivision are eligible for cost recovery under section 216B.1645.

Sec. 36. **[216B.491] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.4991, the terms defined in this subdivision have the meanings given.

Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy, letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity or credit support arrangement, or other financial arrangement entered into in connection with energy transition bonds that is designed to promote the credit quality and marketability of energy transition bonds or to mitigate the risk of an increase in interest rates.

Subd. 3. **Assignee.** "Assignee" means any person to which an interest in energy transition property is sold, assigned, transferred, or conveyed, other than as security, and any successor to or subsequent assignee of the person.

Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of energy transition bonds.

Subd. 5. **Clean energy resource.** "Clean energy resource" means:

(1) renewable energy, as defined in section 216B.2422, subdivision 1;

(2) an energy storage system; or

(3) energy efficiency and load management, as defined in section 216B.241, subdivision 1.

Subd. 6. **Customer.** "Customer" means a person who takes electric service from an electric utility for consumption of electricity in Minnesota.

Subd. 7. **Electric generating facility.** "Electric generating facility" means a facility that generates electricity, is owned in whole or in part by an electric utility, and is used to serve customers in Minnesota. Electric generating facility includes any interconnected infrastructure or facility used to transmit or deliver electricity to Minnesota customers.

Subd. 8. **Electric utility.** "Electric utility" means an electric utility providing electricity to Minnesota customers, including the electric utility's successors or assignees.

Subd. 9. **Energy storage system.** "Energy storage system" means a commercially available technology that uses mechanical, chemical, or thermal processes to:

(1) store energy and deliver the stored energy for use at a later time; or

(2) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time.

Subd. 10. **Energy transition bonds.** "Energy transition bonds" means low-cost corporate securities, including but not limited to senior secured bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership, or other evidences of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and a final legal maturity date that is not later than 32 years from the issue date, that are rated AA or Aa2 or better by a major independent credit rating agency at the time of issuance, and that are issued by an electric utility or an assignee under a financing order.

Subd. 11. **Energy transition charge.** "Energy transition charge" means a charge that:

(1) is imposed on all customer bills by an electric utility that is the subject of a financing order, or the electric utility's successors or assignees;

(2) is separate from the utility's base rates; and

(3) provides a source of revenue solely to repay, finance, or refinance energy transition costs.

Subd. 12. **Energy transition costs.** "Energy transition costs" means:

(1) as approved by the commission in a financing order issued under section 216B.492, the pretax costs that the electric utility has incurred or will incur that are caused by, associated with, or remain as a result of retiring or replacing electric generating facilities serving Minnesota retail customers; and

(2) pretax costs that an electric utility has previously incurred related to the closure or replacement of electric infrastructure or facilities occurring before the effective date of this act.

Energy transition costs do not include any monetary penalty, fine, or forfeiture assessed against an electric utility by a government agency or court under a federal or state environmental statute, rule, or regulation.

Subd. 13. **Energy transition property.** "Energy transition property" means:

(1) all rights and interests of an electric utility or successor or assignee of an electric utility under a financing order for the right to impose, bill, collect, receive, and obtain periodic adjustments to energy transition charges authorized under a financing order issued by the commission; and

(2) all revenue, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests specified in clause (1), regardless of whether any are commingled with other revenue, collections, rights to payment, payments, money, or proceeds.

Subd. 14. **Energy transition revenue.** "Energy transition revenue" means revenue, receipts, collections, payments, money, claims, or other proceeds arising from energy transition property.

Subd. 15. **Financing costs.** "Financing costs" means:

(1) principal, interest, and redemption premiums that are payable on energy transition bonds;

(2) payments required under an ancillary agreement and amounts required to fund or replenish a reserve account or other accounts established under the terms of any indenture, ancillary agreement, or other financing document pertaining to the bonds;

(3) other demonstrable costs related to issuing, supporting, repaying, refunding, and servicing the bonds, including but not limited to servicing fees, accounting and auditing fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees, placement and underwriting fees, capitalized interest, rating agency fees, stock exchange listing and compliance fees, security registration fees, filing fees, information technology programming costs, and any other demonstrable costs necessary to otherwise ensure and guarantee the timely payment of the bonds or other amounts or charges payable in connection with the bonds;

(4) taxes and license fees imposed on the revenue generated from collecting an energy transition charge;

(5) state and local taxes, including franchise, sales and use, and other taxes or similar charges, including but not limited to regulatory assessment fees, whether paid, payable, or accrued; and

(6) costs incurred by the commission to hire and compensate additional temporary staff needed to perform the commission's responsibilities under this section and, in accordance with section 216B.494, to engage specialized counsel and expert consultants experienced in securitized electric utility ratepayer-backed bond financing similar to energy transition bonds.

Subd. 16. **Financing order.** "Financing order" means an order issued by the commission under section 216B.492 that authorizes an applicant to (1) issue energy transition bonds in one or more series, (2) impose, charge, and collect energy transition charges, and (3) create energy transition property.

Subd. 17. **Financing party.** "Financing party" means a holder of energy transition bonds and a trustee, collateral agent, a party under an ancillary agreement, or any other person acting for the benefit of energy transition bondholders.

Subd. 18. **Nonbypassable.** "Nonbypassable" means that the payment of an energy transition charge required to repay bonds and related costs may not be avoided by any retail customer located within an electric utility service area.

Subd. 19. **Pretax costs.** "Pretax costs" means costs approved by the commission, including but not limited to:

(1) unrecovered capitalized costs of retired or replaced electric generating facilities;

(2) costs to decommission and restore the site of an electric generating facility;

(3) other applicable capital and operating costs, accrued carrying charges, deferred expenses, reductions for applicable insurance, and salvage proceeds; and

(4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing debt agreements, or for waivers or consents related to existing debt agreements.

Subd. 20. **Successor.** "Successor" means a legal entity that succeeds by operation of law to the rights and obligations of another legal entity as a result of bankruptcy, reorganization, restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or transfer of assets.

Sec. 37. **[216B.492] FINANCING ORDER.**

Subdivision 1. **Application.** (a) An electric utility that has received approval from the commission to retire an electric generating facility owned by the utility prior to the full depreciation of the electric generating facility's value may file an application with the commission for the issuance of a financing order to enable the utility to recover energy transition costs through the issuance of energy transition bonds under this section.

(b) The application must include all of the following information:

(1) a description of the electric generating facility to be retired;

(2) the undepreciated value remaining in the electric generating facility that is proposed to be financed through the issuance of bonds under sections 216B.491 to 216B.499, and the method used to calculate the amount;

(3) the estimated savings to electric utility customers if the financing order is issued as requested in the application, calculated by comparing the costs to customers that are expected to result from implementing the financing order and the estimated costs associated with implementing traditional electric utility financing mechanisms with respect to the same undepreciated balance, expressed in net present value terms;

(4) an estimated schedule for the electric generating facility's retirement;

(5) a description of the nonbypassable energy transition charge electric utility customers would be required to pay in order to fully recover financing costs, and the method and assumptions used to calculate the amount;

(6) a proposed methodology for allocating the revenue requirement for the energy transition charge among the utility's customer classes;

(7) a description of a proposed adjustment mechanism to be implemented when necessary to correct any overcollection or undercollection of energy transition charges, in order to complete payment of scheduled principal and interest on energy transition bonds and other financing costs in a timely fashion;

(8) a memorandum with supporting exhibits from a securities firm that is experienced in the marketing of bonds and that is approved by the commissioner of management and budget indicating the proposed issuance satisfies the current published AA or Aa2 or higher rating or equivalent rating criteria of at least one nationally recognized securities rating organization for issuances similar to the proposed energy transition bonds;

(9) an estimate of the timing of the issuance and the term of the energy transition bonds, or series of bonds, provided that the scheduled final maturity for each bond issuance does not exceed 30 years;

(10) identification of plans to sell, assign, transfer, or convey, other than as a security, interest in energy transition property, including identification of an assignee, and demonstration that the assignee is a financing entity wholly owned, directly or indirectly, by the electric utility;

(11) identification of ancillary agreements that may be necessary or appropriate;

(12) one or more alternative financing scenarios in addition to the preferred scenario contained in the application; and

(13) a workforce transition plan that includes estimates of:

(i) the number of workers currently employed at the electric generating facility to be retired by the electric utility and, separately reported, by contractors, including workers that directly deliver fuel to the electric generating facility;

(ii) the number of workers identified in item (i) who, as a result of the retirement of the electric generating facility:

(A) are offered employment by the electric utility in the same job classification;

(B) are offered employment by the electric utility in a different job classification;

(C) are not offered employment by the electric utility;

(D) are offered early retirement by the electric utility; and

(E) retire as planned; and

(iii) if the electric utility plans to replace the retiring generating facility with a new electric generating facility owned by the electric utility, the number of jobs at the new generating facility outsourced to contractors or subcontractors; and

(14) a plan to replace the retired electric generating facilities with other electric generating facilities owned by the utility or power purchase agreements that meet the requirements of subdivision 3, clause (15), and a schedule reflecting that the replacement resources are operational or available at the time the retiring electric generating facilities cease operation.

Subd. 2. **Findings.** After providing notice and holding a public hearing on an application filed under subdivision 1, the commission may issue a financing order if the commission finds that:

(1) the energy transition costs described in the application related to the retirement of electric generation facilities are reasonable;

(2) the proposed issuance of energy transition bonds and the imposition and collection of energy transition charges:

(i) are just and reasonable;

(ii) are consistent with the public interest;

(iii) constitute a prudent and reasonable mechanism to finance the energy transition costs described in the application; and

(iv) provide tangible and quantifiable benefits to customers that are substantially greater than the benefits that would have been achieved absent the issuance of energy transition bonds; and

(3) the proposed structuring, marketing, and pricing of the energy transition bonds:

(i) significantly lower overall costs to customers or significantly mitigate rate impacts to customers relative to traditional methods of financing; and

(ii) achieve the maximum net present value of customer savings, as determined by the commission in a financing order, consistent with market conditions at the time of sale and the terms of the financing order.

Subd. 3. **Contents.** (a) A financing order issued under this section must:

(1) determine the maximum amount of energy transition costs that may be financed from proceeds of energy transition bonds issued pursuant to the financing order;

(2) describe the proposed customer billing mechanism for energy transition charges and include a finding that the mechanism is just and reasonable;

(3) describe the financing costs that may be recovered through energy transition charges and the period over which the costs may be recovered, which must end no earlier than the date of final legal maturity of the energy transition bonds;

(4) describe the energy transition property that is created and that may be used to pay and secure the payment of the energy transition bonds and financing costs authorized in the financing order;

(5) authorize the electric utility to finance energy transition costs through the issuance of one or more series of energy transition bonds. An electric utility is not required to secure a separate financing order for each issuance of energy transition bonds or for each scheduled phase of the retirement or replacement of electric generating facilities approved in the financing order;

(6) include a formula-based mechanism that must be used to make expeditious periodic adjustments to the energy transition charge authorized by the financing order that are necessary to correct for any overcollection or undercollection, or to otherwise guarantee the timely payment of energy transition bonds, financing costs, and other required amounts and charges payable in connection with energy transition bonds;

(7) specify the degree of flexibility afforded to the electric utility in establishing the terms and conditions of the energy transition bonds, including but not limited to repayment schedules, expected interest rates, and other financing costs;

(8) specify that the energy transition bonds must be issued as soon as feasible following issuance of the financing order;

(9) require the electric utility, at the same time as energy transition charges are initially collected and independent of the schedule to close and decommission the electric generating facility, to remove the electric generating facility to be retired from the utility's rate base and commensurately reduce the utility's base rates;

(10) specify a future ratemaking process to reconcile any difference between the projected pretax costs included in the amount financed by energy transition bonds and the final actual pretax costs incurred by the electric utility to retire or replace the electric generating facility;

(11) specify information regarding bond issuance and repayments, financing costs, energy transaction charges, energy transition property, and related matters that the electric utility is required to provide to the commission on a schedule determined by the commission;

(12) allow and may require the creation of an electric utility's energy transition property to be conditioned on, and occur simultaneously with, the sale or other transfer of the energy transition property to an assignee and the pledge of the energy transition property to secure the energy transition bonds;

(13) ensure that the structuring, marketing, and pricing of energy transition bonds result in the lowest securitization bond charges and maximize net present value customer savings, consistent with market conditions and the terms of the financing order;

(14) specify that the electric utility is prohibited from, after the electric generating facilities subject to the finance order are removed from the electric utility's base rate:

(i) operating the electric generating facilities; or

(ii) selling the electric generating facilities to another entity to be operated as electric generating facilities; and

(15) specify that the electric utility must send a payment from energy transition bond proceeds equal to 15 percent of the net present value of electric utility cost savings estimated by the commission under subdivision 2, clause (3), item (ii), to the commissioner of employment and economic development for deposit in the energy worker transition account established in section 216B.4991, and that the balance of the proceeds:

(i) must not be used to acquire, construct, finance, own, operate, or purchase energy from an electric generating facility that is not powered by a clean energy resource; and

(ii) may be used to construct, finance, operate, own, or purchase energy from, an electric generating facility that complies with item (i), under conditions determined by the commission, including the capacity of generating assets, the estimated date the asset is placed into service, and any other factors deemed relevant by the commission, taking into account the electric utility's resource plan most recently approved by the commission under section 216B.2422.

(b) A financing order issued under this section may:

(1) include conditions different from those requested in the application that the commission determines are necessary to:

(i) promote the public interest; and

(ii) maximize the financial benefits or minimize the financial risks of the transaction to customers and to directly impacted Minnesota workers and communities; and

(2) specify the selection of one or more underwriters of the energy transition bonds.

Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains in effect until the energy transition bonds issued under the financing order and all financing costs related to the bonds have been paid in full.

(b) A financing order remains in effect and unabated notwithstanding the bankruptcy, reorganization, or insolvency of the electric utility to which the financing order applies or any affiliate, successor, or assignee of the electric utility.

(c) Subject to judicial review as provided for in section 216B.52, a financing order is irrevocable and is not reviewable by future commissions. The commission may not reduce, impair, postpone, or terminate energy transition charges approved in a financing order, or impair energy transition property or the collection or recovery of energy transition revenue.

(d) Notwithstanding paragraph (c), the commission may, on the commission's own motion or at the request of an electric utility or any other person, commence a proceeding and issue a subsequent financing order that provides for refinancing, retiring, or refunding energy transition bonds issued under the original financing order if:

(1) the commission makes all of the findings specified in subdivision 2 with respect to the subsequent financing order; and

(2) the modification contained in the subsequent financing order does not in any way impair the covenants and terms of the energy transition bonds to be refinanced, retired, or refunded.

Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b), the commission, in exercising the powers and carrying out the duties under this section, is prohibited from:

(1) considering energy transition bonds issued under this section to be debt of the electric utility other than for income tax purposes, unless it is necessary to consider the energy transition bonds to be debt in order to achieve consistency with prevailing utility debt rating methodologies;

(2) considering the energy transition charges paid under the financing order to be revenue of the electric utility;

(3) considering the energy transition costs or financing costs specified in the financing order to be the regulated costs or assets of the electric utility; or

(4) determining any prudent action taken by an electric utility that is consistent with the financing order is unjust or unreasonable.

(b) Nothing in this subdivision:

(1) affects the authority of the commission to apply or modify any billing mechanism designed to recover energy transition charges;

(2) prevents or precludes the commission from investigating an electric utility's compliance with the terms and conditions of a financing order and requiring compliance with the financing order; or

(3) prevents or precludes the commission from imposing regulatory sanctions against an electric utility for failure to comply with the terms and conditions of a financing order or the requirements of this section.

(c) The commission is prohibited from refusing to allow the recovery of any costs associated with the retirement or replacement of electric generating facilities by an electric utility solely because the electric utility has elected to finance those activities through a financing mechanism other than energy transition bonds.

Sec. 38. **[216B.493] POST-ORDER COMMISSION DUTIES.**

Subdivision 1. **Financing cost review.** Within 120 days after the date energy transition bonds are issued, an electric utility subject to a financing order must file with the commission the actual initial and ongoing financing costs, the final structure and pricing of the energy transition bonds, and the actual energy transition charge. The commission must review the prudence of the electric utility's actions to determine whether the actual financing costs are the lowest that could reasonably be achieved given the terms of the financing order and market conditions prevailing at the time of the bond's issuance.

Subd. 2. **Enforcement.** If the commission determines that an electric utility's actions under this section are not prudent or are inconsistent with the financing order, the commission may apply any remedies available, provided that any remedy applied may not directly or indirectly impair the security for the energy transition bonds.

Sec. 39. **[216B.494] USE OF OUTSIDE EXPERTS.**

(a) In carrying out the duties under this section, the commission may:

(1) contract with outside consultants and counsel experienced in securitized electric utility customer-backed bond financing similar to energy transition bonds; and

(2) hire and compensate additional temporary staff as needed.

Expenses incurred by the commission under this paragraph must be treated as financing costs and included in the energy transition charge. The costs incurred under clause (1) are not an obligation of the state and are assigned solely to the transaction.

(b) If a utility's application for a financing order is denied or withdrawn for any reason and energy transition bonds are not issued, the commission's costs to retain expert consultants under this subdivision must be paid by the applicant utility and are deemed by the commission to be a prudent deferred expense eligible for recovery in the utility's future rates.

Sec. 40. **[216B.495] ENERGY TRANSITION CHARGE; BILLING TREATMENT.**

(a) An electric utility that obtains a financing order and causes energy transition bonds to be issued must:

(1) include on each customer's monthly electricity bill:

(i) a statement that a portion of the charges represents energy transition charges approved in a financing order;

(ii) the amount and rate of the energy transition charge as a separate line item titled "energy transition charge"; and

(iii) if energy transition property has been transferred to an assignee, a statement that the assignee is the owner of the rights to energy transition charges and that the electric utility or other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

(2) file annually with the commission:

(i) a calculation of the impact that financing the retirement or replacement of electric generating facilities has had on customer electricity rates, by customer class; and

(ii) evidence demonstrating that energy transition revenues are applied solely to the repayment of energy transition bonds and other financing costs.

(b) Energy transition charges are nonbypassable and must be paid by all existing and future customers receiving service from the electric utility or the utility's successors or assignees under commission-approved rate schedules or special contracts.

(c) An electric utility's failure to comply with this section does not invalidate, impair, or affect any financing order, energy transition property, energy transition charge, or energy transition bonds, but does subject the electric utility to penalties under applicable commission rules.

Sec. 41. **[216B.496] ENERGY TRANSITION PROPERTY.**

Subdivision 1. **General.** (a) Energy transition property is an existing present property right or interest in a property right even though the imposition and collection of energy transition charges depends on the electric utility's collecting energy transition charges and on future electricity consumption. The property right or interest exists regardless of whether the revenues or proceeds arising from the energy transition property have been billed, have accrued, or have been collected.

(b) Energy transition property exists until all energy transition bonds issued under a financing order are paid in full and all financing costs and other costs of the energy transition bonds have been recovered in full.

(c) All or any portion of energy transition property described in a financing order issued to an electric utility may be transferred, sold, conveyed, or assigned to a successor or assignee that is wholly owned, directly or indirectly, by the electric utility and is created for the limited purpose of acquiring, owning, or administering energy transition property or issuing energy transition bonds as authorized by the financing order. All or any portion of energy transition property may be pledged to secure energy transition bonds issued under a financing order, amounts payable to financing parties and to counterparties under any ancillary agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or pledge by an electric utility or an affiliate of an electric utility is a transaction in the ordinary course of business.

(d) If an electric utility defaults on any required payment of charges arising from energy transition property described in a financing order, a court, upon petition by an interested party and without limiting any other remedies available to the petitioner, must order the sequestration and payment of the revenues arising from the energy transition property to the financing parties.

(e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in energy transition property specified in a financing order issued to an electric utility, and in the revenue and collections arising from that property, is not subject to setoff, counterclaim, surcharge, or defense by the electric utility or any other person, or in connection with the reorganization, bankruptcy, or other insolvency of the electric utility or any other entity.

(f) A successor to an electric utility, whether resulting from a reorganization, bankruptcy, or other insolvency proceeding, merger or acquisition, sale, other business combination, transfer by operation of law, electric utility restructuring, or otherwise, must perform and satisfy all obligations of, and has the same duties and rights under, a financing order as the electric utility to which the financing order applies, and must perform the duties and exercise the rights in the same manner and to the same extent as the electric utility, including collecting and paying to any person entitled to receive revenues, collections, payments, or proceeds of energy transition property.

Subd. 2. **Security interests in energy transition property.** (a) The creation, perfection, and enforcement of any security interest in energy transition property to secure the repayment of the principal and interest on energy transition bonds, amounts payable under any ancillary agreement, and other financing costs are governed solely by this section.

(b) A security interest in energy transition property is created, valid, and binding when:

(1) the financing order that describes the energy transition property is issued;

(2) a security agreement is executed and delivered; and

(3) value is received for the energy transition bonds.

(c) Once a security interest in energy transition property is created, the security interest attaches without any physical delivery of collateral or any other act. The lien of the security interest is valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien, upon the filing of a financing statement with the secretary of state.

(d) The description or indication of energy transition property in a transfer or security agreement and a financing statement is sufficient only if the description or indication refers to this section and the financing order creating the energy transition property.

(e) A security interest in energy transition property is a continuously perfected security interest and has priority over any other lien, created by operation of law or otherwise, which may subsequently attach to the energy transition property unless the holder of the security interest has agreed otherwise in writing.

(f) The priority of a security interest in energy transition property is not affected by the commingling of energy transition property or energy transition revenue with other money. An assignee, bondholder, or financing party has a perfected security interest in the amount of all energy transition property or energy transition revenue that is pledged to pay energy transition bonds, even if the energy transition property or energy transition revenue is deposited in a cash or deposit account of the electric utility in which the energy transition revenue is commingled with other money. Any other security interest that applies to the other money does not apply to the energy transition revenue.

(g) Neither a subsequent commission order amending a financing order under section 216B.492, subdivision 4, nor application of an adjustment mechanism, authorized by a financing order under section 216B.492, subdivision 3, affects the validity, perfection, or priority of a security interest in or transfer of energy transition property.

(h) A valid and enforceable security interest in energy transition property is perfected only when it has attached and when a financing order has been filed with the secretary of state in accordance with procedures the secretary of state may establish. The financing order must name the pledgor of the energy transition property as debtor and identify the property.

Subd. 3. **Sales of energy transition property.** (a) A sale, assignment, or transfer of energy transition property is an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the energy transition property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer. A transfer of an interest in energy transition property may be created when:

(1) the financing order creating and describing the energy transition property is effective;

(2) the documents evidencing the transfer of the energy transition property are executed and delivered to the assignee; and

(3) value is received.

(b) A transfer of an interest in energy transition property must be filed with the secretary of state against all third persons and perfected under sections 336.9-301 to 336.9-342, including any judicial lien or other lien creditors or any claims of the seller or creditors of the seller, other than creditors holding a prior security interest, ownership interest, or assignment in the energy transition property previously perfected under this subdivision or subdivision 2.

(c) The characterization of a sale, assignment, or transfer as an absolute transfer and true sale, and the corresponding characterization of the property interest of the assignee is not affected or impaired by:

(1) commingling of energy transition revenue with other money;

(2) the retention by the seller of:

(i) a partial or residual interest, including an equity interest, in the energy transition property, whether direct or indirect, or whether subordinate or otherwise; or

(ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of energy transition revenue;

(3) any recourse that the purchaser may have against the seller;

(4) any indemnification rights, obligations, or repurchase rights made or provided by the seller;

(5) an obligation of the seller to collect energy transition revenues on behalf of an assignee;

(6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other purposes;

(7) any subsequent financing order amending a financing order under section 216B.492, subdivision 4, paragraph (d); or

(8) any application of an adjustment mechanism under section 216B.492, subdivision 3, paragraph (a), clause (6).

Sec. 42. **[216B.497] ENERGY TRANSITION BONDS.**

(a) Banks, trust companies, savings and loan associations, insurance companies, executors, administrators, guardians, trustees, and other fiduciaries may legally invest any money within the individual's or entity's control in energy transition bonds.

(b) Energy transition bonds issued under a financing order are not debt of or a pledge of the faith and credit or taxing power of the state, any agency of the state, or any political subdivision. Holders of energy transition bonds may not have taxes levied by the state or a political subdivision in order to pay the principal or interest on energy transition bonds. The issuance of energy transition bonds does not directly, indirectly, or contingently obligate the state or a political subdivision to levy any tax or make any appropriation to pay principal or interest on the energy transition bonds.

(c) The state pledges to and agrees with holders of energy transition bonds, any assignee, and any financing parties that the state must not:

(1) take or permit any action that impairs the value of energy transition property; or

(2) reduce, alter, or impair energy transition charges that are imposed, collected, and remitted for the benefit of holders of energy transition bonds, any assignee, and any financing parties, until any principal, interest, and redemption premium payable on energy transition bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid in full.

(d) A person who issues energy transition bonds may include the pledge specified in paragraph (c) in the energy transition bonds, ancillary agreements, and documentation related to the issuance and marketing of the energy transition bonds.

Sec. 43. **[216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO COMMISSION REGULATION.**

An assignee or financing party that is not already regulated by the commission does not become subject to commission regulation solely as a result of engaging in any transaction authorized by or described in sections 216B.491 to 216B.499.

Sec. 44. **[216B.499] EFFECT ON OTHER LAWS.**

(a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law regarding the attachment, assignment, perfection, effect of perfection, or priority of any security interest in or transfer of energy transition property, sections 216B.491 to 216B.499 govern.

(b) Nothing in this subdivision precludes an electric utility for which the commission has initially issued a financing order from applying to the commission for:

(1) a subsequent financing order amending the financing order under section 216B.492, subdivision 4, paragraph (d); or

(2) approval to issue energy transition bonds to refund all or a portion of an outstanding series of energy transition bonds.

Sec. 45. **[216B.4991] ENERGY WORKER TRANSITION ACCOUNT.**

Subdivision 1. **Account established.** The energy worker transition account is established as a separate account in the special revenue fund in the state treasury. The commissioner of employment and economic development must credit to the account appropriations and transfers to the account, and payments of proceeds from the sale of bonds realized by an electric utility operating under a financing order issued by the commission under section 216B.492. Earnings, including but not limited to interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains in the account until expended. The commissioner of employment and economic development must manage the account.

Subd. 2. **Expenditures.** (a) Money in the account may be used only to provide assistance to workers whose employment was terminated by an electric utility that has ceased operation and issued bonds under a financing order issued by the Public Utilities Commission under section 216B.492. The types of assistance that may be provided from the account are:

(1) transition, support, and training services listed under section 116L.17, subdivision 4, clauses (1) to (5);

(2) employment and training services, as defined in section 116L.19, subdivision 4;

(3) income maintenance and support services, as defined in section 116L.19, subdivision 5;

(4) assistance to workers in starting a business, as described in section 116L.17, subdivision 11; and

(5) extension of unemployment benefits.

(b) No more than five percent of the money in the account may be used to pay the department's costs to administer the account.

(c) The commissioner may make grants to a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization to provide the services allowed under this subdivision. No more than ten percent of the money allocated to a grantee may be used to pay administrative costs.

Sec. 46. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route permit shall be issued in violation of the route selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a route, it shall issue a permit for the construction of a high-voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary, and with any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

(c) The commission shall require as a condition of permit issuance that the recipient of a site permit to construct a large electric power generating plant and all of the permit recipient's construction contractors and subcontractors on the project pay no less than the prevailing wage rate, as defined in section 177.42. The commission shall also require as a condition of modifying a site permit for a large electric power generating plant repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project pay no less than the prevailing wage rate, as defined in section 177.42.

(d) The commission may require as a condition of permit issuance that the recipient of a site permit to construct a large electric power generating plant and all of the permit recipient's construction contractors and subcontractors on the project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. The commission may also require as a condition of modifying a site permit for a large electric power generating plant repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. When deciding whether to require participation in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor under this paragraph, the commission shall consider relevant factors, including the direct and indirect economic impact as well as the quality, efficiency, and safety of construction on the project.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 47. Minnesota Statutes 2020, section 216F.04, is amended to read:

216F.04 SITE PERMIT.

(a) No person may construct an LWECS without a site permit issued by the Public Utilities Commission.

(b) Any person seeking to construct an LWECS shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.

(c) The commission shall make a final decision on an application for a site permit for an LWECS within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline for cause.

(d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.

(e) The commission shall require as a condition of permit issuance that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project pay no less than the prevailing wage rate, as defined in section 177.42. The commission shall also require as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project pay no less than the prevailing wage rate, as defined in section 177.42.

(f) The commission may require as a condition of permit issuance that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. The commission may also require as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. When deciding whether to require participation in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor under this paragraph, the commission shall consider relevant factors, including the direct and indirect economic impact as well as the quality, efficiency, and safety of construction on the project.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 48. **PUBLIC UTILITIES COMMISSION; EVALUATION OF THE ROLE OF NATURAL GAS UTILITIES IN ACHIEVING STATE GREENHOUSE GAS REDUCTION GOALS.**

By August 1, 2021, the Public Utilities Commission must initiate a proceeding to evaluate changes to natural gas utility regulatory and policy structures needed to support the state's greenhouse gas emissions reductions goals, including those established in Minnesota Statutes, section 216H.02, subdivision 1, and to achieve net zero greenhouse gas emissions by 2050, as determined by the Intergovernmental Panel on Climate Change.

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

Sec. 49. **APPROPRIATIONS.**

Subdivision 1. **Construction materials; environmental impact study.** (a) $100,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of administration to complete the study required under this section. This is a onetime appropriation.

(b) The commissioner of administration must contract with the Center for Sustainable Building Research at the University of Minnesota to examine the feasibility, economic costs, and environmental benefits of requiring a bid that proposes to use or construct one or more eligible materials in the construction or major renovation of a new state building to include a supply-chain specific type III environmental product declaration for each of those materials, which information must be taken into consideration in making a contract award. In conducting the study, the Center for Sustainable Building Research must examine and evaluate similar programs adopted in other states.

(c) By February 1, 2022, the commissioner of administration must submit the findings and recommendations of the study to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy.

(d) For purposes of this section, the following terms have the meanings given:

(1) "eligible materials" means any of the following materials that function as part of a structural system or structural assembly:

(i) concrete, including structural cast in place, shortcrete, and precast;

(ii) unit masonry;

(iii) metal of any type; and

(iv) wood of any type, including but not limited to wood composites and wood-laminated products;

(2) "engineered wood" means a product manufactured by banding or fixing strands, particles, fiber, or veneers of boards of wood by means of adhesives, combined with heat and pressure, or other methods to form composite material;

(3) "state building" means a building owned by the state of Minnesota;

(4) "structural" means a building material or component that supports gravity loads of building floors, roofs, or both, and is the primary lateral system resisting wind and earthquake loads, including but not limited to shear walls, braced or moment frames, foundations, below-grade walls, and floors;

(5) "supply-chain specific" means an environmental product declaration that includes supply-chain specific data for production processes that contribute to 80 percent or more of a product's lifecycle global warming potential. For engineered wood products, "supply-chain specific" also means an environmental product declaration that reports:

(i) any chain of custody certification; and

(ii) the percentage of wood, by volume, used in the product that is sourced:

(A) by state or province and country;

(B) by type of owner, whether federal, state, private, or other; and

(C) with forest management certification; and

(6) "type III environmental product declaration" means a document verified and registered by a third party that contains a life-cycle assessment of the environmental impacts, including but not limited to the use of water, land, and energy resources in the manufacturing process, of a specific product constructed or manufactured by a specific firm and that meets the applicable standards developed and maintained for such assessments by the International Organization for Standardization (ISO).

Subd. 2. **Natural gas innovation plan; implementation.** (a) $189,000 in fiscal year 2022 and $189,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

(b) $112,000 in fiscal year 2022 and $112,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for the activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

Subd. 3. **Energy Transition Office.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $450,000 in fiscal year 2022 and $450,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development to operate the Energy Transition Office established under Minnesota Statutes, section 116J.5491.

Subd. 4. **Minnesota Innovation Finance Authority.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $10,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to transfer to the Minnesota Innovation Finance Authority established under Minnesota Statutes, section 216C.441. This is a onetime appropriation. Of this amount, the Minnesota Innovation Finance Authority may obligate up to $50,000 for start-up expenses, including but not limited to expenses incurred prior to incorporation.

Subd. 5. **Beneficial electrification.** (a) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to participate in Public Utilities Commission proceedings regarding utility beneficial electrification plans, as described in Minnesota Statutes, section 216B.248.

(b) $56,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for activities associated with utility beneficial electrification plans, as described in Minnesota Statutes, section 216B.248.

Subd. 6. **Securitization.** (a) $126,000 in fiscal year 2022 and $126,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to implement Minnesota Statutes, sections 216B.491 to 216B.4991.

(b) $207,000 in fiscal year 2022 and $147,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission to implement Minnesota Statutes, sections 216B.491 to 216B.4991.

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

Sec. 50. **REPEALER.**

Minnesota Statutes 2020, section 216B.1691, subdivision 2, is repealed.

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

ARTICLE 9
CLIMATE CHANGE

Section 1. **[16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL ANALYSIS.**

Subdivision 1. **Title.** This section may be known and cited as the "Buy Clean and Buy Fair Minnesota Act."

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Carbon steel" means steel in which the main alloying element is carbon and whose properties are chiefly dependent on the percentage of carbon present.

(b) "Department" means the Department of Administration.

(c) "Eligible material category" means:

(1) carbon steel rebar;

(2) structural steel;

(3) photovoltaic devices, as defined in section 216C.06, subdivision 16; or

(4) an energy storage system, as defined in section 216B.2421, subdivision 1, paragraph (f), that is installed as part of an eligible project.

(d) "Eligible project" means:

(1) new construction of a state building larger than 50,000 gross square feet of occupied or conditioned space; or

(2) renovation of more than 50,000 gross square feet of occupied or conditioned space in a state building whose renovation cost exceeds 50 percent of the building's assessed value.

(e) "Environmental product declaration" means a supply chain specific type III environmental product declaration that:

(1) contains a lifecycle assessment of the environmental impacts of manufacturing a specific product by a specific firm, including the impacts of extracting and producing the raw materials and components that compose the product;

(2) is verified and registered by a third party; and

(3) meets the applicable standards developed and maintained for such assessments by the International Organization for Standardization (ISO).

(f) "Global warming potential" has the meaning given in section 216H.10, subdivision 5.

(g) "Greenhouse gas" has the meaning given to statewide greenhouse gas emissions in section 216H.01, subdivision 2.

(h) "Lifecycle" means an analysis that includes the environmental impacts of all stages of a specific product's production, from mining and processing the product's raw materials to the process of manufacturing the product.

(i) "Rebar" means a steel reinforcing bar or rod encased in concrete.

(j) "State building" means a building whose construction or renovation is funded wholly or partially from the proceeds of bonds issued by the state of Minnesota.

(k) "Structural steel" means steel that is classified by the shapes of its cross-sections, such as I, T, and C shapes.

(l) "Supply chain specific" means an environmental product declaration that includes specific data for the production processes of the materials and components composing a product that contribute at least 80 percent of the product's lifecycle global warming potential, as defined in International Organization for Standardization standard 21930.

Subd. 3. **Standard; maximum global warming potential.** (a) No later than September 1, 2022, the commissioner shall establish and publish a maximum acceptable global warming potential for each eligible material used in an eligible project, in accordance with the following requirements:

(1) the commissioner shall, after considering nationally or internationally recognized databases of environmental product declarations for an eligible material category, establish the maximum acceptable global warming potential at the industry average global warming potential for that eligible material category; and

(2) the commissioner may set different maximums for different specific products within each eligible material category.

The global warming potential shall be provided in a manner that is consistent with criteria in an environmental product declaration.

(b) No later than September 1, 2025, and every three years thereafter, the commissioner shall review the maximum acceptable global warming potential for each eligible materials category and for specific products within an eligible materials category established under paragraph (a). The commissioner may adjust those values downward for any eligible material category or product to reflect industry improvements if the commissioner, based on the process described in paragraph (a), clause (1), determines that the industry average has declined. The commissioner must not adjust the maximum acceptable global warming potential upward for any eligible material category or product.

Subd. 4. **Bidding process.** (a) Except as provided in paragraph (c), the department shall require in a specification for bids for an eligible project that the global warming potential reported by a bidder in the environmental product declaration for any eligible material category must not exceed the maximum acceptable global warming potential for that eligible material category or product established under subdivision 2. The department may require in a specification for bids for an eligible project a global warming potential for any eligible material that is lower than the maximum acceptable global warming potential for that material established under subdivision 2.

(b) Except as provided in paragraph (c), a successful bidder for a contract must not use or install any eligible material on the project until the commissioner has provided notice to the bidder in writing that the commissioner has determined that a supply chain-specific environmental product declaration submitted by the bidder for that material meets the requirements of this subdivision.

(c) A bidder may be exempted from the requirements of paragraphs (a) and (b) if the commissioner determines that complying with the provisions of paragraph (a) would create financial hardship for the bidder. The commissioner shall make a determination of hardship if the commissioner finds that:

(1) the bidder has made a good faith effort to obtain the data required in an environmental product declaration; and

(2) the bidder has provided all the data obtained in pursuit of an environmental product declaration to the commissioner; and

(3) based on a detailed estimate of the costs of obtaining an environmental product declaration, and taking into consideration the bidder's annual gross revenues, complying with paragraph (a) would cause the bidder financial hardship; or

(4) complying with paragraph (a) would disrupt the bidder's ability to perform contractual obligations.

Subd. 5. **Pilot program.** (a) No later than July 1, 2022, the department must establish a pilot program that seeks to obtain from vendors an estimate of the lifecycle greenhouse gas emissions, including greenhouse gas emissions from mining raw materials, of products selected by the department from among the products the department procures. The pilot program must encourage but must not require a product vendor to submit the following data for each selected product that represents at least 90 percent of the total cost of the materials or components used in the selected product:

(1) the quantity of the product purchased by the department;

(2) a current environmental product declaration for the product;

(3) the name and location of the product's manufacturer;

(4) a copy of the product vendor's Supplier Code of Conduct, if any;

(5) names and locations of the product's actual production facilities; and

(6) an assessment of employee working conditions at the product's actual production facilities.

(b) The department must construct a publicly accessible database posted on the department's website containing the data reported under this subdivision. The data must be reported in a manner that precludes, directly, or in combination with other publicly available data, the identification of the product manufacturer.

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

Sec. 2. Minnesota Statutes 2020, section 216H.02, subdivision 1, is amended to read:

Subdivision 1. **Greenhouse gas emissions-reduction goal.** (a) It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions ~~to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050.~~ by at least the following amounts, compared with the level of emissions in 2005:

(1) 15 percent by 2015;

(2) 30 percent by 2025;

(3) 45 percent by 2030; and

(4) net zero by 2050.

(b) The ~~levels~~ targets shall be reviewed ~~based on the climate change action plan study.~~ annually by the commissioner of the Pollution Control Agency, taking into account the latest scientific research on the impacts of climate change and strategies to reduce greenhouse gas emissions published by the Intergovernmental Panel on Climate Change. The commissioner shall forward any recommended changes to the targets to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over climate change and environmental policy.

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

Sec. 3. **[239.7912] FUTURE FUELS ACT.**

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

(b) "Carbon dioxide equivalent" means the number of metric tons of carbon dioxide emissions that have the same global warming potential as one metric ton of another greenhouse gas.

(c) "Carbon intensity" means the quantity of life cycle greenhouse gas emissions associated with a unit of a specific transportation fuel, expressed in grams of carbon dioxide equivalent per megajoule of transportation fuel, as calculated by the most recent version of Argonne National Laboratory's GREET model and adapted to Minnesota by the department through rulemaking or administrative process.

(d) "Clean fuel" means a transportation fuel that has a carbon intensity level that is below the clean fuels carbon intensity standard in a given year.

(e) "Credit" means a unit of measure equal to one metric ton of carbon dioxide equivalent, and that serves as a quantitative measure of the degree to which a fuel provider's transportation fuel volume is lower than the carbon intensity embodied in an applicable clean fuels standard.

(f) "Credit generator" means an entity involved in supplying a clean fuel.

(g) "Deficit" means a unit of measure (1) equal to one metric ton of carbon dioxide equivalent, and (2) that serves as a quantitative measure of the degree to which a fuel provider's volume of transportation fuel is greater than the carbon intensity embodied in an applicable future fuels standard.

(h) "Deficit generator" means a fuel provider who generates deficits and who first produces or imports a transportation fuel for use in Minnesota.

(i) "Fuel life cycle" means the total aggregate greenhouse gas emissions resulting from all stages of a fuel pathway for a specific transportation fuel.

(j) "Fuel pathway" means a detailed description of all stages of a transportation fuel's production and use, including extraction, processing, transportation, distribution, and combustion or use by an end-user.

(k) "Fuel provider" means an entity that supplies a transportation fuel for use in Minnesota.

(l) "Global warming potential" or "GWP" means a quantitative measure of a greenhouse gas emission's potential to contribute to global warming over a 100-year period, expressed in terms of the equivalent carbon dioxide emission needed to produce the same 100-year warming effect.

(m) "Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride.

(n) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

(o) "Relevant petroleum-only portion of transportation fuels" means the component of gasoline or diesel fuel prior to blending with ethanol, biodiesel, or other biofuel.

(p) "Technology provider" means a manufacturer of an end-use consumer technology involved in supplying clean fuels.

(q) "Transportation fuel" means electricity or a liquid or gaseous fuel that (1) is blended, sold, supplied, offered for sale, or used to propel a motor vehicle, including but not limited to train, light rail vehicle, ship, aircraft, forklift, or other road or nonroad vehicle in Minnesota, and (2) meets applicable standards, specifications, and testing requirements under this chapter. Transportation fuel includes but is not limited to electricity used as fuel in a motor vehicle, gasoline, diesel, ethanol, biodiesel, renewable diesel, propane, renewable propane, natural gas, renewable natural gas, hydrogen, aviation fuel, and biomethane.

Subd. 2. **Clean fuels standard; establishment by rule; goals.** (a) No later than October 1, 2021, the commissioner must publish notice of the intent to adopt rules, as required under section 14.22, that implement a clean fuels standard and other provisions of this section. The timing requirement to publish a notice of intent to adopt rules or notice of hearing under section 14.125 does not apply to rules adopted under this subdivision.

(b) The commissioner must consult with the commissioners of transportation, agriculture, and the Pollution Control Agency when developing the rules under this subdivision. The commissioner may gather input from stakeholders through various means, including a task force, working groups, and public workshops. The commissioner, collaborating with the Department of Transportation, may consult with stakeholders, including but not limited to fuel providers; consumers; rural, urban, and Tribal communities; agriculture; environmental and environmental justice organizations; technology providers; and other businesses.

(c) When developing the rule, the commissioner must endeavor to make available to Minnesota a fuel-neutral clean fuels portfolio that:

(1) creates broad rural and urban economic development;

(2) provides benefits for communities, consumers, clean fuel providers, technology providers, and feedstock suppliers;

(3) increases energy security from expanded reliance on domestically produced fuels;

(4) supports equitable transportation electrification that benefits all communities and is powered primarily with low-carbon and carbon-free electricity;

(5) improves air quality and public health, targeting communities that bear a disproportionate health burden from transportation pollution;

(6) supports state solid waste recycling goals by facilitating credit generation from renewable natural gas produced from organic waste;

(7) aims to support, through credit generation or other financial means, voluntary farmer-led efforts to adopt agricultural practices that benefit soil health and water quality while contributing to lower life cycle greenhouse gas emissions from clean fuel feedstocks;

(8) maximizes benefits to the environment and natural resources, develops safeguards and incentives to protect natural lands, and enhances environmental integrity, including biodiversity; and

(9) is the result of extensive outreach efforts to stakeholders and communities that bear a disproportionate health burden from pollution from transportation or from the production and transportation of transportation fuels.

Subd. 3. **Clean fuels standard; establishment.** (a) A clean fuels standard is established that requires the aggregate carbon intensity of transportation fuel supplied to Minnesota be reduced to at least 20 percent below the 2018 baseline level by the end of 2035. In consultation with the Pollution Control Agency, Department of Agriculture, and Department of Transportation, the commissioner must establish by rule a schedule of annual standards that steadily decreases the carbon intensity of transportation fuels.

(b) When determining the schedule of annual standards, the commissioner must consider the cost of compliance, the technologies available to a provider to achieve the standard, the need to maintain fuel quality and availability, and the policy goals under subdivision 2, paragraph (c).

(c) Nothing in this chapter precludes the department from adopting rules that allow the generation of credits associated with electric or alternative transportation fuels or infrastructure that existed prior to the effective date of this section or the start date of program requirements.

Subd. 4. **Clean fuels standard; baseline calculation.** The department must calculate the baseline carbon intensity of the relevant petroleum-only portion of transportation fuels for the 2018 calendar year after reviewing and considering the best available applicable scientific data and calculations.

Subd. 5. **Clean fuels standard; compliance.** A deficit generator may comply with this section by:

(1) producing or importing transportation fuels whose carbon intensity is at or below the level of the applicable year's standard; or

(2) purchasing sufficient credits to offset any aggregate deficits resulting from the carbon intensity of the deficit generator's transportation fuels exceeding the applicable year's standard.

Subd. 6. **Clean fuel credits.** The commissioner must establish by rule a program for tradeable credits and deficits. The commissioner must adopt rules to fairly and reasonably operate a credit market that may include:

(1) a market mechanism that allows credits to be traded or banked for future use;

(2) transaction fees associated with the credit market; and

(3) procedures to verify the validity of credits and deficits generated by a fuel provider under this section.

Subd. 7. **Fuel pathway and carbon intensity determination.** The commissioner must establish a process to determine the carbon intensity of transportation fuels, including but not limited to the review by the commissioner of a fuel pathway submitted by a fuel provider. Fuel pathways must be calculated using the most recent version of the Argonne National Laboratory's GREET model adapted to Minnesota, as determined by the commissioner. The fuel pathway determination process must (1) be consistent for all fuel types, (2) be science- and engineering-based, and (3) reflect differences in vehicle fuel efficiency and drive trains. The commissioner must consult with the Department of Agriculture, Department of Transportation, and Pollution Control Agency to determine fuel pathways, and may coordinate with third-party entities or other states to review and approve pathways to reduce the administrative cost.

Subd. 8. **Fuel provider reports.** The commissioner must collaborate with the Department of Transportation, Department of Agriculture, Pollution Control Agency, and the Public Utilities Commission to develop a process, including forms developed by the commissioner, for credit and deficit generators to submit required compliance reporting.

Subd. 9. **Enforcement.** The commissioner of commerce may enforce this section under section 45.027.

Subd. 10. **Report to legislature.** No later than 48 months after the effective date of a rule implementing a clean fuels standard, the commissioner must submit a report detailing program implementation to the chairs and ranking minority members of the senate and house committees with jurisdiction over transportation and climate change. The commissioner must make summary information on the program available to the public.

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

Sec. 4. **INTEGRATING GREENHOUSE GAS REDUCTIONS INTO STATE ACTIVITIES; PLAN.**

By February 15, 2022, the Climate Change Subcabinet established in Executive Order 19-37 must provide to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over climate and energy a preliminary report on a Climate Transition Plan for incorporating the statewide greenhouse gas emission reduction targets under Minnesota Statutes, section 216H.02, subdivision 1, into all aspects of state agency activities, including but not limited to planning, awarding grants, purchasing, regulating, funding, and permitting. The preliminary report must identify statutory changes required for this purpose. The Pollution Control Agency must collaborate with the Department of Administration to estimate greenhouse gas emissions from governmental activities. The final Climate Transition Plan is due August 1, 2022, and must identify any additional resources required to implement the plan's recommendations.

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

Sec. 5. **SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA.**

(a) The Board of Regents of the University of Minnesota is requested to conduct a study that generates climate model projections for the entire state of Minnesota at a level of detail as small as three square miles in area. At a minimum, the study must:

(1) use resources at the Minnesota Supercomputing Institute to analyze high-performing climate models under varying greenhouse gas emissions scenarios and develop a series of projections of temperature, precipitation, snow cover, and a variety of other climate parameters through the year 2100;

(2) downscale the climate impact results under clause (1) to areas as small as three square miles;

(3) develop a publicly accessible data portal website to:

(i) allow other universities, nonprofit organizations, businesses, and government agencies to use the model projections; and

(ii) educate and train users to use the data most effectively; and

(4) incorporate information on how to use the model results in the University of Minnesota Extension's climate education efforts, in partnership with the Minnesota Climate Adaptation Partnership.

(b) In conjunction with the study, the university must conduct at least two "train the trainer" workshops for state agencies, municipalities, and other stakeholders to educate attendees regarding how to use and interpret the model data as a basis for climate adaptation and resilience efforts.

(c) Beginning July 1, 2022, and continuing each July 1 through 2024, the University of Minnesota must provide a written report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over agriculture, energy, and environment. The report must document the progress made on the study and study results and must note any obstacles encountered that could prevent successful completion of the study.

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

Sec. 6. **APPROPRIATIONS.**

Subdivision 1. **Buy clean, buy fair.** $176,000 in fiscal year 2022 and $40,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of administration for costs to establish (1) maximum global warming potential standards for certain construction materials, and (2) the pilot program for vendors under Minnesota Statutes, section 16B.312. The base in fiscal year 2024 is $40,000 and the base in fiscal year 2025 is $90,000. The base in fiscal year 2026 is $0.

Subd. 2. **Clean fuels report.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to pay for costs incurred to create the report under Minnesota Statutes, section 239.7912, subdivision 10. The money from this appropriation does not cancel but remains available until expended. This is a onetime appropriation.

Subd. 3. **Small-area climate-model projections.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $583,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for a grant to the Board of Regents of the University of Minnesota to conduct the study requested under section 5 that generates climate model projections for the entire state of Minnesota, at a level of detail as small as three square miles in area. This is a onetime appropriation.

Subd. 4. **Climate Transition Plan.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j):

(1) $500,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of the Pollution Control Agency to contract with an independent consultant to produce a plan, as directed by the Climate Change Subcabinet, to incorporate the state's greenhouse gas emissions reduction targets into all activities of state agencies;

(2) $118,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of administration to develop greenhouse gas emissions reduction targets that apply to all state agency activities; and

(3) $128,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of the Pollution Control Agency for costs associated with managing the contract under clause (1), and to assist the Department of Administration to develop greenhouse gas emissions reduction targets that apply to all state agency activities.

(b) All the appropriations in this subdivision are onetime appropriations.

ARTICLE 10
ELECTRIC VEHICLES

Section 1. Minnesota Statutes 2020, section 16C.135, subdivision 3, is amended to read:

Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when purchasing a motor vehicle for the central motor pool or for use by an agency, the commissioner or the agency shall purchase ~~a motor vehicle that is capable of being powered by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of other vehicles and if the vehicle is capable~~ the motor vehicle in conformity with the following hierarchy of preferences:

(1) an electric vehicle;

(2) a hybrid electric vehicle;

(3) a vehicle capable of being powered by cleaner fuels; and

(4) a vehicle powered by gasoline or diesel fuel.

(b) The commissioner may only reject a vehicle type that is higher on the hierarchy of preferences if:

(1) the vehicle type is incapable of carrying out the purpose for which it is purchased.; or

(2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten percent higher than the next lower preference vehicle type.

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

Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

Subdivision 1. **Goals and actions.** Each state department must, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law enforcement vehicles~~:~~, are purchased in conformity with the hierarchy of preferences established in section 16C.135, subdivision 3;

~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~

~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles; or~~

~~(iii) are powered solely by electricity;~~

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department's fleet for the delivery of such information and services.

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

Sec. 3. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to read:

Subd. 2a. **Dealer training; electric vehicles.** (a) A new motor vehicle dealer licensed under this chapter that operates under an agreement or franchise from a manufacturer and sells electric vehicles must maintain at least one employee who is certified as having completed a training course offered by a Minnesota motor vehicle dealership association that addresses at least the following elements:

(1) fundamentals of electric vehicles;

(2) electric vehicle charging options and costs;

(3) publicly available electric vehicle incentives;

(4) projected maintenance and fueling costs for electric vehicles;

(5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric vehicles;

(6) the impacts of Minnesota's cold climate on electric vehicle operation; and

(7) best practices to sell electric vehicles.

(b) This subdivision does not apply to a licensed dealer selling new electric vehicles of a manufacturer's own brand, but who is not operating under a franchise agreement with the manufacturer.

(c) For the purposes of this section, "electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

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

Sec. 4. **[216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.**

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

(b) "Battery exchange station" means a physical location deploying equipment that enables a used electric vehicle battery to be removed and exchanged for a fresh electric vehicle battery.

(c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means a physical location deploying equipment that:

(1) transfers electricity to an electric vehicle battery; or

(2) dispenses hydrogen, produced by electrolysis, into an electric vehicle that uses a fuel cell to convert the hydrogen to electricity.

(e) "Electric vehicle infrastructure" means electric vehicle charging stations and battery exchange stations, and any associated machinery, equipment, and infrastructure necessary to support the operation of electric vehicles and to make electricity from a public utility's electric distribution system available to electric vehicle charging stations or battery exchange stations.

(f) "Electrolysis" means the process of using electricity to split water into hydrogen and oxygen.

(g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Transportation electrification plan; contents.** (a) By June 1, 2022, and by June 1 every three years thereafter, a public utility serving retail electric customers in a city of the first class, as defined in section 410.01, must file a transportation electrification plan with the commission that is designed to maximize the overall benefits of electrified transportation while minimizing overall costs and to promote:

(1) the purchase of electric vehicles by the public utility's customers; and

(2) the deployment of electric vehicle infrastructure in the public utility's service territory.

(b) A transportation electrification plan may include but is not limited to the following elements:

(1) programs to educate and increase the awareness and benefits of electric vehicles and electric vehicle charging equipment to potential users and deployers, including individuals, electric vehicle dealers, single-family and multifamily housing developers and property management companies, and vehicle fleet managers;

(2) utility investments and incentives to facilitate the deployment of electric vehicles, customer- or utility-owned electric vehicle charging stations, electric vehicle infrastructure, and other electric utility infrastructure;

(3) research and demonstration projects to publicize and measure the value electric vehicles provide to the electric grid;

(4) rate structures or programs, including time-varying rates and charging optimization programs, that encourage electric vehicle charging that optimizes electric grid operation; and

(5) programs to increase access to the benefits of electricity as a transportation fuel by low-income customers and communities, including the installation of electric vehicle infrastructure in neighborhoods with a high proportion of low- or moderate-income households, the deployment of electric vehicle infrastructure in community-based locations or multifamily residences, car share programs, and electrification of public transit vehicles.

(c) A public utility must give priority under this section to making investments in communities whose governing body has enacted a resolution or goal supporting electric vehicle adoption.

(d) A public utility must work with local communities to identify suitable high-density locations, consistent with a community's local development plans, where electric vehicle infrastructure may be strategically deployed.

Subd. 3. **Transportation electrification plan; review and implementation.** The commission must review a transportation electrification plan filed under this section within 180 days of receiving the plan. The commission may approve, modify, or reject a transportation electrification plan. When reviewing a public utility's transportation electrification plan, the commission must consider whether the programs and expenditures:

(1) improve electric grid operation and the integration of renewable energy sources;

(2) increase access to the benefits of electricity as a transportation fuel in low-income and rural communities;

(3) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and emissions of other air pollutants that impair the environment and public health;

(4) stimulate private capital investment and the creation of skilled jobs as a consequence of widespread electric vehicle deployment;

(5) educate potential customers about the benefits of electric vehicles;

(6) support increased consumer choice with respect to electrical vehicle charging options and related infrastructure; and

(7) are transparent and incorporate sufficient and frequent public reporting of program activities to facilitate changes in program design and commission policy with respect to electric vehicles.

Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the commission may approve, with respect to any prudent and reasonable investment made by a public utility to administer and implement a transportation electrification plan approved under subdivision 3:

(1) a rider or other tariff mechanism for the automatic annual adjustment of charges;

(2) performance-based incentives; or

(3) placing the investment, including rebates, in the public utility's rate base and allowing the public utility to earn a rate of return on the investment at (i) the public utility's average weighted cost of capital, including the rate of return on equity, approved by the commission in the public utility's most recent general rate case, or (ii) another rate determined by the commission.

(b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the commission must approve recovery costs for expenses reasonably incurred by a public utility to provide public advertisement as part of a transportation electrification plan approved by the commission under subdivision 3.

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

Sec. 5. **[216B.1616] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

(b) "Battery exchange station" means a physical location where equipment is deployed that enables a used electric vehicle battery to be exchanged for a fully charged battery.

(c) "Electric school bus" means an electric vehicle that is a school bus.

(d) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(e) "Electric vehicle charging station" means a physical location deploying equipment that delivers electricity to a battery in an electric vehicle.

(f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery exchange stations, and any other infrastructure necessary to make electricity from a public utility's electric distribution system available to electric vehicle charging stations or battery exchange stations.

(g) "Poor air quality" means:

(1) ambient air levels that air monitoring data reveals approach or exceed state or federal air quality standards or chronic health inhalation risk benchmarks for any of the following pollutants:

(i) total suspended particulates;

(ii) particulate matter less than ten microns wide (PM-10);

(iii) particulate matter less than 2.5 microns wide (PM-2.5);

(iv) sulfur dioxide; or

(v) nitrogen dioxide; or

(2) levels of asthma among children that significantly exceed the statewide average.

(h) "School bus" has the meaning given in section 169.011, subdivision 71.

Subd. 2. **Program.** (a) A public utility may file with the commission a program to promote deployment of electric school buses.

(b) The program may include but is not limited to the following elements:

(1) a school district may purchase one or more electric school buses;

(2) the public utility may provide a rebate to the school district for the incremental cost the school district incurs to purchase one or more electric school buses compared with fossil-fuel-powered school buses;

(3) at the request of a school district, the public utility may deploy on the school district's real property electric vehicle infrastructure required for charging electric school buses;

(4) for any electric school bus purchased by a school district with a rebate provided by the public utility, the school district must enter into a contract with the public utility under which the school district:

(i) accepts any and all liability for operation of the electric school bus;

(ii) accepts responsibility to maintain and repair the electric school bus; and

(iii) must allow the public utility the option to own the electric school bus's battery at the time the battery is retired from the electric school bus; and

(5) in collaboration with a school district, prioritize the deployment of electric school buses in areas of the school district that suffer from poor air quality.

Subd. 3. **Program review and implementation.** The commission must approve, modify, or reject a proposal for a program filed under this section within 180 days of the date the proposal is received, based on the proposal's likelihood to, through prudent and reasonable utility investments:

(1) accelerate deployment of electric school buses in the public utility's service territory, particularly in areas with poor air quality; and

(2) reduce emissions of greenhouse gases and particulates compared to those produced by fossil-fuel-powered school buses.

Subd. 4. **Cost recovery.** (a) The commission may allow any prudent and reasonable investment made by a public utility on electric vehicle infrastructure installed on a school district's real property, or a rebate provided under subdivision 2, to be placed in the public utility's rate base and earn a rate of return as determined by the commission.

(b) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for prudent and reasonable investments made by a public utility to implement and administer a program approved by the commission under subdivision 3.

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

Sec. 6. **[216C.401] ELECTRIC VEHICLE REBATES.**

Subdivision 1. **Definitions.** (a) For purposes of this section and section 216C.402, the terms in this subdivision have the meanings given.

(b) "Dealer" means a person, firm, or corporation that possesses a new motor vehicle license under chapter 168 and:

(1) regularly engages in the business of manufacturing or selling, purchasing, and generally dealing in new and unused motor vehicles;

(2) has an established place of business to sell, trade, and display new and unused motor vehicles; and

(3) possesses new and unused motor vehicles to sell or trade the motor vehicles.

(c) "Electric vehicle" means a passenger vehicle, as defined in section 169.011, subdivision 52, that is also an electric vehicle, as defined in section 169.011, subdivision 26a, paragraph (a). Electric vehicle does not include a plug-in hybrid electric vehicle, as defined in section 169.011, subdivision 54a.

(d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (a).

(e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (c).

(f) "Lease" means a business transaction under which a dealer furnishes an eligible electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences of ownership transferred, other than the right to use the vehicle for a term of at least 24 months.

(g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

(h) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this section if the vehicle meets all of the following conditions, and, if applicable, one of the conditions of paragraph (b):

(1) has not been previously owned or has been returned to a dealer before the purchaser or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

(2) has not been modified from the original manufacturer's specifications;

(3) has a base manufacturer's suggested retail price that does not exceed $50,000;

(4) is purchased or leased after the effective date of this act for use by the purchaser and not for resale; and

(5) is purchased or leased from a dealer or directly from an original equipment manufacturer that does not have licensed franchised dealers in Minnesota.

(b) A new electric vehicle is eligible for a rebate under this section if, in addition to meeting all of the conditions of paragraph (a), it also meets one or more of the following conditions, if applicable:

(1) is used by a dealer as a floor model or test drive vehicle and has not been previously registered in Minnesota or any other state; or

(2) is returned to a dealer by a purchaser or lessee within two weeks of purchase or leasing or when a purchaser's financing for the new electric vehicle has been disapproved.

(c) A used electric vehicle is eligible for an electric vehicle rebate under this section if the electric vehicle has previously been owned in this state or another state and has not been modified from the original manufacturer's specifications.

Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible new or used electric vehicle is eligible for a rebate under this section if the purchaser or lessee:

(1) is one of the following:

(i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased or leased;

(ii) a business that has a valid address in Minnesota from which business is conducted;

(iii) a nonprofit corporation incorporated under chapter 317A; or

(iv) a political subdivision of the state;

(2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle from Minnesota; and

(3) registers the electric vehicle in Minnesota.

Subd. 4. **Rebate amounts.** (a) A $2,000 rebate may be issued under this section to an eligible purchaser to purchase or lease an eligible new electric vehicle.

(b) A $500 rebate may be issued under this section to an eligible purchaser or lessee of an eligible used electric vehicle.

(c) A purchaser or lessee whose household income at the time the eligible electric vehicle is purchased or leased is less than 150 percent of the current federal poverty guidelines established by the Department of Health and Human Services is eligible for a rebate in addition to a rebate under paragraph (a) or (b), as applicable, of $500 to purchase or lease an eligible new electric vehicle and $100 to purchase or lease an eligible used electric vehicle.

Subd. 5. **Limits.** The number of rebates allowed under this section is limited to:

(1) no more than one rebate per resident per household; and

(2) no more than one rebate per business entity per year.

Subd. 6. **Program administration.** (a) Rebate applications under this section must be filed with the commissioner on a form developed by the commissioner.

(b) The commissioner must develop administrative procedures governing the application and rebate award process. Applications must be reviewed and rebates awarded by the commissioner on a first-come, first-served basis.

(c) The commissioner must, in coordination with dealers and other state agencies as applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or lessee at the point of sale so that the rebate amount may be subtracted from the selling price of the eligible electric vehicle.

(d) The commissioner may reduce the rebate amounts provided under subdivision 4 or restrict program eligibility based on fund availability or other factors.

Subd. 7. **Expiration.** This section expires June 30, 2025.

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

Sec. 7. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

Subdivision 1. **Establishment.** A grant program is established in the Department of Commerce to award grants to dealers to offset the costs of obtaining the necessary training and equipment that is required by electric vehicle manufacturers in order to certify a dealer to sell electric vehicles produced by the manufacturer.

Subd. 2. **Application.** An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 3. **Eligible applicants.** An applicant for a grant awarded under this section must be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise from a manufacturer of electric vehicles.

Subd. 4. **Eligible expenditures.** Appropriations made to support the activities of this section must be used only to reimburse:

(1) a dealer for the reasonable costs to obtain training and certification for the dealer's employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

(2) a dealer for the reasonable costs to purchase and install equipment to service and repair electric vehicles, as required by the electric vehicle manufacturer that awarded the franchise to the dealer; and

(3) the department for the reasonable costs to administer this section.

Subd. 5. **Limitation.** A grant awarded under this section to a single dealer must not exceed $40,000.

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

Sec. 8. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN STATE AND REGIONAL PARKS.**

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

(b) "DC Fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. **Program.** The commissioner of natural resources, in consultation with the commissioners of the Pollution Control Agency, administration, and commerce, must develop and fund the installation of a network of electric vehicle charging stations in Minnesota state parks located within the retail electric service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. The commissioners must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

(1) the optimal number and location of charging stations installed in a given state park;

(2) alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures; and

(3) any other issues deemed relevant by the commissioners.

Subd. 3. **Deployment; regional parks.** The commissioner of natural resources may allocate a portion of the appropriation under this section to install electric vehicle charging stations in regional parks located within the retail electric service area of a public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1.

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

Sec. 9. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT COUNTY GOVERNMENT CENTERS.**

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

(b) "DC Fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation of a network of electric vehicle charging stations in public parking facilities at county government centers located in Minnesota. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

(1) the optimal number and location of charging stations installed at each county government center;

(2) alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures;

(3) software used to allow payment for electricity consumed at the charging stations; and

(4) any other issues deemed relevant by the commissioner.

Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership of electric vehicle charging stations receiving funding under this section and installed at the county government center.

(b) A county may enter into agreements to (1) wholly or partially own, operate, or maintain an electric vehicle charging system receiving funding under this section and installed at the county government center, or (2) receive reports on the electric vehicle charging system operations.

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

Sec. 10. **METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.**

Beginning on the effective date of this act, any bus purchased by the Metropolitan Council for Metro Transit bus service must operate solely on electricity provided by rechargeable on-board batteries. The appropriation in section 11, subdivision 8, must be used to pay the incremental cost of buses that operate solely on electricity provided by rechargeable on-board batteries over the cost of diesel-operated buses that are otherwise comparable in size, features, and performance.

EFFECTIVE DATE. This section is effective the day following final enactment and expires the day after the appropriation under section 11, subdivision 8, has been spent or is canceled.

Sec. 11. **APPROPRIATIONS.**

Subdivision 1. **Electric vehicle rebates; Xcel service area.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $9,000,000 in fiscal year 2022 and $8,000,000 in fiscal year 2023 are appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. These are onetime appropriations.

Subd. 2. **Electric vehicle rebates; non-Xcel service area.** $2,500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. The commissioner of commerce may use up to three percent of the appropriation made in this subdivision to pay for reasonable costs incurred to administer the rebate program. This is a onetime appropriation.

Subd. 3. **Auto dealer grants; Xcel service area.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification from an electric vehicle manufacturer to sell electric vehicles. Rebates must be awarded under this paragraph only to eligible dealers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. The commissioner of commerce may use up to three percent of the appropriation made in this subdivision to pay for reasonable costs incurred to administer the rebate program. This is a onetime appropriation.

Subd. 4. **Auto dealer grants; non-Xcel service area.** $500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell electric vehicles. Rebates must be awarded under this paragraph only to eligible dealers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

Subd. 5. **Transportation electrification plan.** $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for activities associated with the implementation of transportation electrification plans under Minnesota Statutes, section 216B.1615.

Subd. 6. **Electric school buses.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to purchase electric school buses under Minnesota Statutes, section 216B.1616. This is a onetime appropriation.

(b) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities associated with the electric school bus deployment program under Minnesota Statutes, section 216B.161. These are onetime appropriations.

(c) $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for activities associated with the electric school bus deployment program under Minnesota Statutes, section 216B.161. These are onetime appropriations.

Subd. 7. **Charging stations; parks.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 and $59,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of natural resources to install electric vehicle charging stations in state and regional parks located in a county some portion of which is within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, as described in section 8.

Subd. 8. **Charging stations; counties.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to install electric vehicle charging stations in parking facilities at county government centers located in a county some portion of which is within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, as described in section 9. The commissioner of commerce may use up to three percent of the appropriation made in this subdivision to pay for reasonable costs incurred to administer the charging station installation program. This is a onetime appropriation.

Subd. 9. **Electric buses; Metropolitan Council.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the Metropolitan Council to defray the cost of purchasing electric buses, as described in section 10. This appropriation does not cancel and is available until there is insufficient money remaining to completely defray the cost of purchasing one additional electric bus, as described in section 10. Any remaining money cancels back to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1. This is a onetime appropriation.

ARTICLE 11
SOLAR ENERGY

Section 1. Minnesota Statutes 2020, section 216B.164, is amended by adding a subdivision to read:

Subd. 12. **Customer's access to electricity usage data.** A utility shall provide a customer's electricity usage data to the customer within ten days of receipt of a request from the customer that is accompanied by evidence that the energy usage data is relevant to the interconnection of a qualifying facility on behalf of the customer. For the purposes of this subdivision, "electricity usage data" includes but is not limited to the total amount of electricity used by a customer monthly, usage by time period if the customer operates under a tariff where costs vary by time-of-use, and usage data that is used to calculate a customer's demand charge.

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

Sec. 2. Minnesota Statutes 2020, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

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

(b) "Subscribed energy" means electricity generated by the community solar garden that is attributable to a subscriber's subscription.

(c) "Subscriber" means a retail customer who owns one or more subscriptions of a community solar garden interconnected with the retail customer's utility.

(d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

Subd. 2. **Solar garden; project requirements.** (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility and, unless the facility has a minimum setback of 100 feet from the nearest residential property, must be located in the same county or a county contiguous to where the facility is located.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the most recent three-year average of the rate calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

Subd. 3. **Solar garden plan; requirements; nonutility status.** ~~(c)~~ (a) The commission may approve, disapprove, or modify a community solar garden ~~program~~ plan. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; ~~and~~

(8) identify the means by which the program will be promoted~~.~~;

(9) require that residential subscribers have a right to cancel a community solar garden subscription within three business days, as provided under section 325G.07;

(10) require that the following information is provided by the solar garden owner in writing to any prospective subscriber asked to make a prepayment to the solar garden owner prior to the delivery of subscribed energy by the solar garden:

(i) an estimate of the annual generation of subscribed energy, based on the methodology approved by the commission; and

(ii) an estimate of the length of time required to fully recover a subscriber's prepayments made to the owner of the solar garden prior to the delivery of subscribed energy, calculated using the formula developed by the commission under paragraph (d); and

(11) require new residential subscription agreements that require a prepayment to allow the subscriber to transfer the subscription to other new or current subscribers, or to cancel the subscription, on commercially reasonable terms; and

(12) require an owner of a solar garden to submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.

~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

~~(h) For the purposes of this section, the following terms have the meanings given:~~

~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and~~

~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

Subd. 4. **Community access project; eligibility.** (a) An owner of a community solar garden may apply to the utility to be designated as a community access project at any time:

(1) before the owner makes an initial payment under an interconnection agreement entered into with a public utility; or

(2) if the owner made an initial payment under an interconnection agreement between January 1, 2021, and the effective date of this act, before commercial operation begins.

(b) The utility must designate a solar garden as a community access project if the owner of a solar garden commits in writing to meet the following conditions:

(1) at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

(2) the contract between the owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states that the owner of the solar garden does not discriminate against or screen subscribers based on income or credit score and that any customer of a utility with a community solar garden plan approved by the commission under subdivision 3 is eligible to become a subscriber;

(3) the solar garden is operated by an entity that maintains a physical address in Minnesota and has designated a contact person in Minnesota who responds to subscriber inquiries; and

(4) the agreement between the owner of the solar garden and subscribers states that the owner must adequately publicize and convene at least one meeting annually to provide an opportunity for subscribers to pose questions to the manager or owner.

Subd. 5. **Community access project; financial arrangements.** (a) If a solar garden is approved by the utility as a community access project:

(1) the public utility purchasing the electricity generated by the community access project may charge the owner of the community access project no more than one cent per watt alternating current based on the solar garden's generating capacity for any refundable deposit the utility requires of a solar garden during the application process;

(2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all energy generated by the community access project at the retail rate; and

(3) all renewable energy credits generated by the community access project belong to subscribers unless the owner of the solar garden:

(i) contracts to:

(A) sell the credits to a third party; or

(B) sell or transfer the credits to the utility; and

(ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a subscription.

(b) If at any time after commercial operation begins a solar garden approved by the utility as a community access project fails to meet the conditions under subdivision 4, the solar garden is no longer subject to the provisions of this subdivision and subdivision 6, and must operate under the program rules established by the commission for a solar garden that does not qualify as a community access project.

(c) An owner of a solar garden whose designation as a community access project is revoked under this subdivision may reapply to the commission at any time to have the designation as a community access project reinstated under subdivision 4.

Subd. 6. **Community access project; reporting.** The owner of a community access project must include the following information in an annual report to the community access project subscribers and the utility:

(1) a description of the process by which subscribers can provide input to solar garden policy and decision making;

(2) the amount of revenues received by the solar garden in the previous year that were allocated to categories that include but are not limited to operating costs, debt service, profits distributed to subscribers, and profits distributed to others; and

(3) an estimate of the proportion of low- and moderate-income subscribers, and a description of one or more of the following methods used to make the estimate:

(i) evidence provided by a subscriber that the subscriber or a member of the subscriber's household receives assistance from any of the following sources:

(A) the federal Low-Income Home Energy Assistance Program;

(B) federal Section 8 housing assistance;

(C) medical assistance;

(D) the federal Supplemental Nutrition Assistance Program; or

(E) the federal National School Lunch Program;

(ii) characterization of the census tract where the subscriber resides as low- or moderate-income by the Federal Financial Institutions Examination Council; or

(iii) other methods approved by the commission.

Subd. 7. **Commission order.** Within 180 days of the effective date of this section, the commission must issue an order addressing the requirements of this section.

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

Sec. 3. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216C.376, the following terms have the meanings given.

(b) "Developer" means an entity that installs a solar energy system on a school building that has been awarded a grant under this section.

(c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(d) "School" means a school that operates as part of an independent or special school district.

(e) "School district" means an independent or special school district.

(f) "Solar energy system" means photovoltaic or solar thermal devices.

Subd. 2. **Establishment; purpose.** A solar for schools program is established in the Department of Commerce. The purpose of the program is to (1) provide grants to stimulate the installation of solar energy systems on or adjacent to school buildings by reducing the cost, and (2) enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. **Establishment of account.** (a) A solar for schools program account is established in the special revenue fund. Money received from the general fund must be transferred to the commissioner of commerce and credited to the account. Money deposited in the account remains in the account until expended and does not cancel to the general fund.

(b) When a grant is awarded under this section, the commissioner must reserve the grant amount in the account.

Subd. 4. **Expenditures.** (a) Money in the account must be used only:

(1) to award grants under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

(b) Grant awards made with money in the account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that consumes the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed.

(b) A school district that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals to utilities, schools, and developers who may wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the school building on which the solar energy generating system is to be installed, and information regarding any distributed energy resource, including subscription to a community solar garden, that currently provides electricity to the school building;

(3) a description of any solar thermal devices proposed as part of the solar energy system;

(4) the total cost to purchase and install the solar energy system and the solar energy system's life-cycle cost, including removal and disposal at the end of the system's life;

(5) a copy of the proposed contract agreement between the school and the utility or developer that includes provisions addressing responsibility for maintenance of the solar energy system;

(6) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum and provisions for real-time monitoring of the solar energy system performance for display in a prominent location in the school or on-demand in the classroom;

(7) information that demonstrates the school district's level of need for financial assistance available under this section;

(8) information that demonstrates the school's readiness to implement the project, including but not limited to the availability of the site on which the solar energy system is to be installed and the level of the school's engagement with the utility providing electric service to the school building on which the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;

(9) with respect to the installation and operation of the solar energy system, the willingness and ability of the developer or the utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) adhere to the provisions of section 177.43;

(10) how the developer or utility plans to reduce the school's initial capital expense to purchase and install the solar energy system, and to provide financial benefits to the school from the utilization of federal and state tax credits, utility incentives, and other financial incentives; and

(11) any other information deemed relevant by the commissioner.

(c) The commissioner must administer an open application process under this section at least twice annually.

(d) The commissioner must develop administrative procedures governing the application and grant award process.

Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded a grant under this section shall provide the commissioner information regarding energy conservation measures implemented at the school building at which the solar energy system is installed. The commissioner may make recommendations to the school regarding cost-effective conservation measures it can implement and may provide technical assistance and direct the school to available financial assistance programs.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Grant payments.** The commissioner must award a grant from the account established under subdivision 3 to a school for the necessary costs associated with the purchase and installation of a solar energy system. The amount of the grant must be based on the commissioner's assessment of the school's need for financial assistance.

Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to schools under this section may be awarded to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of grants awarded under this section may be awarded to schools that are part of the same school district.

Subd. 11. **Application deadline.** No application may be submitted under this section after December 31, 2025.

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

Sec. 4. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY SERVICE TERRITORY.**

Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must operate a program to develop and to supplement with additional funding financial arrangements that enable schools to install and operate solar energy systems that can be used as teaching tools and integrated into the school curriculum.

Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for the solar for schools program with the commissioner. The plan must contain, at a minimum, the following elements:

(1) a description of how the public utility proposes to utilize funds appropriated to the program to assist schools to install solar energy systems;

(2) an estimate of the amount of financial assistance that the public utility proposes to provide to a school, on a per kilowatt-hour produced basis, and the length of time the public utility estimates financial assistance is provided to a school;

(3) administrative procedures governing the application and financial benefit award process, and the costs the public utility is projected to incur to administer the program;

(4) the public utility's proposed process for periodic reevaluation and modification of the program; and

(5) any additional information required by the commissioner.

(b) The public utility may not implement the program until the commissioner approves the public utility's plan submitted under this subdivision. The commissioner may modify a plan, and no later than December 31, 2021, the commissioner must approve a plan and the financial incentives the plan provides the public utility if the commissioner determines both are in the public interest. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits under this section if the solar energy system meets all of the following conditions:

(1) the solar energy system must be located on or adjacent to a school building receiving retail electric service from the public utility and completely located within the public utility's electric service territory, provided that any land situated between the school building and the site where the solar energy system is installed is owned by the school district in which the school building operates; and

(2) the total aggregate nameplate capacity of all distributed generation serving the school building, including any subscriptions to a community solar garden under section 216B.1641, does not exceed the lesser of one megawatt alternating current or 120 percent of the average annual electric energy consumption of the school building.

Subd. 4. **Application process.** (a) A school seeking financial assistance under this section must submit an application to the public utility, including a plan for how the school uses the solar energy system as a visible learning tool for students, teachers, and visitors to the school, and how the solar energy system may be integrated into the school's curriculum.

(b) The public utility must award financial assistance under this section on a first-come, first-served basis.

(c) The public utility must discontinue accepting applications under this section after all funds appropriated to the program are allocated to program participants, including funds from canceled projects.

Subd. 5. **Benefits information.** Before signing an agreement with the public utility to receive financial assistance under this section, a school must obtain from the developer and provide to the public utility information the developer shared with potential investors in the project regarding future financial benefits to be realized from installation of a solar energy system at the school and potential financial risks.

Subd. 6. **Cost recovery; renewable energy credits.** (a) Payments by the public utility to a school receiving financial assistance under this section are fully recoverable by the public utility through the public utility's fuel clause adjustment.

(b) The renewable energy credits associated with the electricity generated by a solar energy system receiving financial assistance under this section are the property of the public utility that is subject to this section.

Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided by the public utility to schools under this section may be provided to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of financial assistance provided by the public utility to schools under this section may be provided to schools that are part of the same school district.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2025.

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

Sec. 5. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy, and may include transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect a solar energy generating system with a high voltage transmission line.

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

Sec. 6. **[500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY SYSTEMS PROHIBITED.**

Subdivision 1. **General rule.** A private entity must not prohibit or refuse to permit installation, maintenance, or use of a roof-mounted solar energy system by the owner of a single-family dwelling, notwithstanding any covenant, restriction, or condition contained in a deed, security instrument, homeowners association document, or any other instrument affecting the transfer, sale of, or an interest in real property, except as provided in this section.

Subd. 2. **Applicability.** This section applies to single-family detached dwellings whose owner is the sole owner of the entire building in which the dwelling is located and who is solely responsible for the maintenance, repair, replacement, and insurance of the entire building.

Subd. 3. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Private entity" means a homeowners association, community association, or other association that is subject to a homeowners association document.

(c) "Homeowners association document" means a document containing the declaration, articles of incorporation, bylaws, or rules and regulations of:

(1) a common interest community, as defined in section 515B.1-103, regardless of whether the common interest community is subject to chapter 515B; and

(2) a residential community that is not a common interest community.

(d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 4. **Allowable conditions.** (a) This section does not prohibit a private entity from requiring that:

(1) a licensed contractor install a solar energy system;

(2) a roof-mounted solar energy system not extend above the peak of a pitched roof or beyond the edge of the roof;

(3) the owner or installer of a solar energy system indemnify or reimburse the private entity or the private entity's members for loss or damage caused by the installation, maintenance, use, repair, or removal of a solar energy system;

(4) the owner and each successive owner of a solar energy system list the private entity as a certificate holder on the homeowner's insurance policy; or

(5) the owner and each successive owner of a solar energy system be responsible for removing the system if reasonably necessary for the repair, maintenance, or replacement of common elements or limited common elements, as defined in section 515B.1-103.

(b) A private entity may impose other reasonable restrictions on the installation, maintenance, or use of solar energy systems, provided that those restrictions do not decrease the projected generation of energy by a solar energy system by more than 20 percent or increase the solar energy system's cost by more than (1) 20 percent for a solar water heater, or (2) $2,000 for a solar photovoltaic system, compared with the generation of energy and the cost of labor and materials certified by the designer or installer of the solar energy system as originally proposed without the restrictions. A private entity may obtain an alternative bid and design from a solar energy system designer or installer for the purposes of this paragraph.

(c) A solar energy system must meet applicable standards and requirements imposed by the state and by governmental units, as defined in section 462.384.

(d) A solar energy system for heating water must be certified by the Solar Rating Certification Corporation (SRCC) or an equivalent certification agency. A solar energy system for producing electricity must meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers and accredited testing laboratories including but not limited to Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability.

(e) If approval by a private entity is required to install or use a solar energy system, the application for approval must be processed and approved in the same manner as an application for approval of an architectural modification to the property, and must not be willfully avoided or delayed.

(f) An application for approval must be made in writing and must contain certification that the applicant meets any conditions required by a private entity under this subdivision. An application must include a copy of the interconnection application submitted to the applicable electric utility.

(g) A private entity shall approve or deny an application in writing. If an application is not denied in writing within 60 days from the date of receipt of the application, the application is deemed approved unless the delay is the result of a reasonable request for additional information. If a private entity receives an incomplete application that it determines prevents it from reaching a decision to approve or disapprove the application, a new 60-day limit begins only if the private entity sends written notice to the applicant, within 15 business days of receiving the incomplete application, informing the applicant what additional information is required.

Sec. 7. Minnesota Statutes 2020, section 515.07, is amended to read:

515.07 COMPLIANCE WITH COVENANTS, BYLAWS, AND RULES.

Each apartment owner shall comply strictly with the bylaws and with the administrative rules adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in the declaration or in the owner's deed to the apartment. Failure to comply with any of the same shall be ground for an action to recover sums due, for damages or injunctive relief or both maintainable by the manager or board of directors on behalf of the association of apartment owners or, in a proper case, by an aggrieved apartment owner. This chapter is subject to ~~section~~ sections 500.215 and 500.216.

Sec. 8. Minnesota Statutes 2020, section 515B.2-103, is amended to read:

515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND BYLAWS.

(a) All provisions of the declaration and bylaws are severable.

(b) The rule against perpetuities may not be applied to defeat any provision of the declaration or this chapter, or any instrument executed pursuant to the declaration or this chapter.

(c) In the event of a conflict between the provisions of the declaration and the bylaws, the declaration prevails except to the extent that the declaration is inconsistent with this chapter.

(d) The declaration and bylaws must comply with ~~section~~ sections 500.215 and 500.216.

Sec. 9. Minnesota Statutes 2020, section 515B.3-102, is amended to read:

515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.

(a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions of the declaration or bylaws, the association shall have the power to:

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the common elements and conduct which may damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation, declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community;

(2) adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for common expenses from unit owners;

(3) hire and discharge managing agents and other employees, agents, and independent contractors;

(4) institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more unit owners on matters affecting the common elements or other matters affecting the common interest community or, (ii) with the consent of the owners of the affected units on matters affecting only those units;

(5) make contracts and incur liabilities;

(6) regulate the use, maintenance, repair, replacement, and modification of the common elements and the units;

(7) cause improvements to be made as a part of the common elements, and, in the case of a cooperative, the units;

(8) acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, but (i) common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to section 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to section 515B.3-112;

(9) grant or amend easements for public utilities, public rights-of-way or other public purposes, and cable television or other communications, through, over or under the common elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized by the declaration; and, subject to approval by a vote of unit owners other than declarant or its affiliates, grant or amend other easements, leases, and licenses through, over or under the common elements;

(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration, resale certificates required by section 515B.4-107, statements of unpaid assessments, or furnishing copies of association records;

(13) provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

(14) provide for reasonable procedures governing the conduct of meetings and election of directors;

(15) exercise any other powers conferred by law, or by the declaration, articles of incorporation or bylaws; and

(16) exercise any other powers necessary and proper for the governance and operation of the association.

(b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(c) Notwithstanding subsection (a), powers exercised under this section must comply with ~~section~~ sections 500.215 and 500.216.

(d) Notwithstanding subsection (a)(4) or any other provision of this chapter, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

(1) mail or deliver written notice of the anticipated commencement of the action to each unit owner at the addresses, if any, established for notices to owners in the declaration and, if the declaration does not state how notices are to be given to owners, to the owner's last known address. The notice shall specify the nature of the construction defect claims to be alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection (d)(1) and the proxy expressly references this notice.

(e) The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections (d)(1) and (d)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection (d) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

Sec. 10. **PHOTOVOLTAIC DEMAND CREDIT RIDER.**

By October 1, 2021, an investor-owned utility that has not already done so must submit to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all demand metered customers with solar photovoltaic systems greater than 40 kilowatts alternating current for the demand charge overbilling that occurs. The utility may submit to the commission multiple options to calculate reimbursement for demand charge overbilling. At least one submission must use a capacity value stack methodology. The commission is prohibited from approving a photovoltaic demand credit rider unless the rider allows stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The commission must approve the photovoltaic demand credit rider by June 30, 2022.

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

Sec. 11. **SITING SOLAR ENERGY GENERATING SYSTEMS ON PRIME FARMLAND.**

(a) The Public Utilities Commission must amend Minnesota Rules, section 7850.4400, subpart 4, to allow the siting of a solar energy generating system on prime farmland that meets any of the following conditions:

(1) the site has been identified as a sensitive groundwater area by the Department of Natural Resources under Minnesota Statutes, section 103H.101;

(2) the owner of the solar energy generating system has entered into an agreement with the Board of Soil and Water Resources committing the owner to comply with the provisions of Minnesota Statutes, section 216B.1642, by establishing on the site perennial vegetation and foraging habitat beneficial to game birds, songbirds, and pollinators, and to report to the board every three years on progress made toward establishing beneficial habitat; or

(3) the solar energy generating system is colocated with and does not disrupt the operation of agricultural uses, including but not limited to grazing and harvesting forage.

(b) The commission shall comply with Minnesota Statutes, section 14.389, in adopting rules under this section.

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

Sec. 12. **DEPARTMENT OF ADMINISTRATION; MASTER SOLAR CONTRACT PROGRAM.**

The Department of Administration shall not extend the term of its current on-site solar photovoltaic master contract, but shall instead, no later than February 1, 2022, announce an open request for proposals for a new statewide on-site solar photovoltaic master contract to allow additional applicants to submit proposals to enable their participation in the state's solar master contract program.

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

Sec. 13. **APPROPRIATIONS.**

Subdivision 1. **Solar on schools; non-Xcel service territory.** $1,737,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. This appropriation remains available until expended and does not cancel to the general fund. This appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. The base in fiscal year 2024 is $388,000.

Subd. 2. **Solar on schools; Xcel service territory.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.376. This appropriation remains available until expended and does not cancel to the renewable development account. This appropriation must be expended on schools located within the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. These are onetime appropriations.

Subd. 3. **Solar devices; state parks.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of natural resources to install solar photovoltaic devices in state parks located within the retail electric service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This appropriation is available until June 30, 2023. This is a onetime appropriation.

Subd. 4. **Solar devices; state buildings.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $4,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of administration to install solar photovoltaic devices on state-owned buildings that are located within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1.

(b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $59,000 in fiscal year 2022 and $38,000 in fiscal year 2023 are appropriated from the renewable development account to the commissioner of administration for costs to administer the installation of solar photovoltaic devices on state-owned buildings that are located within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1.

Subd. 5. **Solar on prime farmland.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $14,000 in fiscal year 2022 and $14,000 in fiscal year 2023 are appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the Board of Water and Soil Resources for activities associated with installing solar energy generating systems on prime farmland, as described in section 6.

(b) $46,000 in fiscal year 2022 is appropriated from the general fund to the Public Utilities Commission for activities associated with installing solar energy systems on prime farmland, as described in section 6. This is a onetime appropriation.

Subd. 6. **Mountain Iron solar plant expansion.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,500,000 in fiscal year 2021 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development for a grant to the Mountain Iron Economic Development Authority to expand a city-owned solar module manufacturing plant building in the city's Renewable Energy Industrial Park. This is a onetime appropriation. Any unexpended funds remaining as of June 30, 2022, must be returned to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1.

Subd. 7. **Northfield distribution system upgrades.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $550,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1, to upgrade the utility's distribution system in and bordering on the city of Northfield to enable the interconnection of additional customer-sited solar deployment. No later than October 15, 2021, the public utility that is to receive the transferred funds must submit a report to the commissioner of commerce, the Public Utilities Commission, and to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy and finance describing how the utility proposes to utilize the transfer made under this subdivision, including the specific locations identified for additional equipment installation, the nature of the equipment, and the amount of incremental capacity that results from the installation of the equipment. The commissioner must not transfer the funds appropriated under this subdivision to the public utility until the commissioner and the Public Utilities Commission have reviewed and approved the report.

ARTICLE 12
ENERGY MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 115B.40, subdivision 1, is amended to read:

Subdivision 1. **Response to releases.** The commissioner may take any environmental response action, including emergency action, related to a release or threatened release of a hazardous substance, pollutant or contaminant, or decomposition gas from a qualified facility that the commissioner deems reasonable and necessary to protect the public health or welfare or the environment under the standards required in sections 115B.01 to 115B.20. The commissioner may undertake studies necessary to determine reasonable and necessary environmental response actions at individual facilities. The commissioner may develop general work plans for environmental studies, presumptive remedies, and generic remedial designs for facilities with similar characteristics, as well as

implement reuse and redevelopment strategies. Prior to selecting environmental response actions for a facility, the commissioner shall hold at least one public informational meeting near the facility and provide for receiving and responding to comments related to the selection. The commissioner shall design, implement, and provide oversight consistent with the actions selected under this subdivision.

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

Sec. 2. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to the renewable development account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year.

(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account $350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

(e) Each year, the public utility shall withhold from the funds transferred to the renewable development account under paragraphs (c) and (d) the amount necessary to pay its obligations under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

(f) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: $4,000,000 in fiscal year 2018; $6,500,000 each fiscal year in 2019 and 2020; and $3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and (e).

(g) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet

the biomass mandate in section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a grant contract with such entity to provide $6,800,000 per year for five years, commencing 30 days after the commission approves the new or amended power purchase agreement, or the termination of the power purchase agreement, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be paid by the public utility from funds withheld from the transfer to the renewable development account as provided in paragraphs (b) and (e).

(h) The collective amount paid under the grant contracts awarded under paragraphs (f) and (g) is limited to the amount deposited into the renewable development account, and its predecessor, the renewable development account, established under this section, that was not required to be deposited into the account under Laws 1994, chapter 641, article 1, section 10.

(i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay $7,500,000 for the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

(j) Funds in the account may be expended only for any of the following purposes:

(1) to stimulate research and development of renewable electric energy technologies;

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for grants under this subdivision.

(k) For the purposes of paragraph (j), the following terms have the meanings given:

(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

(l) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's Tribal council, shall develop recommendations on account expenditures. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for proposals. The advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (j), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable~~,~~:

(1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers~~.~~; and

(2) the proposer's commitment to increasing the diversity of the proposer's workforce and vendors.

(m) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the legislature. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph (n).

(n) The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15 following any year in which the commission has acted on recommendations submitted by the advisory group and the public utility. Expenditures from the account must be appropriated by law. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and

(2) may not appropriate money for a project the commission has not recommended funding.

(o) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

(p) The advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

(q) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.

(r) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers. A project receiving funds from the account must submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

(s) Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public website designated by the commissioner of commerce.

(t) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development account, noting that the account is financed by the public utility's ratepayers.

(u) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

Sec. 3. Minnesota Statutes 2020, section 216B.096, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Cold weather period" means the period from October ~~15~~ 1 through April ~~15~~ 30 of the following year.

(c) "Customer" means a residential customer of a utility.

(d) "Disconnection" means the involuntary loss of utility heating service as a result of a physical act by a utility to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

(e) "Household income" means the combined income, as defined in section 290A.03, subdivision 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

(f) "Reasonably timely payment" means payment within five working days of agreed-upon due dates.

(g) "Reconnection" means the restoration of utility heating service after it has been disconnected.

(h) "Summary of rights and responsibilities" means a commission-approved notice that contains, at a minimum, the following:

(1) an explanation of the provisions of subdivision 5;

(2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

(3) a third-party notice;

(4) ways to avoid disconnection;

(5) information regarding payment agreements;

(6) an explanation of the customer's right to appeal a determination of income by the utility and the right to appeal if the utility and the customer cannot arrive at a mutually acceptable payment agreement; and

(7) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the utility.

(i) "Third-party notice" means a commission-approved notice containing, at a minimum, the following information:

(1) a statement that the utility will send a copy of any future notice of proposed disconnection of utility heating service to a third party designated by the residential customer;

(2) instructions on how to request this service; and

(3) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the utility with the party's name.

(j) "Utility" means a public utility as defined in section 216B.02, and a cooperative electric association electing to be a public utility under section 216B.026. Utility also means a municipally owned gas or electric utility for nonresident consumers of the municipally owned utility and a cooperative electric association when a complaint in connection with utility heating service during the cold weather period is filed under section 216B.17, subdivision 6 or 6a.

(k) "Utility heating service" means natural gas or electricity used as a primary heating source, including electricity service necessary to operate gas heating equipment, for the customer's primary residence.

(l) "Working days" means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

Sec. 4. Minnesota Statutes 2020, section 216B.096, subdivision 3, is amended to read:

Subd. 3. **Utility obligations before cold weather period.** Each year, between ~~September 1~~ August 15 and October ~~15~~ 1, each utility must provide all customers, personally, by first class mail, or electronically for those requesting electronic billing, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

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

Sec. 5. Minnesota Statutes 2020, section 216B.097, subdivision 1, is amended to read:

Subdivision 1. **Application; notice to residential customer.** (a) A municipal utility or a cooperative electric association must not disconnect and must reconnect the utility service of a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30 if the disconnection affects the primary heat source for the residential unit and all of the following conditions are met:

(1) The household income of the customer is at or below 50 percent of the state median household income. A municipal utility or cooperative electric association utility may (i) verify income on forms it provides or (ii) obtain verification of income from the local energy assistance provider. A customer is deemed to meet the income requirements of this clause if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility threshold set at or below 50 percent of the state median household income.

(2) A customer enters into and makes reasonably timely payments under a payment agreement that considers the financial resources of the household.

(3) A customer receives referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October ~~15~~ 1 each year, notify all residential customers of the provisions of this section.

Sec. 6. Minnesota Statutes 2020, section 216B.097, subdivision 2, is amended to read:

Subd. 2. **Notice to residential customer facing disconnection.** Before disconnecting service to a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30, a municipal utility or cooperative electric association must provide the following information to a customer:

(1) a notice of proposed disconnection;

(2) a statement explaining the customer's rights and responsibilities;

(3) a list of local energy assistance providers;

(4) forms on which to declare inability to pay; and

(5) a statement explaining available time payment plans and other opportunities to secure continued utility service.

Sec. 7. Minnesota Statutes 2020, section 216B.097, subdivision 3, is amended to read:

Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be involuntarily disconnected between October ~~15~~ 1 and April ~~15~~ 30 for failure to comply with subdivision 1, the disconnection must not occur:

(1) on a Friday, unless the customer declines to enter into a payment agreement offered that day in person or via personal contact by telephone by a municipal utility or cooperative electric association;

(2) on a weekend, holiday, or the day before a holiday;

(3) when utility offices are closed; or

(4) after the close of business on a day when disconnection is permitted, unless a field representative of a municipal utility or cooperative electric association who is authorized to enter into a payment agreement, accept payment, and continue service, offers a payment agreement to the customer.

Further, the disconnection must not occur until at least 20 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) If a customer does not respond to a disconnection notice, the customer must not be disconnected until the utility investigates whether the residential unit is actually occupied. If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.

(c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection, as provided by the utility's established appeal procedure, the utility must not disconnect until the appeal is resolved.

Sec. 8. Minnesota Statutes 2020, section 216B.164, subdivision 4, is amended to read:

Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 and net metered facilities under subdivision 3a, if interconnected to a cooperative electric association or municipal utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the commission, or as determined through competitive bidding

approved by the commission. ~~The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility, whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet the identified capacity need is not in the public interest.~~

(c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

(d) The commission shall set rates for electricity generated by renewable energy.

Sec. 9. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision to read:

Subd. 5b. **Definitions.** (a) For the purposes of subdivision 5c, the following terms have the meanings given.

(b) "Agreement period" means the period beginning January 1, 2023, and ending December 31, 2024.

(c) "Ash" means all species of the genus *Fraxinus*.

(d) "Cogeneration facility" means the St. Paul district heating and cooling system cogeneration facility that uses waste wood as the facility's primary fuel source, provides thermal energy to St. Paul, and sells electricity to a public utility through a power purchase agreement approved by the Public Utilities Commission.

(e) "Department" means the Department of Agriculture.

(f) "Emerald ash borer" means the insect known as emerald ash borer, *Agrilus planipennis* Fairmaire, in any stage of development.

(g) "Renewable energy technology" has the meaning given to "eligible energy technology" in section 216B.1691, subdivision 1.

(h) "St. Paul district heating and cooling system" means a system of boilers, distribution pipes, and other equipment that provides energy for heating and cooling in St. Paul, and includes the cogeneration facility.

(i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash chips and mulch.

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

Sec. 10. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision to read:

Subd. 5c. **New power purchase agreement.** (a) No later than August 1, 2021, a public utility subject to subdivision 5 and the cogeneration facility may file a proposal with the commission to enter into a power purchase agreement that governs the public utility's purchase of electricity generated by the cogeneration facility. The power purchase agreement may extend no later than December 31, 2024, and must not be extended beyond that date except as provided in paragraph (f).

(b) The commission is prohibited from approving a new power purchase agreement filed under this subdivision that does not meet all of the following conditions:

(1) the cogeneration facility agrees that any waste wood from ash trees removed from Minnesota counties that have been designated as quarantined areas in Section IV of the Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization as biomass fuel by the cogeneration facility must be accompanied by evidence:

(i) demonstrating that the transport of biomass fuel from processed waste wood from ash trees to the cogeneration facility complies with the department's regulatory requirements under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist of:

(A) a certificate authorized or prepared by the commissioner of agriculture or an employee of the Animal and Plant Health Inspection Service of the United States Department of Agriculture verifying compliance; or

(B) shipping documents demonstrating compliance; or

(ii) certifying that the waste wood from ash trees has been chipped to one inch or less in two dimensions, and was chipped within the county from which the ash trees were originally removed;

(2) the price per megawatt hour of electricity paid by the public utility demonstrates significant savings compared to the existing power purchase agreement, with a price that does not exceed $98 per megawatt hour;

(3) the proposal includes a proposal to the commission for one or more electrification projects that result in the St. Paul district heating and cooling system being powered by electricity generated from renewable energy technologies. The plan must evaluate electrification at three or more levels from ten to 100 percent, including 100 percent of the energy used by the St. Paul district heating and cooling system to be implemented by December 31, 2027. The proposal may also evaluate alternative dates for implementation. For each level of electrification analyzed, the proposal must contain:

(i) a description of the alternative electrification technologies evaluated and whose implementation is proposed as part of the electrification project;

(ii) an estimate of the cost of the electrification project to the public utility, the impact on the monthly energy bills of the public utility's Minnesota customers, and the impact on the monthly energy bills of St. Paul district heating and cooling system customers;

(iii) an estimate of the reduction in greenhouse gas emissions resulting from the electrification project, including greenhouse gas emissions associated with the transportation of waste wood;

(iv) estimated impacts on the operations of the St. Paul district heating and cooling system; and

(v) a timeline for the electrification project; and

(4) the power purchase agreement provides a net benefit to the utility customers or the state.

(c) The commission may approve, or approve as modified, a proposed electrification project that meets the requirements of this subdivision if it finds the electrification project is in the public interest, or the commission may reject the project if it finds that the project is not in the public interest. When determining whether an electrification project is in the public interest, the commission may consider the effects of the electrification project on air emissions from the St. Paul district heating and cooling system and how the emissions impact the environment and residents of affected neighborhoods.

(d) During the agreement period, the cogeneration facility must attempt to obtain funding to reduce the cost of generating electricity and enable the facility to continue to operate beyond the agreement period to address the removal of ash trees, as described in paragraph (b), clause (1), without any subsidy or contribution from any power purchase agreement after December 31, 2024. The cogeneration facility must submit periodic reports to the commission regarding the efforts made under this paragraph.

(e) Upon approval of the new power purchase agreement, the commission must require periodic reporting regarding progress toward development of a proposal for an electrification project.

(f) The commission is prohibited from approving either an extension of an existing power purchase agreement or a new power purchase agreement that operates after the agreement period unless it approves an electrification project. Nothing in this section requires any utility to enter into a power purchase agreement with the cogeneration facility after December 31, 2024.

(g) Upon approval of an electrification project, the commission must require periodic reporting regarding the progress toward implementation of the electrification project.

(h) If the commission approves the proposal submitted under paragraph (b), clause (3), the commission may allow the public utility to recover prudently incurred costs net of revenues resulting from the electrification project through an automatic cost recovery mechanism that allows for cost recovery outside of a general rate case. The cost recovery mechanism approved by the commission must:

(1) allow a reasonable return on the capital invested in the electrification project by the public utility, as determined by the commission; and

(2) recover costs only from the public utility's Minnesota electric service customers.

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

Sec. 11. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;

(7) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar ~~electric~~ energy generation ~~facility~~ system, as defined in section 216E.01, subdivision 9a, if the system ~~or facility~~ is owned and operated by an independent power producer and the electric output of the system ~~or facility~~:

(i) is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(ii) is sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator, provided that the system represents solar or wind capacity that the entity purchasing the system's electric output was ordered by the commission to develop in the entity's most recent integrated resource plan approved under section 216B.2422; or

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:

(i) will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the facility exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating large energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

Sec. 12. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** In addition to other assessments in subdivision 3, the department may assess up to $500,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. ~~This subdivision expires June 30, 2021.~~

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

Sec. 13. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

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

(b) "Participant" means a person who meets the requirements of subdivision 2 and who:

(1) files comments or appears in a commission proceeding, other than public hearings, concerning one or more public utilities; or

(2) is permitted by the commission to intervene in a commission proceeding concerning one or more public utilities; and

(3) files a request for compensation under this section.

(c) "Proceeding" means an undertaking of the commission in which it seeks to resolve an issue affecting one or more public utilities and which results in a commission order.

(d) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Participants; eligibility.** Any of the following participants is eligible to receive compensation under this section:

(1) a nonprofit organization that is:

(i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(ii) incorporated in Minnesota; and

(iii) governed under chapter 317A;

(2) a Tribal government of a federally recognized Indian Tribe that is located in Minnesota; or

(3) a Minnesota resident, except that an individual who owns a for-profit business that has earned revenue from a Minnesota utility in the past two years is not eligible for compensation.

Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to compensate all or part of an eligible participant's reasonable costs of participation in a proceeding that comes before the commission when the commission finds that the participant has materially assisted the commission's deliberation.

(b) In determining whether a participant has materially assisted the commission's deliberation, the commission must find that:

(1) the participant made a unique contribution to the record and represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the participant were an important factor in producing a fair decision;

(3) the participant's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the participant would not otherwise have been a part of the record;

(5) the participant was active in any stakeholder process made part of the proceeding; and

(6) the proceeding resulted in a commission order that adopted, in whole or in part, a position advocated by the participant.

(c) In reviewing a compensation request, the commission must consider whether the costs presented in the participant's claim are reasonable.

Subd. 4. **Compensation; amount.** (a) Compensation must not exceed $50,000 for a single participant in any proceeding, except that:

(1) if a proceeding extends longer than 12 months, a participant may request compensation of up to $50,000 for costs incurred in each calendar year; and

(2) in a general rate case proceeding under section 216B.16 or an integrated resource plan proceeding under section 216B.2422, the maximum single participant compensation must not exceed $75,000.

(b) A single participant must not be granted more than $200,000 under this section in a single calendar year.

(c) Compensation requests from joint participants must be presented as a single request.

(d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar year, require a single public utility to pay aggregate compensation under this section that exceeds the following amounts:

(1) $100,000, for a public utility with up to $300,000,000 annual gross operating revenue in Minnesota;

(2) $275,000, for a public utility with more than $300,000,000 but less than $900,000,000 annual gross operating revenue in Minnesota;

(3) $375,000, for a public utility with more than $900,000,000 but less than $2,000,000,000 annual gross operating revenue in Minnesota; and

(4) $1,250,000, for a public utility with more than $2,000,000,000 annual gross operating revenue in Minnesota.

(e) When requests for compensation from any public utility approach the limits established in paragraph (d), the commission may prioritize requests from participants that received less than $150,000 in total compensation during the previous two years.

Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed no more than 30 days after the later of: (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(b) A compensation request must include:

(1) the name and address of the participant or nonprofit organization the participant is representing;

(2) evidence of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenue secured and expenses incurred for participation in commission proceedings separately for the preceding and current year, and projected revenue, revenue sources, and expenses for participation in commission proceedings for the current year;

(5) amounts of compensation awarded to the participant under this section during the current year and any pending requests for compensation, by docket;

(6) an itemization of the participant's costs, including hours worked and associated hourly rates for each individual contributing to the participation, not including overhead costs, participant revenues for the proceeding, and the total compensation request; and

(7) a narrative describing the unique contribution made to the proceeding by the participant.

(c) A participant shall comply with reasonable requests for information by the commission and other participants. A participant shall reply to information requests within ten calendar days of the date the request is received, unless this would place an extreme hardship upon the replying participant. The replying participant must provide a copy of the information to any other participant or interested person upon request. Disputes regarding information requests may be resolved by the commission.

(d) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the requesting participant and all other parties to the proceeding.

(e) Within 15 days after the response is filed, the participant may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(f) If additional costs are incurred by a participant as a result of additional proceedings following the commission's initial order, the participant may file an amended request within 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an amended request.

(g) The commission must issue a decision on participant compensation within 60 days of the date a request for compensation is filed by a participant.

(h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to 60 days upon the request of a participant or on the commission's own initiative, if applicable.

(i) A participant may request reconsideration of the commission's compensation decision within 30 days of the decision date.

Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment of participant compensation, the public utility that was the subject of the proceeding must pay the compensation to the participant and file proof of payment with the commission within 30 days after the later of: (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed; or (2) the date the commission issues an order following reconsideration of the commission's order on participant compensation.

(b) If the commission issues an order requiring payment of participant compensation in a proceeding involving multiple public utilities, the commission shall apportion costs among the public utilities in proportion to each public utility's annual revenue.

(c) The commission may issue orders necessary to allow a public utility to recover the costs of participant compensation on a timely basis.

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

Sec. 14. **[216C.51] UTILITY DIVERSITY REPORTING.**

Subdivision 1. **Policy.** It is the policy of this state to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Certification" means official recognition by a governmental unit that a business is a preferred vendor as a result of the characteristics of the business owner or owners or the location of the business.

(c) "Utility" has the meaning given in section 216C.06, subdivision 18.

Subd. 3. **Annual report.** (a) Beginning March 15, 2022, and each March 15 thereafter, each utility authorized to do business in Minnesota must file an annual diversity report to the commissioner on:

(1) the utility's goals and efforts to increase diversity in the workplace, including current workforce representation numbers and percentages; and

(2) all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises during the previous calendar year.

(b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the total work performed by the utility submitting the report. The actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises must also be expressed as a percentage of the total work performed by the utility submitting the report.

Subd. 4. **Report elements.** Each utility required to report under this section must include the following in the annual report:

(1) an explanation of the plan to increase diversity in the utility's workforce and suppliers during the next year;

(2) an explanation of the plan to increase the goals;

(3) an explanation of the challenges faced to increase workforce and supplier diversity, including suggestions regarding actions the department could take to help identify potential employees and vendors;

(4) a list of the certifications the company recognizes;

(5) a point of contact for a potential employee or vendor that wishes to work for or do business with the utility; and

(6) a list of successful actions taken to increase workforce and supplier diversity, in order to encourage other companies to emulate best practices.

Subd. 5. **State data.** Each annual report must include as much state-specific data as possible. If the submitting utility does not submit state-specific data, the utility must include any relevant national data the utility possesses, explain why the utility could not submit state-specific data, and explain how the utility intends to include state-specific data in future reports, if possible.

Subd. 6. **Publication; retention.** The department must publish an annual report on the department's website and must maintain each annual report for at least five years.

Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

Subd. 7. **Considerations in designating sites and routes.** (a) The commission's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure.

(b) To facilitate the study, research, evaluation, and designation of sites and routes, the commission shall be guided by, but not limited to, the following considerations:

(1) evaluation of research and investigations relating to the effects on land, water and air resources of large electric power generating plants and high-voltage transmission lines and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including baseline studies, predictive modeling, and evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

(2) environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

(3) evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

(4) evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

(6) evaluation of adverse direct and indirect environmental effects that cannot be avoided should the proposed site and route be accepted;

(7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;

(8) evaluation of potential routes that would use or parallel existing railroad and highway rights-of-way;

(9) evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

(10) evaluation of the future needs for additional high-voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved; ~~and~~

(12) when appropriate, consideration of problems raised by other state and federal agencies and local entities;

(13) evaluation of the benefits of the proposed facility with respect to the protection and enhancement of environmental quality, and to the reliability of state and regional energy supplies; and

(14) evaluation of the proposed project's impact on socioeconomic factors.

(c) If the commission's rules are substantially similar to existing regulations of a federal agency to which the utility in the state is subject, the federal regulations must be applied by the commission.

(d) No site or route shall be designated which violates state agency rules.

(e) The commission must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent those are not used for the route, the commission must state the reasons.

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

Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants that are fueled by natural gas;

(3) high-voltage transmission lines of between 100 and 200 kilovolts;

(4) high-voltage transmission lines in excess of 200 kilovolts and less than ~~five~~ 30 miles in length in Minnesota;

(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high-voltage transmission line right-of-way;

(6) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;

(7) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line; and

(8) large electric power generating plants that are powered by solar energy.

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

Sec. 17. Minnesota Statutes 2020, section 216F.012, is amended to read:

216F.012 SIZE ELECTION.

(a) A wind energy conversion system of less than 25 megawatts of nameplate capacity as determined under section 216F.011 is a small wind energy conversion system if, by July 1, 2009, the owner so elects in writing and submits a completed application for zoning approval and the written election to the county or counties in which the project is proposed to be located. The owner must notify the Public Utilities Commission of the election at the time the owner submits the election to the county.

(b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate capacity exceeding five megawatts that is proposed to be located wholly or partially within a wind access buffer adjacent to state lands that are part of the outdoor recreation system, as enumerated in section 86A.05, is a large wind energy conversion

system. The Department of Natural Resources shall negotiate in good faith with a system owner regarding siting and may support the system owner in seeking a variance from the system setback requirements if it determines that a variance is in the public interest.

~~(c) The Public Utilities Commission shall issue an annual report to the chairs and ranking minority members of the house of representatives and senate committees with primary jurisdiction over energy policy and natural resource policy regarding any variances applied for and not granted for systems subject to paragraph (b).~~

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

Sec. 18. **[216F.084] WIND TURBINE LIGHTING SYSTEMS.**

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

(b) "Duration" means the length of time during which the lights of a wind turbine lighting system are lit.

(c) "Intensity" means the brightness of a wind turbine lighting system's lights.

(d) "Light-mitigating technology" means a sensor-based system that reduces the duration or intensity of wind turbine lighting systems by:

(1) using radio frequency or other sensors to detect aircraft approaching one or more wind turbines, or detecting visibility conditions at turbine sites; and

(2) automatically activating appropriate obstruction lights until the lights are no longer needed by the aircraft and are turned off or dimmed.

A light-mitigating technology may include an audio feature that transmits an audible warning message to provide a pilot additional information regarding a wind turbine the aircraft is approaching.

(e) "Repowering project" has the meaning given in section 216B.243, subdivision 8, paragraph (b).

(f) "Wind turbine lighting system" means a system of lights installed on an LWECS that meets the applicable Federal Aviation Administration requirements.

Subd. 2. **Application.** This section applies to an LWECS issued a site permit or site permit amendment, including a site permit amendment for an LWECS repowering project, by the commission under section 216F.04 or by a county under section 216F.08, provided that the application for a site permit or permit amendment is filed after July 1, 2021.

Subd. 3. **Required lighting system.** (a) An LWECS subject to this section must be equipped with a light-mitigating technology that meets the requirements established in Chapter 14 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction Marking and Lighting, as updated, unless the Federal Aviation Administration, after reviewing the LWECS site plan, rejects the use of the light-mitigating technology for the LWECS. A light-mitigating technology installed on a wind turbine in Minnesota must be purchased from a vendor approved by the Federal Aviation Administration.

(b) If the Federal Aviation Administration, after reviewing the LWECS site plan, rejects the use of a light-mitigating technology for the LWECS under paragraph (a), the LWECS must be equipped with a wind turbine lighting system that minimizes the duration or intensity of the lighting system while maintaining full compliance with the lighting standards established in Chapter 13 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction Marking and Lighting, as updated.

Subd. 4. **Exemptions.** (a) The Public Utilities Commission or a county that has assumed permitting authority under section 216F.08 must grant an owner of an LWECS an exemption from subdivision 3, paragraph (a), if the Federal Aviation Administration denies the owner's application to equip an LWECS with a light-mitigating technology.

(b) The Public Utilities Commission or a county that has assumed permitting authority under section 216F.08 must grant an owner of an LWECS an exemption from or an extension of time to comply with subdivision 3, paragraph (a), if after notice and public hearing the owner of the LWECS demonstrates to the satisfaction of the commission or county that:

(1) equipping an LWECS with a light-mitigating technology is technically infeasible;

(2) equipping an LWECS with a light-mitigating technology imposes a significant financial burden on the permittee; or

(3) a vendor approved by the Federal Aviation Administration cannot deliver a light-mitigating technology to the LWECS owner in a reasonable amount of time.

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

Sec. 19. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF COMMERCE SUPPORT.**

(a) The Department of Commerce must provide technical support and subject matter expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in Minnesota to establish and operate a Tribal advocacy council on energy.

(b) When requested by a Tribal advocacy council on energy, the Department of Commerce must assist the council to:

(1) assess and evaluate common Tribal energy issues, including:

(i) identifying and prioritizing energy issues;

(ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and

(iii) assisting decision making with respect to resolving energy issues;

(2) develop new statewide energy policies or proposed legislation, including:

(i) organizing stakeholder meetings;

(ii) gathering input and other relevant information;

(iii) assisting with policy proposal development, evaluation, and decision making; and

(iv) helping facilitate actions taken to submit, and obtain approval for or have enacted, policies or legislation approved by the council;

(3) make efforts to raise awareness of and provide educational opportunities with respect to Tribal energy issues among Tribal members by:

(i) identifying information resources;

(ii) gathering feedback on issues and topics the council identifies as areas of interest; and

(iii) identifying topics for and helping to facilitate educational forums; and

(4) identify, evaluate, disseminate, and implement successful energy-related practices.

(c) Nothing in this section requires or otherwise obligates the 11 federally recognized Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it require or obligate a federally recognized Indian Tribe in Minnesota to participate in or implement a decision or support an effort made by a Tribal advocacy council on energy.

(d) Any support provided by the Department of Commerce to a Tribal advocacy council on energy under this section must be provided only upon request of the council and is limited to issues and areas where the Department of Commerce's expertise and assistance is requested.

Sec. 20. **PILOT PROJECT; REPORTING REQUIREMENTS.**

Upon completion of the solar energy pilot project described in section 21, subdivision 3, paragraph (b), or by January 15, 2023, whichever is earlier, the commissioner of the Pollution Control Agency, in cooperation with the electric cooperative association operating the pilot project, must report to the chairs and ranking minority members of the legislative committees with jurisdiction over capital investment, energy, and environment on the following:

(1) project accomplishments and milestones, including any project growth, developments, or agreements that resulted from the project;

(2) challenges or barriers faced during development or after completion of the project;

(3) project financials, including expenses, utility agreements, and project viability; and

(4) replicability of the pilot project to other future closed landfill projects.

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

Sec. 21. **APPROPRIATIONS.**

Subdivision 1. **Microgrid research and application.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,400,000 in fiscal year 2022 and $1,200,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the University of St. Thomas Center for Microgrid Research for the purposes of paragraph (b). The base in fiscal year 2024 is $1,000,000, and the base in fiscal year 2025 is $400,000. The base in fiscal year 2026 is $400,000.

(b) The appropriations in this section must be used by the University of St. Thomas Center for Microgrid Research to:

(1) increase the center's capacity to provide industry partners opportunities to test near-commercial microgrid products on a real-world scale and to multiply opportunities for innovative research;

(2) procure advanced equipment and controls to enable the extension of the university's microgrid to additional buildings; and

(3) expand (i) hands-on educational opportunities to better understand the operations of microgrids to undergraduate and graduate electrical engineering students, and (ii) partnerships with community colleges.

Subd. 2. **Clean energy training; pilot project.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,500,000 in fiscal year 2022 is appropriated from the renewable development account to the commissioner of employment and economic development for a grant to Northgate Development, LLC, for a pilot project to provide training pathways into careers in clean energy for students and young adults in underserved communities. Any unexpended funds remaining at the end of the biennium cancel to the renewable development account. This is a onetime appropriation.

(b) The pilot project must develop skills among program participants, short of the level required for licensing under Minnesota Statutes, chapter 326B, that are relevant to the design, construction, operation, or maintenance of:

(1) systems producing solar or wind energy;

(2) improvements in energy efficiency, as defined in Minnesota Statutes, section 216B.241, subdivision 1;

(3) energy storage systems connected to renewable energy facilities, including battery technology;

(4) infrastructure for charging all-electric or electric hybrid vehicles; or

(5) grid technologies that manage load and provide services to the distribution grid that reduce energy consumption or shift demand to off-peak periods.

(c) Training must be designed to create pathways to a postsecondary degree, industry certification, or to a registered apprenticeship program under chapter 178 that is related to the fields in paragraph (b) and then to stable career employment at a living wage.

(d) Training must be provided at a location that is accessible by public transportation and must prioritize the inclusion of communities of color, indigenous people, and low-income individuals.

(e) Grant funds may be used for all expenses related to the training program, including curriculum, instructors, equipment, materials, and leasing and improving space for use by the program.

(f) No later than January 15, 2022, and by January 15 of 2023 and 2024, Northgate Development, LLC, shall submit an annual report to the commissioner of employment and economic development that must include, at a minimum, information on:

(1) program expenditures, including but not limited to amounts spent on curriculum, instructors, equipment, materials, and leasing and improving space for use by the program;

(2) other public or private funding sources, including in-kind donations, supporting the pilot program;

(3) the number of program participants;

(4) demographic information on program participants including but not limited to race, age, gender, and income; and

(5) the number of program participants placed in a postsecondary program, industry certification program, or registered apprenticeship program under Minnesota Statutes, chapter 178.

Subd. 3. **Landfill bond prepayment; solar pilot project.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of management and budget to prepay and defease any outstanding general obligation bonds used to acquire property, finance improvements and betterments, or pay any other associated financing costs at the Anoka-Ramsey closed landfill. This amount may be deposited, invested, and applied to accomplish the purposes of this section as provided in Minnesota Statutes, section 475.67, subdivisions 5 to 10 and 13. Upon the prepayment and defeasance of all associated debt on the real property and improvements, all conditions set forth in Minnesota Statutes, section 16A.695, subdivision 3, are deemed to have been satisfied and the real property and improvements no longer constitute state bond financed property under Minnesota Statutes, section 16A.695. This is a onetime appropriation. Any funds appropriated under this section that remain unexpended after the purposes in this paragraph have been met cancel to the renewable development account.

(b) Once the purposes in paragraph (a) have been met, the commissioner of the Pollution Control Agency may take actions and execute agreements to facilitate the beneficial reuse of the Anoka-Ramsey closed landfill, and may specifically authorize the installation of a solar energy generating system, as defined in Minnesota Statutes, section 216E.01, subdivision 9a, as a pilot project at the closed landfill to be owned and operated by a cooperative electric association that has more than 130,000 customers in Minnesota. The appropriation in paragraph (a) must not be used to finance the pilot project, procure land rights, or to manage the solar energy generating system.

Subd. 4. **Participant compensation.** (a) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to address participant compensation issues in Public Utilities Commission proceedings, as described in Minnesota Statutes, section 216B.631.

(b) $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission to address participant compensation issues under Minnesota Statutes, section 216B.631.

Subd. 5. **Commerce department; Energy Resources Division.** $3,493,000 in fiscal year 2022 and $3,547,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for general operating activities of the Energy Resources Division.

Subd. 6. **Weatherization; vermiculite remediation.** $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to remediate vermiculite insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

Subd. 7. **Energy regulation and planning.** $851,000 in fiscal year 2022 and $870,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities of the energy regulation and planning unit staff.

Subd. 8. **"Made in Minnesota" administration.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to administer the "Made in Minnesota" solar energy production incentive program under Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the renewable development account at the end of the biennium.

Subd. 9. **Grant cycle; proposal evaluation.** $500,000 in fiscal year 2022 and $500,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for costs associated with any third-party expert evaluation of a

proposal submitted in response to a request for proposal to the renewable development advisory group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

Subd. 10. **Petroleum Tank Release Compensation Board.** $1,056,000 in fiscal year 2022 and $1,056,000 in fiscal year 2023 are appropriated from the petroleum tank fund to the Petroleum Tank Release Compensation Board for its operations.

Subd. 11. **Public Utilities Commission.** $8,073,000 in fiscal year 2022 and $8,202,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for its general operations.

Sec. 22. **REPEALER.**

(a) Minnesota Statutes 2020, section 216B.16, subdivision 10, is repealed.

(b) Laws 2017, chapter 5, section 1, is repealed.

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

Delete the title and insert:

"A bill for an act relating to commerce; establishing a biennial budget for Department of Commerce and energy activities; modifying various provisions governing and administered by the Department of Commerce; establishing a prescription drug affordability board and related regulations; modifying various provisions governing insurance; establishing a student loan borrower bill of rights; modifying and adding consumer protections; modifying provisions governing collections agencies and debt buyers; establishing and modifying energy conservation programs; establishing energy transition programs; establishing programs to combat climate change; establishing and modifying electric vehicle and solar energy programs; modifying other provisions governing renewable energy and utility regulation; modifying various fees and standards; making technical changes; establishing penalties; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 13.712, by adding a subdivision; 16B.86; 16B.87; 16C.135, subdivision 3; 16C.137, subdivision 1; 45.305, subdivision 1, by adding a subdivision; 45.306, by adding a subdivision; 45.33, subdivision 1, by adding a subdivision; 47.59, subdivision 2; 47.60, subdivision 2; 47.601, subdivisions 2, 6; 48.512, subdivisions 2, 3, 7; 53.04, subdivision 3a; 56.131, subdivision 1; 60A.092, subdivision 10a, by adding a subdivision; 60A.0921, subdivision 2; 60A.14, subdivision 1; 60A.71, subdivision 7; 61A.245, subdivision 4; 62J.23, subdivision 2; 65B.15, subdivision 1; 65B.43, subdivision 12; 65B.472, subdivision 1; 79.55, subdivision 10; 80G.06, subdivision 1; 82.57, subdivisions 1, 5; 82.62, subdivision 3; 82.81, subdivision 12; 82B.021, subdivision 18, by adding subdivisions; 82B.03, by adding a subdivision; 82B.11, subdivision 3; 82B.195, by adding a subdivision; 115B.40, subdivision 1; 115C.094; 116C.779, subdivision 1; 168.27, by adding a subdivision; 174.29, subdivision 1; 174.30, subdivisions 1, 10; 216B.096, subdivisions 2, 3; 216B.097, subdivisions 1, 2, 3; 216B.16, subdivisions 6, 13; 216B.164, subdivision 4, by adding a subdivision; 216B.1641; 216B.1645, subdivisions 1, 2; 216B.1691, subdivisions 1, 2a, 2b, 2d, 2e, 2f, 3, 4, 5, 7, 9, 10, by adding subdivisions; 216B.2401; 216B.241, subdivisions 1a, 1c, 1d, 1f, 1g, 2, 2b, 3, 5, 7, 8, by adding subdivisions; 216B.2412, subdivision 3; 216B.2422, subdivisions 1, 2, 3, 4, 5, by adding subdivisions; 216B.2424, by adding subdivisions; 216B.243, subdivision 8; 216B.62, subdivision 3b; 216C.05, subdivision 2; 216E.01, subdivision 9a; 216E.03, subdivisions 7, 10; 216E.04, subdivision 2; 216F.012; 216F.04; 216H.02, subdivision 1; 221.031, subdivision 3b; 256B.0625, subdivisions 10, 17; 308A.201, subdivision 12; 325E.21, by adding subdivisions; 325F.171, by adding a subdivision; 325F.172, by adding a subdivision; 326B.106, subdivision 1; 332.31, subdivisions 3, 6, by adding subdivisions; 332.311; 332.32; 332.33, subdivisions 1, 2, 5, 5a, 7, 8, by adding a subdivision; 332.34; 332.345; 332.355; 332.37; 332.385; 332.40, subdivision 3; 332.42, subdivisions 1, 2; 349.11;

349.12, subdivisions 12a, 12b, 12c; 386.375, subdivision 3; 514.972, subdivisions 4, 5; 514.973, subdivisions 3, 4; 514.974; 514.977; 515.07; 515B.2-103; 515B.3-102; proposing coding for new law in Minnesota Statutes, chapters 16B; 60A; 62J; 62Q; 80G; 82B; 116J; 216B; 216C; 216F; 239; 325E; 325F; 332; 500; proposing coding for new law as Minnesota Statutes, chapter 58B; repealing Minnesota Statutes 2020, sections 45.017; 45.306, subdivision 1; 60A.98; 60A.981; 60A.982; 115C.13; 216B.16, subdivision 10; 216B.1691, subdivision 2; 216B.241, subdivisions 1, 1b, 2c, 4, 10; Laws 2017, chapter 5, section 1."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Moran from the Committee on Ways and Means to which was referred:

H. F. No. 1065, A bill for an act relating to education finance; providing funding for prekindergarten through grade 12 education; modifying provisions for general education, education excellence, teachers, charter schools, special education, health and safety, facilities, nutrition and libraries, community education, and state agencies; making forecast adjustments; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 13.32, subdivision 3; 120A.22, subdivisions 7, 9, 10; 120A.35; 120A.40; 120B.02, subdivision 1; 120B.021, subdivisions 1, 2, 3, 4; 120B.024, subdivision 1; 120B.11, subdivisions 1, 1a, 2, 3; 120B.132; 120B.15; 120B.21; 120B.30, subdivision 1a, by adding subdivisions; 120B.35, subdivisions 3, 4; 121A.031, subdivisions 5, 6; 121A.41, subdivision 10, by adding subdivisions; 121A.425; 121A.45, subdivision 1; 121A.46, subdivision 4, by adding subdivisions; 121A.47, subdivisions 2, 14; 121A.53, subdivision 1; 121A.55; 121A.58; 121A.61; 122A.06, subdivisions 2, 5, 6, 7, 8, by adding a subdivision; 122A.07, subdivisions 1, 2, 4a; 122A.09, subdivisions 4, 6, 9, 10; 122A.091, subdivisions 1, 2; 122A.15, subdivision 1; 122A.16; 122A.18, subdivisions 7a, 8, 10; 122A.181, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 122A.182, subdivisions 1, 2, 3, 4, 7; 122A.183, subdivisions 1, 2, 3, by adding a subdivision; 122A.184, subdivisions 1, 2; 122A.185, subdivisions 1, 4; 122A.187; 122A.19, subdivision 4; 122A.21; 122A.26, subdivision 2; 122A.40, subdivisions 5, 8, 10, by adding a subdivision; 122A.41, subdivisions 2, 5, 14a, by adding a subdivision; 122A.63, subdivisions 6, 9; 122A.635, subdivisions 3, 4; 122A.70; 122A.76; 123B.147, subdivision 3; 123B.595, subdivision 3; 124D.09, subdivisions 3, 7, 8, 13; 124D.095, subdivisions 2, 7; 124D.111; 124D.1158; 124D.128, subdivisions 1, 3; 124D.531, subdivision 1; 124D.55; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.74, subdivisions 1, 3; 124D.78, subdivisions 1, 3; 124D.79, subdivision 2; 124D.791, subdivision 4; 124D.81; 124D.861, subdivision 2; 124E.02; 124E.03, subdivision 2, by adding subdivisions; 124E.05, subdivisions 4, 6, 7; 124E.06, subdivisions 1, 4, 5; 124E.11; 124E.12, subdivision 1; 124E.13, subdivision 1; 124E.16, subdivision 1; 124E.21, subdivision 1; 124E.25, subdivision 1a; 125A.08; 125A.094; 125A.0942; 125A.21, subdivisions 1, 2; 125A.76, subdivision 2e; 126C.05, subdivisions 1, 3, 17; 126C.10, subdivisions 2, 2a, 2e, 4, 18a; 126C.15, subdivisions 1, 2, 5; 126C.17, by adding a subdivision; 126C.40, subdivision 1; 126C.44; 127A.47, subdivision 7; 127A.49, subdivision 3; 134.34, subdivision 1; 134.355, subdivisions 5, 6, 7; 144.4165; 179A.03, subdivision 19; 290.0679, subdivision 2; 469.176, subdivision 2; 609A.03, subdivision 7a; Laws 2019, First Special Session chapter 11, article 1, section 25, subdivisions 3, as amended, 4, as amended, 6, as amended, 7, as amended, 9, as amended; article 2, section 33, subdivisions 2, as amended, 3, as amended, 5, as amended, 6, as amended, 16, as amended, 27; article 3, section 23, subdivision 3, as amended; article 4, section 11, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended; article 6, section 7, subdivisions 2, as amended, 3, as amended; article 7, section 1, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 13, subdivisions 5, as amended, 14, as amended; article 9, section 3, subdivision 2, as amended; article 10, section 5, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 124D; 125A; 127A; repealing Minnesota Statutes 2020, sections 120B.35, subdivision 5; 122A.091, subdivisions 3, 6; 122A.092; 122A.18, subdivision 7c; 122A.184, subdivision 3; 122A.23, subdivision 3; 122A.2451.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
GENERAL EDUCATION

Section 1. Minnesota Statutes 2020, section 120A.35, is amended to read:

120A.35 ABSENCE FROM SCHOOL FOR RELIGIOUS OBSERVANCE.

Reasonable efforts must be made by a school district to accommodate any pupil who wishes to be excused from a curricular activity for a religious observance. A school board must provide to parents annual notice of the school district's policy relating to a pupil's absence from school for religious observance.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 2. Minnesota Statutes 2020, section 120A.40, is amended to read:

120A.40 SCHOOL CALENDAR.

(a) Except for learning programs during summer, flexible learning year programs authorized under sections 124D.12 to 124D.127, and learning year programs under section 124D.128, a district must not commence an elementary or secondary school year before Labor Day, except as provided under paragraph (b). Days devoted to teachers' workshops may be held before Labor Day. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

(b) A district may begin the school year on any day before Labor Day:

(1) to accommodate a construction or remodeling project of $400,000 or more affecting a district school facility;

(2) if the district has an agreement under section 123A.30, 123A.32, or 123A.35 with a district that qualifies under clause (1); or

(3) if the district agrees to the same schedule with a school district in an adjoining state.

(c) A school board may consider the community's religious or cultural observances when adopting an annual school calendar.

Sec. 3. Minnesota Statutes 2020, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through grade 12, an early childhood special education student under Part B, section 619 of IDEA, or a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 or a school readiness plus program who meets the requirements under subdivision 2a or the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by a valid assessment measuring the pupil's English language proficiency and by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in academic classes taught in English.

(b) A pupil enrolled in a Minnesota public school in any grade 4 through 12 who in the previous school year took a commissioner-provided assessment measuring the pupil's emerging academic English, shall be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall generate state English learner aid under section 124D.65, subdivision 5, if the pupil scored below the state cutoff score or is otherwise counted as a nonproficient participant on the assessment measuring the pupil's emerging academic English, or, in the judgment of the pupil's classroom teachers, consistent with section 124D.61, clause (1), the pupil is unable to demonstrate academic language proficiency in English, including oral academic language, sufficient to successfully and fully participate in the general core curriculum in the regular classroom.

(c) Notwithstanding paragraphs (a) and (b), a pupil in early childhood special education or prekindergarten under section 124D.151, through grade 12 shall not be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for English learners under sections 124D.58 to 124D.64; or

(2) the pupil has generated seven or more years of average daily membership in Minnesota public schools since July 1, 1996.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 4. Minnesota Statutes 2020, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district EL revenue.** (a) The English learner programs initial allowance equals $704 for fiscal year 2021. The English learner programs allowance equals $755 for fiscal year 2022. The English learner programs initial allowance for fiscal year 2023 and later equals the product of $755 times the ratio of the formula allowance under section 126C.10, subdivision 2, for the current fiscal year to the formula allowance under section 126C.10, subdivision 2, for fiscal year 2022.

(b) The English learner programs concentration allowance equals $250 for fiscal year 2021. The English learner programs concentration allowance equals $536 for fiscal year 2022. The English learner programs concentration allowance for fiscal year 2023 and later equals the product of $536 times the ratio of the formula allowance under section 126C.10, subdivision 2, for the current fiscal year to the formula allowance under section 126C.10, subdivision 2, for fiscal year 2022.

~~(a)~~ (c) A district's English learner programs initial revenue equals the product of (1) ~~$704~~ the English learner programs initial allowance times (2) the greater of 20 or the adjusted average daily membership of eligible English learners enrolled in the district during the current fiscal year.

(d) A district's English learner programs concentration revenue equals the product of the English learner programs concentration allowance times the English learner pupil units under section 126C.05, subdivision 17.

(e) A district's English learner programs revenue equals the sum of the initial revenue under paragraph (c) and the concentration revenue under paragraph (d).

~~(b)~~ (f) A pupil ceases to generate state English learner aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 5. Minnesota Statutes 2020, section 124D.79, subdivision 2, is amended to read:

Subd. 2. **Technical assistance.** The commissioner shall provide technical assistance, which includes an annual report of American Indian student data using the state count, to districts, schools and postsecondary institutions for preservice and in-service training for teachers, American Indian education teachers and paraprofessionals specifically designed to implement culturally responsive teaching methods, culturally based curriculum development, testing and testing mechanisms, and the development of materials for American Indian education programs.

Sec. 6. Minnesota Statutes 2020, section 124D.81, subdivision 1, is amended to read:

Subdivision 1. **Procedures.** A school district, charter school, or American Indian-controlled Tribal contract or grant school enrolling at least 20 American Indian students identified by the state count on October 1 of the previous school year and operating an American Indian education program according to section 124D.74 is eligible for Indian education aid if it meets the requirements of this section. Programs may provide for contracts for the provision of program components by nonsectarian nonpublic, community, Tribal, charter, or alternative schools. The commissioner shall prescribe the form and manner of application for aids, and no aid shall be made for a program not complying with the requirements of sections 124D.71 to 124D.82.

Sec. 7. Minnesota Statutes 2020, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times 1.0 with a minimum average daily membership of 0.28, but not more than 1.0 pupil unit.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.0.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individualized education program to 875, but not more than one.

(d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled in an approved voluntary prekindergarten program under section 124D.151 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units.

(e) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil unit if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school that meets the minimum hours requirement in section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school.

(f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.2 pupil units.

(i) ~~For fiscal years 2018 through 2021,~~ A prekindergarten pupil who:

(1) is not included in paragraph (a), (b), or (d);

(2) is enrolled in a school readiness plus program under Laws 2017, First Special Session chapter 5, article 8, section 9; and

(3) has one or more of the risk factors specified by the eligibility requirements for a school readiness plus program,

is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units. A pupil qualifying under this paragraph must be counted in the same manner as a voluntary prekindergarten student for all general education and other school funding formulas.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 8. Minnesota Statutes 2020, section 126C.05, subdivision 3, is amended to read:

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units ~~for fiscal year 1998 and thereafter~~ must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals ~~the lesser of one or~~ the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under section 124D.151, charter schools, and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

~~(e) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten seats discontinued in fiscal year 2022 due to the reduction in the participation limit under section 124D.151, subdivision 6, those discontinued seats must not be used to calculate compensation revenue pupil units for fiscal year 2022.~~

~~(f)~~ (e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 9. Minnesota Statutes 2020, section 126C.05, subdivision 17, is amended to read:

Subd. 17. **English learner pupil units.** (a) English learner pupil units for fiscal year ~~2004 and thereafter~~ 2022 and later shall be determined according to this subdivision.

(b) The English learner concentration percentage for a district equals the product of 100 times the ratio of:

(1) the number of eligible English learners in average daily membership enrolled in the district during the current fiscal year; to

(2) the number of pupils in average daily membership enrolled in the district.

(c) For fiscal year 2021, the English learner pupil units for each eligible English learner in average daily membership equals the lesser of one or the quotient obtained by dividing the English learner concentration percentage for the pupil's district of enrollment by 11.5. For fiscal year 2022 and later, the English learner pupil units for each eligible English learner in average daily membership equals the lesser of one or the quotient obtained by dividing the English learner concentration percentage for the pupil's district of enrollment by 16.8.

(d) English learner pupil units shall be counted by the district of enrollment.

(e) Notwithstanding paragraph (d), for the purposes of this subdivision, pupils enrolled in a cooperative or intermediate school district shall be counted by the district of residence.

(f) For the purposes of this subdivision, the terms defined in section 124D.59 have the same meaning.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 10. Minnesota Statutes 2020, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** (a) The basic revenue for each district equals the formula allowance times the adjusted pupil units for the school year. ~~The formula allowance for fiscal year 2019 is $6,312. The formula allowance for fiscal year 2020 is $6,438.~~ The formula allowance for fiscal year 2021 ~~and later~~ is $6,567.

(b) The formula allowance for fiscal year 2022 is $6,698. The formula allowance for fiscal year 2023 is $6,832. The formula allowance for fiscal year 2024 is $6,866. The formula allowance for fiscal year 2025 is $6,900.

(c) For fiscal year 2026 and later, the formula equals the formula allowance for fiscal year 2025 times the inflationary increase for that year.

(d) For purposes of this subdivision, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, from the current fiscal year to fiscal year 2025.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 11. Minnesota Statutes 2020, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) The extended time allowance is $5,117 for fiscal years 2022 and 2023. For fiscal year 2024 and later, the extended time allowance equals the product of $5,117 times the ratio of the formula allowance under subdivision 2 for the current fiscal year to the formula allowance under subdivision 2 for fiscal year 2023.

~~(a)~~ (b) A school district's extended time revenue is equal to the product of ~~$5,117~~ the extended time allowance and the sum of the adjusted pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

~~(b)~~ (c) Extended time revenue for pupils placed in an on-site education program at the Prairie Lakes Education Center or the Lake Park School, located within the borders of Independent School District No. 347, Willmar, for instruction provided after the end of the preceding regular school year and before the beginning of the following regular school year equals membership hours divided by the minimum annual instructional hours in section 126C.05, subdivision 15, not to exceed 0.20, times the pupil unit weighting in section 126C.05, subdivision 1, times ~~$5,117~~ the extended time allowance.

~~(c)~~ (d) A school district qualifies for extended time revenue for every pupil placed in a children's residential facility, whether the education services are provided on-site or off-site for instruction provided after the end of the preceding regular school year and before the beginning of the following regular school year. Extended time revenue under this paragraph equals total membership hours in summer instruction divided by the minimum annual instructional hours in section 126C.05, subdivision 15, not to exceed 0.20, times the pupil unit weighting in section 126C.05, subdivision 1, times the extended time allowance.

(e) For purposes of this subdivision, "children's residential facility" means a residential facility for children, including a psychiatric residential treatment facility, licensed by the Department of Human Services or the Department of Corrections and subject to Minnesota Rules, chapter 2960 or an inpatient hospitalization that includes mental health services.

(f) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, vacation break academies such as spring break academies and summer term academies, and other programming authorized under the learning year program.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 12. Minnesota Statutes 2020, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. **Local optional revenue.** (a) ~~For fiscal year 2020, local optional revenue for a school district equals $424 times the adjusted pupil units of the district for that school year.~~ For fiscal year 2021 and later, local optional revenue for a school district equals the sum of the district's first tier local optional revenue and second tier local optional revenue. A district's first tier local optional revenue equals $300 times the adjusted pupil units of the district for that school year. A district's second tier local optional revenue equals $424 times the adjusted pupil units of the district for that school year.

~~(b) For fiscal year 2020, a district's local optional levy equals its local optional revenue times the lesser of one or the ratio of its referendum market value per resident pupil unit to $510,000.~~

(b) For fiscal year 2021 and later, a district's local optional levy equals the sum of the first tier local optional levy and the second tier local optional levy.

(c) A district's first tier local optional levy equals the district's first tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $880,000.

(d) For fiscal year 2022, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $510,000. For fiscal year 2023, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $557,256. For fiscal year 2024, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $545,965. For fiscal year 2025 and later, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $553,650.

(e) The local optional levy must be spread on referendum market value. A district may levy less than the permitted amount.

~~(e)~~ (f) A district's local optional aid equals its local optional revenue minus its local optional levy. If a district's actual levy for first or second tier local optional revenue is less than its maximum levy limit for that tier, its aid must be proportionately reduced.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 13. Minnesota Statutes 2020, section 126C.10, subdivision 4, is amended to read:

Subd. 4. **Basic skills revenue.** A school district's basic skills revenue equals the sum of:

(1) compensatory revenue under subdivision 3; plus

(2) English learner revenue under section 124D.65, subdivision 5~~; plus~~, paragraph (e).

~~(3) $250 times the English learner pupil units under section 126C.05, subdivision 17.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 14. Minnesota Statutes 2020, section 126C.10, subdivision 18a, is amended to read:

Subd. 18a. **Pupil transportation adjustment.** (a) An independent, common, or special school district's transportation sparsity revenue under subdivision 18 is increased by the greater of zero or ~~18.2~~ 30 percent of the difference between:

(1) the lesser of the district's total cost for regular and excess pupil transportation under section 123B.92, subdivision 1, paragraph (b), including depreciation, for the previous fiscal year or 105 percent of the district's total cost for the second previous fiscal year; and

(2) the sum of:

(i) 4.66 percent of the district's basic revenue for the previous fiscal year;

(ii) transportation sparsity revenue under subdivision 18 for the previous fiscal year;

(iii) the district's charter school transportation adjustment for the previous fiscal year; and

(iv) the district's reimbursement for transportation provided under section 123B.92, subdivision 1, paragraph (b), clause (1), item (vi).

(b) A charter school's pupil transportation adjustment equals the school district per pupil adjustment under paragraph (a).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 15. Minnesota Statutes 2020, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10, subdivision 4, must be reserved and ~~used~~ must be spent on evidence-based practices to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Basic skills revenue may also be used for programs designed to prepare children and their families for entry into school whether the student first enrolls in kindergarten or first grade. ~~Any of the following may be provided to meet these learners' needs~~ Evidence-based practices may be provided in the following areas:

(1) direct instructional services under the assurance of mastery program according to section 124D.66;

(2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year ~~or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization~~;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60 and to implement plans under section 120B.12, subdivision 4a, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials, digital learning, and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for English learners;

~~(9) all-day kindergarten;~~

~~(10)~~ (9) early education programs, parent-training programs, school readiness programs, ~~kindergarten~~ voluntary prekindergarten and school readiness plus programs for four-year-olds, voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;

~~(11)~~ (10) extended school day and extended school year programs, including summer programs that may be offered directly by the site or under a performance-based contract with a community-based organization; ~~and~~

~~(12)~~ (11) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian~~.~~; and

(12) for transfer to the school nutrition fund for shortfalls for districts participating in the Community Eligibility Provision program.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 16. Minnesota Statutes 2020, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district or cooperative may allocate up to ~~50~~ 20 percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 17. Minnesota Statutes 2020, section 126C.15, subdivision 5, is amended to read:

Subd. 5. **Annual expenditure report.** Each year a district that receives basic skills revenue must submit a report identifying the expenditures it incurred to meet the needs of eligible learners under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose and provide a breakdown by functional area. Using valid and reliable data and measurement criteria, the report also must determine whether increased expenditures raised student achievement levels.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 18. Minnesota Statutes 2020, section 126C.17, is amended by adding a subdivision to read:

Subd. 9b. **Renewal by school board.** (a) Notwithstanding the election requirements of subdivision 9, a school board may renew an expiring referendum by board action if:

(1) the per-pupil amount of the referendum is the same as the amount expiring, or for an expiring referendum that was adjusted annually by the rate of inflation, the same as the per-pupil amount of the expiring referendum, adjusted annually for inflation in the same manner as if the expiring referendum had continued;

(2) the term of the renewed referendum is no longer than the initial term approved by the voters; and

(3) the school board has adopted a written resolution authorizing the renewal after holding a meeting and allowing public testimony on the proposed renewal.

(b) The resolution must be adopted by the school board by June 15 of any calendar year and becomes effective 60 days after its adoption.

(c) A referendum expires in the last fiscal year in which the referendum generates revenue for the school district. A school board may renew an expiring referendum under this subdivision not more than two fiscal years before the referendum expires.

(d) A district renewing an expiring referendum under this subdivision must submit a copy of the adopted resolution to the commissioner and to the county auditor no later than September 1 of the calendar year in which the levy is certified.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 19. Minnesota Statutes 2020, section 127A.49, subdivision 3, is amended to read:

Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district in the preceding year, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy ~~for the fiscal year in which the excess tax increment is paid~~ in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 123B.535, subdivision 4, if the district received natural disaster debt service equalization aid according to section 123B.535, subdivision 5, in the second preceding year;

(J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year; and

(K) section 122A.415, subdivision 5, if the district received alternative teacher compensation equalization aid according to section 122A.415, subdivision 6, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy ~~for the fiscal~~ in the third preceding year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds $25,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 20. Minnesota Statutes 2020, section 290.0679, subdivision 2, is amended to read:

Subd. 2. **Conditions for assignment.** A qualifying taxpayer may assign all or part of an anticipated refund for the current and future taxable years to a financial institution or a qualifying organization. A financial institution or qualifying organization accepting assignment must pay the amount secured by the assignment to a third-party vendor. The commissioner of education shall, upon request from a third-party vendor, certify that the vendor's products and services qualify for the education credit. A denial of a certification ~~is subject to the contested case~~

~~procedure under~~ may be appealed to the commissioner of education notwithstanding chapter 14. A financial institution or qualifying organization that accepts assignments under this section must verify as part of the assignment documentation that the product or service to be provided by the third-party vendor has been certified by the commissioner of education as qualifying for the education credit. The amount assigned for the current and future taxable years may not exceed the maximum allowable education credit for the current taxable year. Both the taxpayer and spouse must consent to the assignment of a refund from a joint return.

Sec. 21. Minnesota Statutes 2020, section 469.176, subdivision 2, is amended to read:

Subd. 2. **Excess increments.** (a) The authority shall annually determine the amount of excess increments for a district, if any. This determination must be based on the tax increment financing plan in effect on December 31 of the year and the increments and other revenues received as of December 31 of the year. The authority must spend or return the excess increments under paragraph (c) within nine months after the end of the year.

(b) For purposes of this subdivision, "excess increments" equals the excess of:

(1) total increments collected from the district since its certification, reduced by any excess increments paid under paragraph (c), clause (4), for a prior year, over

(2) the total costs authorized by the tax increment financing plan to be paid with increments from the district, reduced, but not below zero, by the sum of:

(i) the amounts of those authorized costs that have been paid from sources other than tax increments from the district;

(ii) revenues, other than tax increments from the district, that are dedicated for or otherwise required to be used to pay those authorized costs and that the authority has received and that are not included in item (i);

(iii) the amount of principal and interest obligations due on outstanding bonds after December 31 of the year and not prepaid under paragraph (c) in a prior year; and

(iv) increased by the sum of the transfers of increments made under section 469.1763, subdivision 6, to reduce deficits in other districts made by December 31 of the year.

(c) The authority shall use excess increment only to do one or more of the following:

(1) prepay any outstanding bonds;

(2) discharge the pledge of tax increment for any outstanding bonds;

(3) pay into an escrow account dedicated to the payment of any outstanding bonds; or

(4) return the excess amount to the county auditor who shall distribute the excess amount to the city or town, county, and school district in which the tax increment financing district is located in direct proportion to their respective local tax rates.

(d) For purposes of a district for which the request for certification was made prior to August 1, 1979, excess increments equal the amount of increments on hand on December 31, less the principal and interest obligations due on outstanding bonds or advances, qualifying under subdivision 1c, clauses (1), (2), (4), and (5), after December 31 of the year and not prepaid under paragraph (c).

(e) The county auditor must, prior to February 1 of each year, report to the commissioner of education the amount of any excess tax increment distributed to a school district ~~within 30 days of the distribution~~ for the preceding taxable year.

(f) For purposes of this subdivision, "outstanding bonds" means bonds which are secured by increments from the district.

(g) The state auditor may exempt an authority from reporting the amounts calculated under this subdivision for a calendar year, if the authority certifies to the auditor in its report that the total amount authorized by the tax increment plan to be paid with increments from the district exceeds the sum of the total increments collected for the district for all years by 20 percent.

Sec. 22. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

$7,563,143,000	. . . . .	2022
$7,801,734,000	. . . . .	2023

The 2022 appropriation includes $717,326,000 for 2021 and $6,845,817,000 for 2022.

The 2023 appropriation includes $760,646,000 for 2022 and $7,041,088,000 for 2023.

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

$12,000	. . . . .	2022
$13,000	. . . . .	2023

Subd. 4. **Abatement aid.** For abatement aid under Minnesota Statutes, section 127A.49:

$2,897,000	. . . . .	2022
$3,558,000	. . . . .	2023

The 2022 appropriation includes $269,000 for 2021 and $2,628,000 for 2022.

The 2023 appropriation includes $291,000 for 2022 and $3,267,000 for 2023.

Subd. 5. **Consolidation transition aid.** For districts consolidating under Minnesota Statutes, section 123A.485:

$309,000	. . . . .	2022
$373,000	. . . . .	2023

The 2022 appropriation includes $30,000 for 2021 and $279,000 for 2022.

The 2023 appropriation includes $31,000 for 2022 and $342,000 for 2023.

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

$17,173,000	. . . . .	2022
$17,864,000	. . . . .	2023

The 2022 appropriation includes $1,996,000 for 2021 and $15,177,000 for 2022.

The 2023 appropriation includes $1,686,000 for 2022 and $16,178,000 for 2023.

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

$19,692,000	. . . . .	2022
$19,809,000	. . . . .	2023

The 2022 appropriation includes $1,964,000 for 2021 and $17,728,000 for 2022.

The 2023 appropriation includes $1,969,000 for 2022 and $17,840,000 for 2023.

Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

$65,000	. . . . .	2022
$65,000	. . . . .	2023

Subd. 9. **Career and technical aid** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

$2,700,000	. . . . .	2022
$2,307,000	. . . . .	2023

The 2022 appropriation includes $323,000 for 2021 and $2,377,000 for 2022.

The 2023 appropriation includes $264,000 for 2022 and $2,043,000 for 2023.

Subd. 10. **Pregnant and parenting pupil transportation reimbursement.** (a) To reimburse districts for transporting pregnant or parenting pupils under Minnesota Statutes, section 123B.92, subdivision 1, paragraph (b), clause (1), item (vi):

$56,000	. . . . .	2022
$55,000	. . . . .	2023

(b) To receive reimbursement, districts must apply using the form and manner of application prescribed by the commissioner. If the appropriation is insufficient, the commissioner must prorate the amount paid to districts seeking reimbursement.

(c) Any balance in the first year does not cancel but is available in the second year.

ARTICLE 2
EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2020, section 13.32, subdivision 3, is amended to read:

Subd. 3. **Private data; when disclosure is permitted.** Except as provided in subdivision 5, educational data is private data on individuals and shall not be disclosed except as follows:

(a) pursuant to section 13.05;

(b) pursuant to a valid court order;

(c) pursuant to a statute specifically authorizing access to the private data;

(d) to disclose information in health, including mental health, and safety emergencies pursuant to the provisions of United States Code, title 20, section 1232g(b)(1)(I) and Code of Federal Regulations, title 34, section 99.36;

(e) pursuant to the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3), (b)(6), (b)(7), and (i), and Code of Federal Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, 99.35, and 99.39;

(f) to appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted;

(g) when disclosure is required for institutions that participate in a program under title IV of the Higher Education Act, United States Code, title 20, section 1092;

(h) to the appropriate school district officials to the extent necessary under subdivision 6, annually to indicate the extent and content of remedial instruction, including the results of assessment testing and academic performance at a postsecondary institution during the previous academic year by a student who graduated from a Minnesota school district within two years before receiving the remedial instruction;

(i) to appropriate authorities as provided in United States Code, title 20, section 1232g(b)(1)(E)(ii), if the data concern the juvenile justice system and the ability of the system to effectively serve, prior to adjudication, the student whose records are released; provided that the authorities to whom the data are released submit a written request for the data that certifies that the data will not be disclosed to any other person except as authorized by law without the written consent of the parent of the student and the request and a record of the release are maintained in the student's file;

(j) to volunteers who are determined to have a legitimate educational interest in the data and who are conducting activities and events sponsored by or endorsed by the educational agency or institution for students or former students;

(k) to provide student recruiting information, from educational data held by colleges and universities, as required by and subject to Code of Federal Regulations, title 32, section 216;

(l) to the juvenile justice system if information about the behavior of a student who poses a risk of harm is reasonably necessary to protect the health or safety of the student or other individuals;

(m) with respect to Social Security numbers of students in the adult basic education system, to Minnesota State Colleges and Universities and the Department of Employment and Economic Development for the purpose and in the manner described in section 124D.52, subdivision 7;

(n) to the commissioner of education for purposes of an assessment or investigation of a report of alleged maltreatment of a student as mandated by chapter 260E. Upon request by the commissioner of education, data that are relevant to a report of maltreatment and are from charter school and school district investigations of alleged maltreatment of a student must be disclosed to the commissioner, including, but not limited to, the following:

(1) information regarding the student alleged to have been maltreated;

(2) information regarding student and employee witnesses;

(3) information regarding the alleged perpetrator; and

(4) what corrective or protective action was taken, if any, by the school facility in response to a report of maltreatment by an employee or agent of the school or school district;

(o) when the disclosure is of the final results of a disciplinary proceeding on a charge of a crime of violence or nonforcible sex offense to the extent authorized under United States Code, title 20, section 1232g(b)(6)(A) and (B) and Code of Federal Regulations, title 34, sections 99.31 (a)(13) and (14);

(p) when the disclosure is information provided to the institution under United States Code, title 42, section 14071, concerning registered sex offenders to the extent authorized under United States Code, title 20, section 1232g(b)(7); ~~or~~

(q) when the disclosure is to a parent of a student at an institution of postsecondary education regarding the student's violation of any federal, state, or local law or of any rule or policy of the institution, governing the use or possession of alcohol or of a controlled substance, to the extent authorized under United States Code, title 20, section 1232g(i), and Code of Federal Regulations, title 34, section 99.31 (a)(15), and provided the institution has an information release form signed by the student authorizing disclosure to a parent. The institution must notify parents and students about the purpose and availability of the information release forms. At a minimum, the institution must distribute the information release forms at parent and student orientation meetings~~.~~; or

(r) with Tribal Nations about Tribally enrolled or descendant students to the extent necessary for the Tribal Nation and school district or charter school to support the educational attainment of the student.

Sec. 2. Minnesota Statutes 2020, section 120A.22, subdivision 7, is amended to read:

Subd. 7. **Education records.** (a) A district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 from which a student is transferring must transmit the student's educational records, within ten business days of a request, to the district, the charter school, or the nonpublic school in which the student is enrolling. Districts, charter schools, and nonpublic schools that receive services or aid under sections 123B.40 to 123B.48 must make reasonable efforts to determine the district, the charter school, or the nonpublic school in which a transferring student is next enrolling in order to comply with this subdivision.

(b) A closed charter school must transfer the student's educational records, within ten business days of the school's closure, to the student's school district of residence where the records must be retained unless the records are otherwise transferred under this subdivision.

(c) A school district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 that transmits a student's educational records to another school district or other educational entity, charter school, or nonpublic school to which the student is transferring must include in the transmitted records information about any formal suspension, expulsion, and exclusion disciplinary action, as well as pupil withdrawals, under sections 121A.40 to 121A.56. The transmitted records must include services a pupil needs to prevent the

inappropriate behavior from recurring. The district, the charter school, or the nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must provide notice to a student and the student's parent or guardian that formal disciplinary records will be transferred as part of the student's educational record, in accordance with data practices under chapter 13 and the Family Educational Rights and Privacy Act of 1974, United States Code, title 20, section 1232(g).

(d) Notwithstanding section 138.17, a principal or chief administrative officer must remove from a student's educational record and destroy a probable cause notice received under section 260B.171, subdivision 5, or paragraph (e), if one year has elapsed since the date of the notice and the principal or chief administrative officer has not received a disposition or court order related to the offense described in the notice. This paragraph does not apply if the student no longer attends the school when this one-year period expires.

(e) A principal or chief administrative officer who receives a probable cause notice under section 260B.171, subdivision 5, or a disposition or court order, must include a copy of that data in the student's educational records if they are transmitted to another school, unless the data are required to be destroyed under paragraph (d) or section 121A.75.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 3. Minnesota Statutes 2020, section 120A.22, subdivision 9, is amended to read:

Subd. 9. **Knowledge and skills.** Instruction must be provided in at least the following subject areas:

(1) basic communication skills including reading and writing, literature, and fine arts;

(2) mathematics and science;

(3) social studies including history, geography, economics, government, and citizenship; ~~and~~

(4) health and physical education~~.~~; and

(5) indigenous education.

Instruction, textbooks, and materials must be in the English language. Another language may be used pursuant to sections 124D.59 to 124D.61.

Sec. 4. Minnesota Statutes 2020, section 120A.22, subdivision 10, is amended to read:

Subd. 10. **Requirements for instructors.** A person who is providing instruction to a child must meet at least one of the following requirements:

(1) hold a valid Minnesota teaching license in the field and for the grade level taught;

(2) be directly supervised by a person holding a valid Minnesota teaching license;

~~(3) successfully complete a teacher competency examination;~~

~~(4)~~ (3) provide instruction in a school that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner;

~~(5)~~ (4) hold a baccalaureate degree; or

~~(6)~~ (5) be the parent of a child who is assessed according to the procedures in subdivision 11.

Any person providing instruction in a public school must meet the requirements of clause (1).

Sec. 5. Minnesota Statutes 2020, section 120B.02, subdivision 1, is amended to read:

Subdivision 1. **Educational expectations.** (a) The legislature is committed to establishing rigorous academic standards for Minnesota's public school students. To that end, the commissioner shall adopt in rule statewide academic standards. The commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments, or form of instruction that school sites must use.

(b) All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) the rule must be focused on the experiences and perspectives of all students, including Indigenous people and people of color, within and beyond the United States;

(3) any state action regarding the rule must evidence consideration of school district autonomy; and

~~(3)~~ (4) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) The commissioner shall periodically review and report on the state's assessment process.

(d) School districts are not required to adopt specific provisions of the federal School-to-Work programs.

Sec. 6. Minnesota Statutes 2020, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

(1) language arts;

(2) mathematics;

(3) science;

(4) social studies, including indigenous education, history, geography, economics, and government and citizenship that includes civics consistent with section 120B.02, subdivision 3;

(5) physical education;

(6) health, for which locally developed academic standards apply; and

(7) the arts~~, for which statewide or locally developed academic standards apply, as determined by the school district~~. Public elementary and middle schools must offer at least three and require at least two of the following ~~four~~ five arts areas: dance; media arts; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

(c) The department must adopt the most recent SHAPE America (Society of Health and Physical Educators) kindergarten through grade 12 standards and benchmarks for physical education as the required physical education academic standards. The department may modify and adapt the national standards to accommodate state interest. The modification and adaptations must maintain the purpose and integrity of the national standards. The department must make available sample assessments, which school districts may use as an alternative to local assessments, to assess students' mastery of the physical education standards beginning in the 2018-2019 school year.

(d) A school district may include child sexual abuse prevention instruction in a health curriculum, consistent with paragraph (a), clause (6). Child sexual abuse prevention instruction may include age-appropriate instruction on recognizing sexual abuse and assault, boundary violations, and ways offenders groom or desensitize victims, as well as strategies to promote disclosure, reduce self-blame, and mobilize bystanders. A school district may provide instruction under this paragraph in a variety of ways, including at an annual assembly or classroom presentation. A school district may also provide parents information on the warning signs of child sexual abuse and available resources.

(e) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

(f) The curriculum required for indigenous education must be:

(1) for students in prekindergarten through grade 12;

(2) related to the indigenous experience in Minnesota, including Tribal history, sovereignty, culture, treaty rights, government, socioeconomic experiences, contemporary issues, and current events;

(3) historically accurate, Tribally endorsed, culturally relevant, community based, contemporary, and developmentally appropriate; and

(4) aligned with the academic content standards, including all yearly revisions that include the contributions of Minnesota's Tribal nations and communities.

Sec. 7. Minnesota Statutes 2020, section 120B.021, subdivision 2, is amended to read:

Subd. 2. **Standards development.** (a) The commissioner must consider advice from at least the following stakeholders in developing statewide rigorous core academic standards in language arts, mathematics, science, social studies, including history, geography, economics, government and citizenship, and the arts:

(1) parents of school-age children and members of the public throughout the state;

(2) teachers throughout the state currently licensed and providing instruction in language arts, mathematics, science, social studies, or the arts and licensed elementary and secondary school principals throughout the state currently administering a school site;

(3) currently serving members of local school boards and charter school boards throughout the state;

(4) faculty teaching core subjects at postsecondary institutions in Minnesota; ~~and~~

(5) representatives of the Minnesota business community~~.~~;

(6) representatives from the Tribal Nations Education Committee and Minnesota's Tribal Nations and communities, including both Anishinaabe and Dakota;

(7) youth currently enrolled in kindergarten through grade 12 school districts and charter schools in Minnesota; and

(8) other stakeholders that represent the ethnic, racial, and geographic diversity of Minnesota, including gender and sexual orientation, immigrant status, and religious and linguistic background.

(b) Academic standards must:

(1) be clear, concise, objective, measurable, and grade-level appropriate;

(2) not require a specific teaching methodology or curriculum; and

(3) be consistent with the Constitutions of the United States and the state of Minnesota.

Sec. 8. Minnesota Statutes 2020, section 120B.021, subdivision 3, is amended to read:

Subd. 3. **Rulemaking.** The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, science, social studies, physical education, and the arts. After the rules authorized under this subdivision are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization unless done pursuant to subdivision 4.

Sec. 9. Minnesota Statutes 2020, section 120B.021, subdivision 4, is amended to read:

Subd. 4. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed indigenous education standards that include the contributions of American Indian Tribes and communities into the state academic standards and graduation requirements. These standards must be consistent with recommendations from the Tribal Nations Education Committee.

(b) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area.

(c) The commissioner must ~~include the contributions of Minnesota American Indian tribes and communities as related to the~~ appropriately embed ethnic studies into all required state academic standards during the review and revision of the ~~required academic~~ standards.

~~(b)~~ (d) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2021-2022 school year and every ten years thereafter.

~~(c)~~ (e) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2017-2018 school year and every ten years thereafter.

~~(d)~~ (f) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2018-2019 school year and every ten years thereafter.

~~(e)~~ (g) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2019-2020 school year and every ten years thereafter.

~~(f)~~ (h) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2020-2021 school year and every ten years thereafter.

~~(g)~~ (i) The commissioner must implement a review of the academic standards and related benchmarks in physical education beginning in the ~~2022-2023~~ 2026-2027 school year and every ten years thereafter.

~~(h)~~ (j) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

Sec. 10. Minnesota Statutes 2020, section 120B.024, subdivision 1, is amended to read:

Subdivision 1. **Graduation requirements.** (a) Students ~~beginning 9th grade in the 2011-2012 school year and later~~ must successfully complete the following high school level credits for graduation:

(1) four credits of language arts sufficient to satisfy all of the academic standards in English language arts;

(2) three credits of mathematics, including an algebra II credit or its equivalent, sufficient to satisfy all of the academic standards in mathematics;

(3) an algebra I credit by the end of 8th grade sufficient to satisfy all of the 8th grade standards in mathematics. The credit does not bear high school credit;

(4) three credits of science, including at least one credit of biology, one credit of chemistry or physics, and one elective credit of science. The combination of credits under this clause must be sufficient to satisfy (i) all of the academic standards in either chemistry or physics and (ii) all other academic standards in science;

(5) three and one-half credits of social studies, encompassing at least indigenous education, United States history, geography, government and citizenship, world history, and economics sufficient to satisfy all of the academic standards in social studies;

(6) one credit of the arts sufficient to satisfy all of the ~~state or local~~ academic standards in the arts; ~~and~~

(7) one-half credit of physical education sufficient to satisfy all of the academic standards in physical education; and

~~(7)~~ (8) a minimum of ~~seven~~ six and one-half elective credits.

(b) A school district is encouraged to offer a course for credit in government and citizenship to 11th or 12th grade students who begin 9th grade in the 2020-2021 school year and later, that satisfies the government and citizenship requirement in paragraph (a), clause (5).

Sec. 11. **[120B.025] ETHNIC STUDIES.**

Subdivision 1. **Definition.** "Ethnic studies" means the critical and interdisciplinary study of race, ethnicity, and indigeneity with a focus on the experiences and perspectives of people of color within and beyond the United States. Ethnic studies analyzes the ways in which race and racism have been and continue to be powerful social, cultural, and political forces, and race and racism's connections to the stratification of other groups, including stratification based on gender, class, sexual orientation, gender identity, and legal status.

Subd. 2. **Department of Education.** The Department of Education must employ dedicated ethnic studies staff to provide expertise for adopting ethnic studies standards into academic standards and providing assistance to school districts and charter schools in implementing ethnic studies standards. Duties of ethnic studies staff may include:

(1) supporting a school district or charter school in implementing ethnic studies courses and curriculum that fulfill ethnic studies standards;

(2) providing training for teachers and school district staff to successfully implement ethnic studies standards;

(3) assisting school districts and charter schools to annually evaluate the implementation of the ethnic studies curriculum by seeking feedback from students, parents or guardians, and community members; and

(4) making available to school districts and charter schools the following:

(i) an ethnic studies school survey for each school district and charter school to use as part of a school needs assessment;

(ii) a list of recommended materials, resources, sample curricula, and pedagogical skills for use in kindergarten through grade 12 that accurately reflect the diversity of the state of Minnesota;

(iii) training materials for teachers and district and school staff, including an ethnic studies coordinator, to implement ethnic studies requirements, including a school needs assessment; and

(iv) other resources to assist districts and charter schools in successfully implementing ethnic studies standards.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 12. Minnesota Statutes 2020, section 120B.11, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section and section 120B.10, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that enable a student to meet state and district academic standards and graduation requirements including applied and experiential learning.

(b) "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge and skills and career and college readiness.

(c) "World's best workforce" means striving to: meet school readiness goals; have all third grade students achieve grade-level literacy; close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

(d) "Experiential learning" means learning for students that includes career exploration through a specific class or course or through work-based experiences such as job shadowing, mentoring, entrepreneurship, service learning, volunteering, internships, other cooperative work experience, youth apprenticeship, or employment.

(e) "Ethnic studies curriculum" means the critical and interdisciplinary study of race, ethnicity, and indigeneity with a focus on the experiences and perspectives of people of color within and beyond the United States. Ethnic studies analyzes the ways in which race and racism have been and continue to be powerful social, cultural, and political forces, and race and racism's connections to the stratification of other groups, including stratification based on gender, class, sexual orientation, gender identity, and legal status. The ethnic studies curriculum may be integrated in existing curricular opportunities or provided through additional curricular offerings.

(f) "Anti-racist" means the active process of identifying and eliminating racism by changing systems, organizational structures, policies, practices, attitudes, and dispositions so that power and resources are redistributed and shared equitably.

(g) "Culturally sustaining" means integrating content and practices that infuse the culture and language of Black, Indigenous, and People of Color communities who have been and continue to be harmed and erased through schooling.

(h) "Institutional racism" means policies and practices within and across institutions that produce outcomes that chronically favor white people and predictably disadvantage those who are Black, Indigenous, and People of Color.

(i) "On track for graduation" means that at the end of grade 9, a student has earned at least five credits and has received no more than one failing grade in a term in a language arts, mathematics, science, or social studies course that fulfills a credit requirement under section 120B.024. A student is off track for graduation if the student fails to meet either of these criteria.

Sec. 13. Minnesota Statutes 2020, section 120B.11, subdivision 1a, is amended to read:

Subd. 1a. **Performance measures.** (a) Measures to determine school district and school site progress in striving to create the world's best workforce must include at least:

(1) the size of the academic achievement gap, rigorous course taking under section 120B.35, subdivision 3, paragraph (c), clause (2), participation in honors or gifted and talented programming, and enrichment experiences by student subgroup;

(2) student performance on the Minnesota Comprehensive Assessments;

(3) high school graduation rates; ~~and~~

(4) career and college readiness under section 120B.30, subdivision 1~~.~~; and

(5) the number and percentage of students, by student subgroup, who are on track for graduation.

(b) A school district that offers advanced placement, international baccalaureate, or dual enrollment programs must report on the following performance measures starting in the 2023-2024 school year:

(1) participation in postsecondary enrollment options and concurrent enrollment programs;

(2) the number of students who took an advanced placement exam and the number of students who passed the exam; and

(3) the number of students who took the international baccalaureate exam and the number of students who passed the exam.

(c) Performance measures under this subdivision must be reported for all student subgroups identified in section 120B.35, subdivision 3, paragraph (b), clause (2).

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 14. Minnesota Statutes 2020, section 120B.11, subdivision 2, is amended to read:

Subd. 2. **Adopting plans and budgets.** A school board, at a public meeting, ~~shall~~ must adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that is aligned with creating the world's best workforce and includes:

(1) clearly defined district and school site goals and benchmarks for instruction and student achievement for all student subgroups identified in section 120B.35, subdivision 3, paragraph (b), clause (2);

(2) a process to assess and evaluate each student's progress toward meeting state and local academic standards, assess and identify students to participate in gifted and talented programs and accelerate their instruction, and adopt early-admission procedures consistent with section 120B.15, assess ethnic studies curriculum needs to determine priorities for integrating ethnic studies into existing courses or developing new courses, and identifying the strengths and weaknesses of instruction in pursuit of student and school success and curriculum affecting students' progress and growth toward career and college readiness and leading to the world's best workforce;

(3) a system to periodically review and evaluate the effectiveness of all instruction and curriculum, including ethnic studies curriculum, taking into account strategies and best practices, student outcomes, school principal evaluations under section 123B.147, subdivision 3, students' access to effective teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of enrolled students under section 120B.35, subdivision 3, paragraph (b), clause (2), and teacher evaluations under section 122A.40, subdivision 8, or 122A.41, subdivision 5;

(4) strategies for improving instruction, curriculum, and student achievement, including: (i) the English and, where practicable, the native language development and the academic achievement of English learners; and (ii) access to ethnic studies curriculum using culturally responsive methodologies for all learners;

(5) a process to examine the equitable distribution of teachers and strategies to ensure children from low-income ~~and minority children~~ families, families of color, and American Indian families are not taught at higher rates than other children by inexperienced, ineffective, or out-of-field teachers;

(6) education effectiveness practices that:

(i) integrate high-quality instruction, ~~rigorous curriculum,~~ technology, and curriculum that is rigorous, accurate, anti-racist, and culturally sustaining;

(ii) ensure learning and work environments validate, affirm, embrace, and integrate cultural and community strengths for all students, families, and employees; and

(iii) provide a collaborative professional culture that ~~develops and supports~~ seeks to retain qualified, racially and ethnically diverse staff effective at working with diverse students while developing and supporting teacher quality, performance, and effectiveness; ~~and~~

(7) an annual budget for continuing to implement the district plan~~.~~; and

(8) identifying a list of suggested and required materials, resources, sample curricula, and pedagogical skills for use in kindergarten through grade 12 that accurately reflect the diversity of the state of Minnesota.

EFFECTIVE DATE. This section is effective for all strategic plans reviewed and updated after the day following final enactment.

Sec. 15. Minnesota Statutes 2020, section 120B.11, subdivision 3, is amended to read:

Subd. 3. **District advisory committee.** Each school board ~~shall~~ must establish an advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state and district academic standards, consistent with subdivision 2. A district advisory committee, to the extent possible, ~~shall~~ must reflect the diversity of the district and its school sites, include teachers, parents, support staff, students, and other community residents, and provide translation to the extent appropriate and practicable. The district advisory committee ~~shall~~ must pursue community support to accelerate the academic and native literacy and achievement of English learners with varied needs, from young children to adults, consistent with section 124D.59, subdivisions 2 and 2a. The district may establish site teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee ~~shall~~ must recommend to the school board: rigorous academic standards~~,~~; student achievement goals and measures consistent with subdivision 1a and sections 120B.022, subdivisions 1a and 1b, and 120B.35~~,~~; district assessments~~,~~; means to improve students' equitable access to effective and more diverse teachers~~,~~; strategies to ensure the curriculum is rigorous, accurate, anti-racist, and culturally sustaining; strategies to ensure that curriculum and learning and work environments validate, affirm, embrace, and integrate the cultural and community strengths of all racial and ethnic groups; and program evaluations. School sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents ~~shall~~ must comprise at least two-thirds of advisory committee members.

Sec. 16. **[120B.113] EQUITABLE SCHOOL ENHANCEMENT GRANTS.**

Subdivision 1. **Grant program established.** The commissioner of education must establish a grant program to support implementation of world's best workforce strategies under section 120B.11, subdivision 2, clauses (4) and (6), to support collaborative efforts that address issues of curricular, environmental, and structural inequities in schools that create opportunity and achievement gaps for students, families, and staff who are of color or who are American Indian.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Anti-racist" means the active process of identifying and eliminating racism by changing systems, organizational structures, policies, practices, attitudes, and dispositions so that power and resources are redistributed and shared equitably.

(c) "Curricular" means curriculum resources used and content taught as well as access to levels of coursework or types of learning opportunities.

(d) "Environmental" means relating to the climate and culture of a school.

(e) "Equitable" means fairness by providing curriculum, instruction, support, and other resources for learning based on the needs of individual students and groups of students to succeed at school rather than treating all students the same. Equitable schools close opportunity and achievement gaps.

(f) "Institutional racism" means policies and practices within and across institutions that produce outcomes that chronically favor white people and predictably disadvantage those who are Black, Indigenous, and People of Color.

(g) "Structural" means relating to the organization and systems of a school that have been created to manage a school.

Subd. 3. **Applications and grant awards.** The commissioner must determine application procedures and deadlines, select schools to participate in the grant program, and determine the award amount and payment process of the grants. To the extent that there are sufficient applications, the commissioner must award an approximately

equal number of grants between districts in greater Minnesota and those in the Twin Cities metropolitan area. If there are an insufficient number of applications received for either geographic area, the commissioner may award grants to meet the requests for funds wherever a district is located.

Subd. 4. **Description.** The grant program must provide funding that supports collaborative efforts that ensure school climate and curriculum incorporate equitable, anti-racist educational practices that:

(1) validate, affirm, embrace, and integrate cultural and community strengths of students, families, and employees from all racial and ethnic backgrounds; and

(2) address institutional racism with equitable school policies, structures, and practices, consistent with the requirements for long-term plans under section 124D.861, subdivision 2, paragraph (c).

Subd. 5. **Report.** Grant recipients must annually report to the commissioner by a date and in a form and manner determined by the commissioner on efforts planned and implemented that engaged students, families, educators, and community members of diverse racial and ethnic backgrounds in making improvements to school climate and curriculum. The report must assess the impact of those efforts as perceived by racially and ethnically diverse stakeholders, and must identify any areas needed for further continuous improvement. The commissioner must publish a report for the public summarizing the activities of grant recipients and what was done to promote sharing of effective practices among grant recipients and potential grant applicants.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 17. Minnesota Statutes 2020, section 120B.132, is amended to read:

120B.132 RAISED ACADEMIC ACHIEVEMENT; ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.

Subdivision 1. **Establishment; eligibility.** (a) A program is established to raise kindergarten through grade 12 academic achievement through increased student participation in preadvanced placement, advanced placement, and international baccalaureate programs, consistent with section 120B.13. Schools and charter schools eligible to participate under this section~~:~~

~~(1) must have a three-year plan approved by the local school board to establish a new international baccalaureate program leading to international baccalaureate authorization, expand an existing program that leads to international baccalaureate authorization, or expand an existing authorized international baccalaureate program; or~~

~~(2) must have a three-year plan approved by the local school board to create a new or expand an existing program to implement the college board advanced placement courses and exams or preadvanced placement initiative; and~~

~~(3)~~ must propose to further raise students' academic achievement by:

~~(i)~~ (1) increasing the availability of and all students' access to advanced placement or international baccalaureate courses or programs;

~~(ii)~~ (2) expanding the breadth of advanced placement or international baccalaureate courses or programs that are available to students;

~~(iii)~~ (3) increasing the number and the diversity of the students who participate in advanced placement or international baccalaureate courses or programs and succeed;

~~(iv)~~ (4) providing low-income and other disadvantaged students with increased access to advanced placement or international baccalaureate courses and programs; or

~~(v)~~ (5) increasing the number of high school students, including low-income and other disadvantaged students, who receive college credit by successfully completing advanced placement or international baccalaureate courses or programs and achieving satisfactory scores on related exams.

(b) Within 90 days of receiving a grant under this section, a school district or charter school must:

(1) adopt a three-year plan approved by the local school board to establish a new international baccalaureate program leading to international baccalaureate authorization, expand an existing program that leads to international baccalaureate authorization, or expand an existing authorized international baccalaureate program; or

(2) adopt a three-year plan approved by the local school board to create a new program or expand an existing program to implement the college board advanced placement courses and exams or preadvanced placement initiative.

Subd. 2. **Application and review process; funding priority.** (a) Charter schools and school districts in which eligible schools under subdivision 1 are located may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to further raise students' academic achievement. The application must detail the specific efforts the applicant intends to undertake in further raising students' academic achievement, consistent with subdivision 1, and a proposed budget detailing the district or charter school's current and proposed expenditures for advanced placement, preadvanced placement, and international baccalaureate courses and programs. The proposed budget must demonstrate that the applicant's efforts will support implementation of advanced placement, preadvanced placement, and international baccalaureate courses and programs. Expenditures for administration must not exceed five percent of the proposed budget. Priority for advanced placement grants must be given to grantees who add or expand offerings of advanced placement computer science principles. The commissioner may require an applicant to provide additional information.

(b) When reviewing applications, the commissioner must determine whether the applicant satisfied all the requirements in this subdivision and subdivision 1. The commissioner may give funding priority to an otherwise qualified applicant that demonstrates:

(1) a focus on developing or expanding preadvanced placement, advanced placement, or international baccalaureate courses or programs or increasing students' participation in, access to, or success with the courses or programs, including the participation, access, or success of low-income and other disadvantaged students;

(2) a compelling need for access to preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(3) an effective ability to actively involve local business and community organizations in student activities that are integral to preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(4) access to additional public or nonpublic funds or in-kind contributions that are available for preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(5) an intent to implement activities that target low-income and other disadvantaged students; or

(6) an intent to increase the advanced placement and international baccalaureate course offerings in science, technology, engineering, and math to low-income and other disadvantaged students.

Subd. 3. **Funding; permissible funding uses.** (a) The commissioner shall award grants to applicant school districts and charter schools that meet the requirements of subdivisions 1 and 2. The commissioner must award grants on an equitable geographical basis to the extent feasible and consistent with this section. Grant awards must not exceed ~~the lesser of:~~

~~(1) $85 times the number of pupils enrolled at the participating sites on October 1 of the previous fiscal year;~~

~~(2) the approved supplemental expenditures based on the budget submitted under subdivision 2. For charter schools in their first year of operation, the maximum funding award must be calculated using the number of pupils enrolled on October 1 of the current fiscal year. The commissioner may adjust the maximum funding award computed using prior year data for changes in enrollment attributable to school closings, school openings, grade level reconfigurations, or school district reorganizations between the prior fiscal year and the current fiscal year; or~~

~~(3) $150,000~~ $75,000 per district or charter school.

(b) School districts and charter schools that submit an application and receive funding under this section must use the funding, consistent with the application, to:

(1) provide teacher training and instruction to more effectively serve students, including low-income and other disadvantaged students, who participate in preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(2) further develop preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(3) improve the transition between grade levels to better prepare students, including low-income and other disadvantaged students, for succeeding in preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(4) purchase books and supplies;

(5) pay course or program fees;

(6) increase students' participation in and success with preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(7) expand students' access to preadvanced placement, advanced placement, or international baccalaureate courses or programs through online learning;

(8) hire appropriately licensed personnel to teach additional advanced placement or international baccalaureate courses or programs; or

(9) engage in other activities to expand low-income or disadvantaged students' access to, participation in, and success with preadvanced placement, advanced placement, or international baccalaureate courses or programs. Other activities may include but are not limited to preparing and disseminating promotional materials to low-income and other disadvantaged students and their families.

Subd. 4. **Grants; annual reports.** (a) Each school district and charter school that receives a grant under this section annually must collect demographic and other student data to demonstrate and measure the extent to which the district or charter school raised students' academic achievement under this program and must report the data to the commissioner in the form and manner the commissioner determines. The commissioner annually by February 15 must make summary data about this program available to the education policy and finance committees of the legislature.

(b) Each school district and charter school that receives a grant under this section annually must report to the commissioner, consistent with the Uniform Financial Accounting and Reporting Standards, its actual expenditures for advanced placement, preadvanced placement, and international baccalaureate courses and programs. The report must demonstrate that the school district or charter school has maintained its effort from other sources for advanced placement, preadvanced placement, and international baccalaureate courses and programs compared with the previous fiscal year, and the district or charter school has expended all grant funds, consistent with its approved budget.

(c) Notwithstanding any law to the contrary, a grant under this section is available for three years from the date of the grant if the district or charter school meets the annual benchmarks in its plan under subdivision 1.

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

Sec. 18. Minnesota Statutes 2020, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS AND SERVICES.

(a) School districts may identify students, locally develop programs and services addressing instructional and affective needs, provide staff development, and evaluate programs and services to provide gifted and talented students with challenging and appropriate educational programs and services.

(b) School districts must adopt guidelines for assessing and identifying students for participation in gifted and talented programs and services consistent with section 120B.11, subdivision 2, clause (2). The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research. Assessments and procedures ~~should~~ must be sensitive and equitable to underrepresented groups, including, but not limited to, low-income students, ~~minority~~ students of color and American Indian students, twice-exceptional students, students with section 504 plans, and English learners. Assessments and procedures must be coordinated to allow for optimal identification of programs and services for underrepresented groups.

(c) School districts must adopt procedures for the academic acceleration of gifted and talented students consistent with section 120B.11, subdivision 2, clause (2). These procedures must include how the district will:

(1) assess a student's readiness and motivation for acceleration; and

(2) match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.

(d) School districts must adopt procedures consistent with section 124D.02, subdivision 1, for early admission to kindergarten or first grade of gifted and talented learners consistent with section 120B.11, subdivision 2, clause (2). The procedures must be sensitive to underrepresented groups.

Sec. 19. **[120B.17] IMPLEMENTATION OF INDIGENOUS EDUCATION FOR ALL CURRICULUM.**

(a) Any district with a school identified for support under the federal Elementary and Secondary Education Act, and any district identified under World's Best Workforce as needing support and improvement, must:

(1) as a part of their needs assessment, assess the quality of implementation of indigenous education for all in the school or district;

(2) include any proposed changes, additions, or enhancements to the implementation of indigenous education for all in their school or district improvement plan;

(3) ensure that indigenous curriculum is included in plans and activities in years two and three for schools and districts identified for improvement plans;

(4) engage Tribal Nations and Indigenous families in the planning and implementation of improvement plans in schools and districts when a school or district has ten or more American Indian students; and

(5) provide evidence that implementation factors have been completed.

(b) The Department of Education must:

(1) provide monitoring and auditing personnel to coordinate within the department and with all indigenous education for all programs in districts and schools;

(2) provide professional development to teachers instituting indigenous curriculum;

(3) provide monitoring of high-quality curriculum materials and teaching practices regarding Tribal history, culture, and government of local Tribes for mutual awareness between Tribes and districts and understanding the importance of accurate and Tribally endorsed curriculum;

(4) provide ongoing support to all schools and districts on curricula and best teaching practices and to school boards to identify and adopt curriculum that includes Tribal experiences and perspectives to engage Indigenous students and ensure that all students learn about the history, culture, government, and experiences of their Indigenous peers and neighbors;

(5) refer noncompliance with indigenous curriculum requirements to the Department of Human Rights;

(6) by December 1, 2022, and every two years thereafter, report to the commissioner of education regarding the progress made in the development of effective government-to-government relations, narrowing of the achievement gap, and identification and adoption of curriculum including Tribal history, culture, and government. The report must include information about the adoption of curriculum regarding Tribal history, culture, and government, and must address any obstacles encountered and any strategies being developed to overcome the obstacles; and

(7) publicly submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over education and to Minnesota's Tribal leaders, including the Tribal National Education Committee, the Minnesota Chippewa Tribe, and the Minnesota Indian Affairs Council.

Sec. 20. Minnesota Statutes 2020, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** ~~(a) For purposes of this section, the following definitions have the meanings given them.~~

~~(1) "Computer-adaptive assessments" means fully adaptive assessments.~~

~~(2) "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.~~

~~(3) "On-grade level" test items contain subject-area content that is aligned to state academic standards for the grade level of the student taking the assessment.~~

~~(4) "Above-grade-level" test items contain subject area content that is above the grade level of the student taking the assessment and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade-level test items to a student does not violate the requirement that state assessments must be aligned with state standards.~~

~~(5) "Below-grade-level" test items contain subject area content that is below the grade level of the student taking the test and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade-level test items to a student does not violate the requirement that state assessments must be aligned with state standards.~~

~~(b) The commissioner must use fully adaptive mathematics and reading assessments for grades 3 through 8.~~

~~(c)~~ (a) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading and mathematics assessments for grades 3 through 8, state-developed high school reading and mathematics tests aligned with state academic standards, a high school writing test aligned with state standards when it becomes available, and science assessments under clause (2) that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual computer-adaptive reading and mathematics assessments in grades 3 through 8, and high school reading, writing, and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

~~(d)~~ (b) The commissioner must ensure that for annual computer-adaptive assessments:

(1) individual student performance data and achievement reports are available within three school days of when students take an assessment except in a year when an assessment reflects new performance standards;

(2) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(3) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project students' secondary and postsecondary achievement; and

(4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given performance levels, organized by strands within subject areas, and aligned to state academic standards.

~~(e)~~ (c) The commissioner must ensure that all state tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

~~(f)~~ (d) Reporting of state assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include a growth indicator of student achievement; and

(3) determine whether students have met the state's academic standards.

~~(g)~~ (e) Consistent with applicable federal law, the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for English learners.

~~(h)~~ (f) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress toward career and college readiness in the context of the state's academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Sec. 21. Minnesota Statutes 2020, section 120B.30, is amended by adding a subdivision to read:

Subd. 7. **Remote testing.** The commissioner must develop and publish security and privacy policies and procedures for students and educators to support remote testing.

Sec. 22. Minnesota Statutes 2020, section 120B.30, is amended by adding a subdivision to read:

Subd. 8. **National and international education comparisons.** Each public district and school selected to participate in the national assessment of educational progress must do so pursuant to United States Code, title 20, section 6312(c)(2), as in effect on December 10, 2015, or similar national or international assessments, both for the national sample and for any state-by-state comparison programs that may be initiated, as directed by the commissioner. The assessments must be conducted using the data collection procedures, student surveys, educator surveys, and other instruments included in the National Assessment of Educational Progress or similar national or international assessments being administered in Minnesota. The administration of the assessments must be in addition to and separate from the administration of the statewide, standardized assessments.

Sec. 23. Minnesota Statutes 2020, section 120B.35, subdivision 3, is amended to read:

Subd. 3. **State growth target; other state measures.** (a)(1) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(2) For purposes of paragraphs (b), (c), and (d), the commissioner must analyze and report, as soon as practicable, separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to "other" for each race and ethnicity, and the Karen community, seven of the most populous Asian ~~and Pacific Islander~~ groups, three of the most populous Native groups, seven of the most populous Hispanic/Latino groups, and five of the most populous Black and African Heritage groups ~~as determined by the total Minnesota population based on the most recent American Community Survey;~~. These groups must be determined by a ten-year cycle using the American Community Survey of the total Minnesota population. The determination must be based on the most recent five-year dataset starting with the 2021-2025 dataset. Additional categories must include English learners under section 124D.59; home language; free or reduced-price lunch; and all students enrolled in a Minnesota public school who are currently or were previously in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors, district staff, experts in culturally responsive teaching, and researchers, must implement a growth model that compares the difference in students' achievement scores over time, and includes criteria for identifying schools and school districts that demonstrate academic progress. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

The commissioner must report measures of student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data, consistent with this paragraph, including the English language development, academic progress, and oral academic development of English learners and their native language development if the native language is used as a language of instruction, and include data on all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school, consistent with the student categories identified under paragraph (a), clause (2). The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of learning year program providers under sections 123A.05 and 124D.68, among other such providers, in improving students' graduation outcomes. The commissioner, beginning July 1, 2015, must annually report summary data on:

(1) the four- and six-year graduation rates of students under this paragraph;

(2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and

(3) the success that learning year program providers experience in:

(i) identifying at-risk and off-track student populations by grade;

(ii) providing successful prevention and intervention strategies for at-risk students;

(iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and

(iv) improving the graduation outcomes of at-risk and off-track students.

The commissioner may include in the annual report summary data on other education providers serving a majority of students eligible to participate in a learning year program.

(f) The commissioner, in consultation with recognized experts with knowledge and experience in assessing the language proficiency and academic performance of all English learners enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59, must identify and report appropriate and effective measures to improve current categories of language difficulty and assessments, and monitor and report data on students' English proficiency levels, program placement, and academic language development, including oral academic language.

(g) When reporting four- and six-year graduation rates, the commissioner or school district must disaggregate the data by student categories according to paragraph (a), clause (2).

(h) A school district must inform parents and guardians that volunteering information on student categories not required by the most recent reauthorization of the Elementary and Secondary Education Act is optional and will not violate the privacy of students or their families, parents, or guardians. The notice must state the purpose for collecting the student data.

EFFECTIVE DATE. This section is effective the day following final enactment. The next update to the data used to determine the most populous groups must be implemented in 2026 using the 2021-2025 dataset.

Sec. 24. Minnesota Statutes 2020, section 120B.35, subdivision 4, is amended to read:

Subd. 4. **Improving schools.** Consistent with the requirements of this section, ~~beginning June 20, 2012,~~ the commissioner of education must annually report to the public and the legislature best practices implemented in those schools that are identified as high performing ~~under federal expectations~~.

Sec. 25. **[121A.041] AMERICAN INDIAN MASCOTS PROHIBITED.**

Subdivision 1. **Prohibition.** (a) A public school may not have or adopt a name, symbol, or image that depicts or refers to an American Indian Tribe, individual, custom, or tradition to be used as a mascot, nickname, logo, letterhead, or team name of the district or school within the district.

(b) A public school may seek an exemption to paragraph (a) by submitting a request in writing to the Tribal Nations Education Committee and the Indian Affairs Council, which jointly shall have discretion to grant such an exemption. A public school that has a mascot prohibited by this section must request an exemption by January 1, 2022.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "American Indian" means an individual who is:

(1) a member of an Indian Tribe or band, as membership is defined by the Tribe or band, including:

(i) any Tribe or band terminated since 1940; and

(ii) any Tribe or band recognized by the state in which the Tribe or band resides;

(2) a descendant, in the first or second degree, of an individual described in clause (1);

(3) considered by the Secretary of the Interior to be an Indian for any purpose;

(4) an Eskimo, Aleut, or other Alaska Native; or

(5) a member of an organized Indian group that received a grant under the Indian Education Act of 1988 as in effect the day preceding October 20, 1994.

(c) "District" means a district under section 120A.05, subdivision 8.

(d) "Mascot" means any human, nonhuman animal, or object used to represent a school and its population.

(e) "Public school" or "school" means a public school under section 120A.05, subdivisions 9, 11, 13, and 17, and a charter school under chapter 124E.

Sec. 26. Minnesota Statutes 2020, section 121A.41, subdivision 10, is amended to read:

Subd. 10. **Suspension.** (a) "In-school suspension" means an instance in which a pupil is temporarily removed from the pupil's regular classroom for at least half a day for disciplinary purposes but remains under the direct supervision of school personnel. Direct supervision means school personnel are physically present in the same location as the pupil under supervision.

(b) "Out-of-school suspension" means an action by the school administration, under rules promulgated by the school board, prohibiting a pupil from attending school for a period of no more than ten school days. If a suspension is longer than five days, the suspending administrator must provide the superintendent with a reason for the longer suspension. This definition does not apply to dismissal from school for ~~one school day or~~ less than one school day, except as provided in federal law for a student with a disability. Each suspension action ~~may~~ must include a readmission plan. The readmission plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission and may not be used to extend the current suspension. Consistent with section 125A.091, subdivision 5, the readmission plan must not obligate a parent to provide a sympathomimetic medication for the parent's child as a condition of readmission. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of misconduct, except where the pupil will create an immediate and substantial danger to self or to surrounding persons or property, or where the district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of 15 school days.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 27. Minnesota Statutes 2020, section 121A.41, is amended by adding a subdivision to read:

Subd. 12. **Nonexclusionary disciplinary policies and practices; alternatives to pupil removal and dismissal.** "Nonexclusionary disciplinary policies and practices" means policies and practices that are alternatives to removing a pupil from class or dismissing a pupil from school, including evidence-based positive behavior interventions and supports, social and emotional services, school-linked mental health services, counseling services, social work services, referrals for special education or section 504 evaluations, academic screening for title one services or reading interventions, and alternative education services. Nonexclusionary disciplinary policies and practices require school officials to intervene in, redirect, and support a pupil's behavior before removing a pupil from class or beginning dismissal proceedings. Nonexclusionary disciplinary policies and practices include but are not limited to the policies and practices under sections 120B.12; 121A.031, subdivision 4, paragraph (a), clause (1); 121A.575, clauses (1) and (2); 121A.61, subdivision 3, paragraph (p); and 122A.627, clause (3).

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 28. Minnesota Statutes 2020, section 121A.41, is amended by adding a subdivision to read:

Subd. 13. **Pupil withdrawal agreement.** "Pupil withdrawal agreement" means a verbal or written agreement between a school or district administrator and a pupil's parent to withdraw a student from the school district to avoid expulsion or exclusion dismissal proceedings. A pupil withdrawal agreement expires at the end of a 12-month period.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 29. Minnesota Statutes 2020, section 121A.425, is amended to read:

121A.425 FULL AND EQUITABLE PARTICIPATION IN ~~PRESCHOOL AND PREKINDERGARTEN~~ EARLY LEARNING.

Subdivision 1. **Disciplinary dismissals prohibited.** (a) A pupil enrolled in the following is not subject to dismissals under this chapter:

(1) a preschool or prekindergarten program, including ~~a child participating in~~ early childhood family education, school readiness, school readiness plus, voluntary prekindergarten, Head Start, or other school-based preschool or prekindergarten program~~, may not be subject to dismissals under this chapter~~; or

(2) kindergarten through grade 3.

(b) Notwithstanding this subdivision, expulsions and exclusions may be used only after resources outlined in subdivision 2 have been exhausted, and only in circumstances where there is an ongoing serious safety threat to the child or others.

Subd. 2. **Nonexclusionary discipline.** For purposes of this section, nonexclusionary discipline must include at least one of the following:

(1) collaborating with the pupil's family or guardian, child mental health consultant or provider, education specialist, or other community-based support;

(2) creating a plan, written with the parent or guardian, that details the action and support needed for the pupil to fully participate in the current educational program, including a preschool or prekindergarten program; or

(3) providing a referral for needed support services, including parenting education, home visits, other supportive education interventions, or, where appropriate, an evaluation to determine if the pupil is eligible for special education services or section 504 services.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 30. Minnesota Statutes 2020, section 121A.45, subdivision 1, is amended to read:

Subdivision 1. **Provision of alternative programs.** No school shall dismiss any pupil without attempting to ~~provide alternative educational services~~ use nonexclusionary disciplinary policies and practices before dismissal proceedings or pupil withdrawal agreements, except where it appears that the pupil will create an immediate and substantial danger to self or to surrounding persons or property.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 31. Minnesota Statutes 2020, section 121A.46, subdivision 4, is amended to read:

Subd. 4. **Suspension pending expulsion or exclusion hearing.** Notwithstanding the provisions of subdivisions 1 and 3, the pupil may be suspended pending the school board's decision in the expulsion or exclusion hearing; provided that alternative educational services are implemented to the extent that suspension exceeds five consecutive school days.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 32. Minnesota Statutes 2020, section 121A.46, is amended by adding a subdivision to read:

Subd. 5. **Student suspensions exceeding five consecutive school days.** A school administrator must ensure that alternative educational services are provided when a pupil is suspended for more than five consecutive school days.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 33. Minnesota Statutes 2020, section 121A.46, is amended by adding a subdivision to read:

Subd. 6. **Minimum education services.** School officials must give a suspended pupil the opportunity to complete all school work assigned during the period of the pupil's suspension and to receive full credit for satisfactorily completing the assignments. The school principal or other person having administrative control of the school building or program is encouraged to designate a district or school employee as a liaison to work with the pupil's teachers to allow the suspended pupil to (1) receive timely course materials and other information, and (2) complete all school work assignments and receive teachers' feedback.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 34. Minnesota Statutes 2020, section 121A.47, subdivision 2, is amended to read:

Subd. 2. **Written notice.** Written notice of intent to take action shall:

(a) be served upon the pupil and the pupil's parent or guardian personally or by mail;

(b) contain a complete statement of the facts, a list of the witnesses and a description of their testimony;

(c) state the date, time, and place of the hearing;

(d) be accompanied by a copy of sections 121A.40 to 121A.56;

(e) describe ~~alternative educational services~~ the nonexclusionary disciplinary policies and practices accorded the pupil in an attempt to avoid the expulsion proceedings; and

(f) inform the pupil and parent or guardian of the right to:

(1) have a representative of the pupil's own choosing, including legal counsel, at the hearing. The district ~~shall~~ must advise the pupil's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Department of Education and is posted on the department's website;

(2) examine the pupil's records before the hearing;

(3) present evidence; and

(4) confront and cross-examine witnesses.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 35. Minnesota Statutes 2020, section 121A.47, subdivision 14, is amended to read:

Subd. 14. **Admission or readmission plan.** (a) A school administrator ~~shall~~ must prepare and enforce an admission or readmission plan for any pupil who is excluded or expelled from school. The plan ~~may~~ must include measures to improve the pupil's behavior, ~~including~~ which may include completing a character education program~~,~~ consistent with section 120B.232, subdivision 1, ~~and~~ social and emotional learning, counseling, social work services, mental health services, referrals for special education or section 504 evaluation, and evidence-based academic interventions. The plan must require parental involvement in the admission or readmission process, and may indicate the consequences to the pupil of not improving the pupil's behavior.

(b) The definition of suspension under section 121A.41, subdivision 10, does not apply to a student's dismissal from school for ~~one school day or~~ less than one school day, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. A readmission plan must provide, where appropriate, alternative education services, which must not be used to extend the student's current suspension period. Consistent with section 125A.091, subdivision 5, a readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School officials must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect or medical or educational neglect.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 36. Minnesota Statutes 2020, section 121A.53, subdivision 1, is amended to read:

Subdivision 1. **Exclusions and expulsions; student withdrawals; and physical assaults.** Consistent with subdivision 2, the school board must report through the department electronic reporting system each exclusion or expulsion ~~and~~, each physical assault of a district employee by a ~~student~~ pupil, and each pupil withdrawal agreement within 30 days of the effective date of the dismissal action, pupil withdrawal, or assault to the commissioner of education. This report must include a statement of ~~alternative educational services~~ nonexclusionary disciplinary practices, or other sanction, intervention, or resolution in response to the assault given the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the ~~student's~~ pupil's age, grade, gender, race, and special education status.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 37. Minnesota Statutes 2020, section 121A.55, is amended to read:

121A.55 POLICIES TO BE ESTABLISHED.

(a) The commissioner of education shall promulgate guidelines including guidance on how to appropriately and equitably engage stakeholders to review and revise discipline policies that are restorative and responsive to assist each school board. Each school board ~~shall~~ must establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of sections 121A.40 to 121A.56. The policies ~~shall~~ must include nonexclusionary disciplinary policies and practices consistent with section 121A.41, subdivision 12, and emphasize preventing dismissals through early and individual detection of ~~problems and shall~~ needs and providing the necessary multitiered supports to meet students' needs. The policies must be designed to ~~address~~ prevent students' inappropriate behavior from recurring.

(b) The policies ~~shall~~ must recognize the school's continuing responsibility ~~of the school~~ for the education of the pupil during the dismissal period.

(1) A school is responsible for ensuring that the alternative educational services~~, if the pupil wishes to take advantage of them,~~ provided to a pupil must be adequate to allow the pupil to make progress ~~towards~~ toward meeting the graduation standards adopted under section 120B.02 and help prepare the pupil for readmission, and are in accordance with section 121A.46, subdivision 5.

(2) For expulsions and exclusionary dismissals, as well as for pupil withdrawal agreements as defined in section 121A.41, subdivision 13:

(i) A school district's continuing responsibility includes reviewing the pupil's school work and grades on a quarterly basis to ensure the pupil is on track for readmission with the pupil's peers. A school district must communicate on a regular basis with the pupil's parent to ensure the pupil is completing the work assigned through the alternative educational services.

(ii) Nothing in this section prohibits a school-linked mental health provider from continuing to provide services after the student enrolls in a new school district.

(iii) A school district must provide to the pupil's parent or guardian information on how to access mental health services, including a list of any free or sliding fee providers in the community. The information must also be posted on the district or charter school website.

~~(b)~~ (c) An area learning center under section 123A.05 may not prohibit an expelled or excluded pupil from enrolling solely because a district expelled or excluded the pupil. The board of the area learning center may use the provisions of the Pupil Fair Dismissal Act to exclude a pupil or to require an admission plan.

~~(c)~~ (d) Each school district shall develop a policy and report it to the commissioner on the appropriate use of peace officers and crisis teams to remove students who have an individualized education program from school grounds.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year and later.

Sec. 38. Minnesota Statutes 2020, section 121A.58, is amended to read:

121A.58 CORPORAL PUNISHMENT.

Subdivision 1. **Definition.** (a) For the purpose of this section, "corporal punishment" means conduct involving:

(1) hitting or spanking a person with or without an object; or

(2) unreasonable physical force that causes bodily harm or substantial emotional harm.

(b) For the purposes of this section, "prone restraint" means placing a pupil in a face-down position.

Subd. 2. **Corporal punishment not allowed.** An employee or agent of a district shall not inflict corporal punishment or cause corporal punishment to be inflicted upon a pupil to reform unacceptable conduct or as a penalty for unacceptable conduct.

Subd. 2a. **Prone restraint not allowed.** An employee or agent of a district, including a school resource officer or police officer contracted with the district, must not inflict prone restraint or cause prone restraint to be inflicted upon a pupil to reform unacceptable conduct or as a penalty for unacceptable conduct. Further, an employee or agent of a district, including a school resource officer or police officer contracted with the district, must not inflict any form of physical holding that restricts or impairs a pupil's ability to breathe; restricts or impairs a pupil's ability to communicate distress; places pressure or weight on a pupil's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen; or results in straddling a pupil's torso.

Subd. 3. **Violation.** Conduct that violates subdivision 2 or 2a is not a crime under section 645.241, but may be a crime under chapter 609 if the conduct violates a provision of chapter 609.

Sec. 39. Minnesota Statutes 2020, section 121A.61, is amended to read:

121A.61 DISCIPLINE AND REMOVAL OF STUDENTS FROM CLASS.

Subdivision 1. **Required policy.** Each school board must adopt, and annually review and revise, a written districtwide school discipline policy which includes ~~written rules~~ a student code of conduct ~~for students, minimum consequences for violations of the rules, and grounds and procedures for removal of a student from class~~ and parameters for when input into discipline decisions by all those involved in an incident is allowed. The policy must be developed in consultation with administrators, teachers, employees, pupils, parents, community members, law enforcement agencies, county attorney offices, social service agencies, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Subd. 2. **Grounds for removal from class.** The policy must establish the various grounds for which a student may be removed from a class in the district for a period of time under the procedures specified in the policy. The policy must include a procedure for notifying and meeting with a student's parent or guardian to discuss the problem that is causing the student to be removed from class after the student has been removed from class more than ten times in one school year. The grounds in the policy must ~~include at least the following provisions as well as other grounds determined appropriate by the board:~~ at least include provisions pertaining to addressing

~~(a) willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with a teacher's ability to teach or communicate effectively with students in a class or with the ability of other students to learn;~~

~~(b)~~ willful conduct that endangers surrounding persons, including school district employees, the student or other students, or the property of the school~~; and~~

~~(c) willful violation of any rule of conduct specified in the discipline policy adopted by the board~~.

Subd. 3. **Policy components.** The policy must include at least the following components:

(a) rules governing student conduct and procedures for informing students of the rules;

(b) the grounds for removal of a student from a class;

(c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;

(e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;

(f) provisions relating to the responsibility for and custody of a student removed from a class;

(g) the procedures for return of a student to the specified class from which the student has been removed;

(h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring a student in need of special education services to those services;

(l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individualized education program of a student with a disability who is removed from class;

(m) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;

~~(n) the minimum consequences for violations of the code of conduct;~~

~~(o)~~ (n) procedures for ~~immediate~~ timely and appropriate interventions tied to violations of the code;

~~(p)~~ (o) a provision that states that a teacher, school employee, school bus driver, or other agent of a district may use reasonable force in compliance with section 121A.582 and other laws;

~~(q)~~ (p) an agreement regarding procedures to coordinate crisis services to the extent funds are available with the county board responsible for implementing sections 245.487 to 245.4889 for students with a serious emotional disturbance or other students who have an individualized education program whose behavior may be addressed by crisis intervention; ~~and~~

~~(r)~~ (q) a provision that states a student must be removed from class immediately if the student engages in assault or violent behavior. For purposes of this paragraph, "assault" has the meaning given it in section 609.02, subdivision 10. The removal shall be for a period of time deemed appropriate by the principal, in consultation with the teacher~~.~~; and

(r) a prohibition on the use of exclusionary practices to address attendance and truancy issues.

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

Sec. 40. Minnesota Statutes 2020, section 124D.09, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section, the following terms have the meanings given to them.

(a) "Eligible institution" means a Minnesota public postsecondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by an accreditor recognized by the United States Department of Education, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota. An eligible institution cannot require or base any part of the admission decision on a student's race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance, sexual orientation, disability, or gender.

(b) "Course" means a course or program.

(c) "Concurrent enrollment" means nonsectarian courses in which an eligible pupil under subdivision 5 or 5b enrolls to earn both secondary and postsecondary credits, are taught by a secondary teacher or a postsecondary faculty member, and are offered at a high school for which the district is eligible to receive concurrent enrollment program aid under section 124D.091.

Sec. 41. Minnesota Statutes 2020, section 124D.09, subdivision 7, is amended to read:

Subd. 7. **Dissemination of information; Notification of intent to enroll.** By the earlier of (1) three weeks prior to the date by which a student must register for district courses for the following school year, or (2) March 1 of each year, a district must provide up-to-date information on the district's website and in materials that are distributed to parents and students about the program, including information about enrollment requirements and the ability to earn postsecondary credit to all pupils in grades 8, 9, 10, and 11. To assist the district in planning, a pupil must inform the district ~~by May 30 of each year~~ of the pupil's intent to enroll in postsecondary courses during the following ~~school year. A pupil is bound by notifying or not notifying the district by May 30~~ term. A pupil who does not notify the district of their intent to enroll by May 30 for the fall term or October 30 for the spring term may not enroll in postsecondary courses under this section.

Sec. 42. Minnesota Statutes 2020, section 124D.09, subdivision 8, is amended to read:

Subd. 8. **Limit on participation.** A pupil who first enrolls in grade 9 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of four academic years. A pupil who first enrolls in grade 10 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of three academic years. A pupil who first enrolls in grade 11 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 9, 10, 11, or 12 first enrolls in a postsecondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. If a pupil is in a learning year or other year-round program and begins each grade in the summer session, summer sessions shall not be counted against the time of participation. If a school district determines a pupil is not on track to graduate, the limit on participation does not apply to that pupil. ~~A pupil who has graduated from high school cannot participate in a program under this section.~~ A pupil who has completed course requirements for graduation ~~but who has not received a diploma may participate in the program under this section~~ may only participate in the program under this section until the earlier of the end of the school year in which those requirements are met or the school year in which the pupil's peers graduated.

Sec. 43. Minnesota Statutes 2020, section 124D.09, subdivision 13, is amended to read:

Subd. 13. **Financial arrangements.** For a pupil enrolled in a course under this section, the department must make payments according to this subdivision for courses that were taken for secondary credit.

The department must not make payments to a school district or postsecondary institution for a course taken for postsecondary credit only. The department must not make payments to a postsecondary institution for a course from which a student officially withdraws during the first ~~14~~ ten business days of the postsecondary institution's quarter or semester or who has been absent from the postsecondary institution for the first ~~15 consecutive school~~ ten business days of the postsecondary institution's quarter or semester and is not receiving instruction in the home or hospital.

A postsecondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance minus $425, multiplied by 1.2, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance minus $425, multiplied by 1.2, and divided by 30.

The department must pay to each postsecondary institution 100 percent of the amount in clause (1) or (2) within 45 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the postsecondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department notifies a postsecondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

Sec. 44. Minnesota Statutes 2020, section 124D.095, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Digital learning" is learning facilitated by technology that offers students an element of control over the time, place, path, or pace of their learning and includes blended and online learning.

(b) "Blended learning" is a form of digital learning that occurs when a student learns part time in a supervised physical setting and part time through digital delivery of instruction, or a student learns in a supervised physical setting where technology is used as a primary method to deliver instruction.

(c) "Online learning" is a form of digital learning delivered by an approved online learning provider under paragraph ~~(d)~~ (e).

(d) "Hybrid learning" uses blended learning in a way that combines scheduled in-person instruction and distance learning.

(e) "Online learning provider" is a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides online learning to students and is approved by the department to provide online learning courses.

~~(e)~~ (f) "Student" is a Minnesota resident enrolled in a school under section 120A.22, subdivision 4, in kindergarten through grade 12.

~~(f)~~ (g) "Online learning student" is a student enrolled in an online learning course or program delivered by an online learning provider under paragraph ~~(d)~~ (e).

~~(g)~~ (h) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4, for purposes of compulsory attendance.

~~(h)~~ (i) "Supplemental online learning" means an online learning course taken in place of a course period at a local district school.

~~(i)~~ (j) "Full-time online learning provider" means an enrolling school authorized by the department to deliver comprehensive public education at any or all of the elementary, middle, or high school levels.

~~(j)~~ (k) "Online learning course syllabus" is a written document that an online learning provider transmits to the enrolling district using a format prescribed by the commissioner to identify the state academic standards embedded in an online course, the course content outline, required course assessments, expectations for actual teacher contact time and other student-to-teacher communications, and the academic support available to the online learning student.

Sec. 45. Minnesota Statutes 2020, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and approve or disapprove online learning providers within 90 calendar days of receiving an online learning provider's completed application. The commissioner, using research-based standards of quality for online learning programs, must review all approved online learning providers on a cyclical three-year basis. Approved online learning providers annually must submit program data to, confirm statements of assurances for, and provide program updates including a current course list to the commissioner.

(b) The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. The online learning provider, other than a digital learning provider offering digital learning to its enrolled students only under subdivision 4, paragraph (d), must give the commissioner written assurance that: (1) all courses meet state academic standards; and (2) the online learning curriculum, instruction, and assessment, expectations for actual teacher-contact time or other student-to-teacher communication, and academic support meet nationally recognized professional standards and are described as such in an online learning course syllabus that meets the commissioner's requirements. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (c).

(c) An enrolling district may challenge the validity of a course offered by an online learning provider. The department must review such challenges based on the approval procedures under paragraph (b). The department may initiate its own review of the validity of an online learning course offered by an online learning provider.

(d) The department may collect a fee not to exceed $250 for approving online learning providers or $50 per course for reviewing a challenge by an enrolling district.

(e) The department must develop, publish, and maintain a list of online learning providers that it has reviewed and approved.

(f) The department may review a complaint about an online learning provider, or a complaint about a provider based on the provider's response to notice of a violation. If the department determines that an online learning provider violated a law or rule, the department may:

(1) create a compliance plan for the provider; or

(2) withhold funds from the provider under sections 124D.095, 124E.25, and 127A.42. The department must notify an online learning provider in writing about withholding funds and provide detailed calculations.

(g) An online learning program fee administration account is created in the special revenue fund. Funds retained under paragraph (d) shall be deposited in the account. Money in the account is appropriated to the commissioner for costs associated with administering and monitoring online and digital learning programs.

Sec. 46. Minnesota Statutes 2020, section 124D.128, subdivision 1, is amended to read:

Subdivision 1. **Program established.** A learning year program provides instruction throughout the year on an extended year calendar~~, extended school day calendar, or both. A pupil may participate in the program and accelerate attainment of grade level requirements or graduation requirements~~. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from kindergarten through grade 12.

Sec. 47. Minnesota Statutes 2020, section 124D.128, subdivision 3, is amended to read:

Subd. 3. **Student planning.** A district~~, charter school,~~ or state-approved alternative program must inform all pupils and their parents about the learning year program and that participation in the program is optional. A continual learning plan must be developed at least annually for each pupil with the participation of the pupil, parent or guardian, teachers, and other staff; each participant must sign and date the plan. The plan must specify the learning experiences that must occur during the entire fiscal year and are necessary for grade progression or, for secondary students, graduation. The plan must include:

(1) the pupil's learning objectives and experiences, including courses or credits the pupil plans to complete each year and, for a secondary pupil, the graduation requirements the student must complete;

(2) the assessment measurements used to evaluate a pupil's objectives;

(3) requirements for grade level or other appropriate progression; and

(4) for pupils generating more than one average daily membership in a given grade, an indication of which objectives were unmet.

The plan may be modified to conform to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.

Sec. 48. Minnesota Statutes 2020, section 124D.74, subdivision 1, is amended to read:

Subdivision 1. **Program described.** American Indian education programs are programs in public elementary and secondary schools, nonsectarian nonpublic, community, Tribal, charter, or alternative schools enrolling American Indian children designed to:

(1) support postsecondary preparation for pupils;

(2) support the academic achievement of American Indian students;

(3) make the curriculum relevant to the needs, interests, and cultural heritage of American Indian pupils;

(4) provide positive reinforcement of the self-image of American Indian pupils;

(5) develop intercultural awareness among pupils, parents, and staff; and

(6) supplement, not supplant, state and federal educational and cocurricular programs.

Program services designed to increase completion and graduation rates of American Indian students must emphasize academic achievement, retention, and attendance; development of support services for staff, including in-service training and technical assistance in methods of teaching American Indian pupils; research projects, including innovative teaching approaches and evaluation of methods of relating to American Indian pupils; provision of career counseling to American Indian pupils; modification of curriculum, instructional methods, and administrative procedures to meet the needs of American Indian pupils; and ~~supplemental~~ instruction in American Indian language, literature, history, and culture. Districts offering programs may make contracts for the provision of program services by establishing cooperative liaisons with Tribal programs and American Indian social service agencies. These programs may also be provided as components of early childhood and family education programs.

Sec. 49. Minnesota Statutes 2020, section 124D.74, subdivision 3, is amended to read:

Subd. 3. **Enrollment of other children; shared time enrollment.** To the extent ~~it is economically feasible~~ that the unique educational and culturally related academic needs of American Indian people are met and American Indian student accountability factors are the same or higher than their non-Indian peers, a district or participating school may make provision for the voluntary enrollment of non-American Indian children in the instructional components of an American Indian education program in order that they may acquire an understanding of the cultural heritage of the American Indian children for whom that particular program is designed. However, in determining eligibility to participate in a program, priority must be given to American Indian children. American Indian children and other children enrolled in an existing nonpublic school system may be enrolled on a shared time basis in American Indian education programs.

Sec. 50. Minnesota Statutes 2020, section 124D.78, subdivision 1, is amended to read:

Subdivision 1. **Parent committee.** School boards and American Indian schools must provide for the maximum involvement of parents of children enrolled in education programs, programs for elementary and secondary grades, special education programs, and support services. Accordingly, the board of a school district in which there are ten or more American Indian students enrolled and each American Indian school must establish an American Indian education parent advisory committee. For purposes of this section, American Indian students are defined as persons having origins in any of the original peoples of North America who maintain cultural identification through Tribal affiliation or community recognition. If a committee whose membership consists of a majority of parents of American Indian children has been or is established according to federal, Tribal, or other state law, that committee may serve as the committee required by this section and is subject to, at least, the requirements of this subdivision and subdivision 2.

The American Indian education parent advisory committee must develop its recommendations in consultation with the curriculum advisory committee required by section 120B.11, subdivision 3. This committee must afford parents the necessary information and the opportunity effectively to express their views concerning all aspects of American Indian education and the educational needs of the American Indian children enrolled in the school or program. The school board or American Indian school must ensure that programs are planned, operated, and evaluated with the involvement of and in consultation with parents of students served by the programs.

Sec. 51. Minnesota Statutes 2020, section 124D.78, subdivision 3, is amended to read:

Subd. 3. **Membership.** The American Indian education parent advisory committee must be composed of parents of children eligible to be enrolled in American Indian education programs; secondary students eligible to be served; American Indian language and culture education teachers and paraprofessionals; American Indian teachers; counselors; adult American Indian people enrolled in educational programs; and representatives from community groups. A majority of each committee must be parents of American Indian children enrolled or eligible to be enrolled in the programs. ~~The number of parents of American Indian and non-American Indian children shall reflect approximately the proportion of children of those groups enrolled in the programs.~~

Sec. 52. Minnesota Statutes 2020, section 124D.791, subdivision 4, is amended to read:

Subd. 4. **Duties; powers.** The Indian education director shall oversee:

(1) ~~serve as the liaison for the~~ department relations with the Tribal Nations Education Committee, the 11 Tribal communities in Minnesota, the Minnesota Chippewa Tribe, and the Minnesota Indian Affairs Council;

(2) ~~evaluate~~ the evaluation of the state of American Indian education in Minnesota;

(3) ~~engage~~ the engagement of Tribal bodies, community groups, parents of children eligible to be served by American Indian education programs, American Indian administrators and teachers, persons experienced in the training of teachers for American Indian education programs, the Tribally controlled schools, and other persons knowledgeable in the field of American Indian education and seek their advice on policies that can improve the quality of American Indian education;

(4) ~~advise~~ advice to the commissioner on American Indian education issues, including:

(i) issues facing American Indian students;

(ii) policies for American Indian education;

(iii) awarding scholarships to eligible American Indian students and in administering the commissioner's duties regarding awarding of American Indian education grants to school districts; and

(iv) administration of the commissioner's duties under sections 124D.71 to 124D.82 and other programs for the education of American Indian people;

(5) ~~propose~~ proposals to the commissioner on legislative changes that will improve the quality of American Indian education;

(6) ~~develop~~ development of a strategic plan and a long-term framework for American Indian education, in conjunction with the Minnesota Indian Affairs Council, that is updated every five years and implemented by the commissioner, with goals to:

(i) increase American Indian student achievement, including increased levels of proficiency and growth on statewide accountability assessments;

(ii) increase the number of American Indian teachers in public schools;

(iii) close the achievement gap between American Indian students and their more advantaged peers;

(iv) increase the statewide graduation rate for American Indian students; and

(v) increase American Indian student placement in postsecondary programs and the workforce; and

(7) ~~keep~~ keeping the American Indian community informed about the work of the department by reporting to the Tribal Nations Education Committee at each committee meeting.

Sec. 53. **[124D.792] GRADUATION CEREMONIES; TRIBAL REGALIA AND OBJECTS OF CULTURAL SIGNIFICANCE.**

A school district or charter school must not prohibit an American Indian student from wearing American Indian regalia, Tribal regalia, or objects of cultural significance at graduation ceremonies.

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

Sec. 54. Minnesota Statutes 2020, section 124D.81, is amended to read:

124D.81 AMERICAN INDIAN EDUCATION AID.

Subdivision 1. **Procedures.** A school district, charter school, cooperative unit as defined in section 123A.24, subdivision 2, or American Indian-controlled tribal contract or grant school enrolling at least 20 American Indian students on October 1 of the previous school year and operating an American Indian education program according to section 124D.74 is eligible for Indian education aid if it meets the requirements of this section. Programs may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, charter, or alternative schools. The commissioner shall prescribe the form and manner of application for aids, and no aid shall be made for a program not complying with the requirements of sections 124D.71 to 124D.82.

Subd. 2. **Plans.** To qualify for aid, an eligible district, charter school, cooperative unit as defined in section 123A.24, subdivision 2, or tribal contract school must develop and submit a plan for approval by the Indian education director that shall:

(a) Identify the measures to be used to meet the requirements of sections 124D.71 to 124D.82;

(b) Identify the activities, methods and programs to meet the identified educational needs of the children to be enrolled in the program;

(c) Describe how district goals and objectives as well as the objectives of sections 124D.71 to 124D.82 are to be achieved;

(d) Demonstrate that required and elective courses as structured do not have a discriminatory effect within the meaning of section 124D.74, subdivision 5;

(e) Describe how each school program will be organized, staffed, coordinated, and monitored; and

(f) Project expenditures for programs under sections 124D.71 to 124D.82.

Subd. 2a. **American Indian education aid.** (a) The American Indian education aid allowance equals $358 for fiscal years 2022 and 2023. The American Indian education aid allowance for fiscal year 2024 and later equals the product of $358 times the ratio of the formula allowance under section 126C.10, subdivision 2, for the current fiscal year to the formula allowance under section 126C.10, subdivision 2, for fiscal year 2023.

(b) The American Indian education aid minimum equals $20,000 for fiscal years 2022 and 2023. The American Indian education aid minimum for fiscal year 2024 and later equals the product of $20,000 times the ratio of the formula allowance under section 126C.10, subdivision 2, for the current fiscal year to the formula allowance under section 126C.10, subdivision 2, for fiscal year 2023.

~~(a)~~ (c) The American Indian education aid for an eligible district, cooperative unit, or tribal contract school equals the greater of (1) the sum of ~~$20,000~~ the American Indian education aid minimum plus the product of ~~$358~~ the American Indian education aid allowance times the difference between the number of American Indian students enrolled on October 1 of the previous school year and 20; or (2) if the district or school received a grant under this section for fiscal year 2015, the amount of the grant for fiscal year 2015.

~~(b)~~ (d) Notwithstanding paragraph ~~(a)~~ (c), the American Indian education aid must not exceed the district, cooperative unit, or tribal contract school's actual expenditure according to the approved plan under subdivision 2.

Subd. 3. **Additional requirements.** Each district or cooperative unit receiving aid under this section must each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. Participating schools must maintain records concerning the needs and achievements of American Indian children served.

Subd. 4. **Nondiscrimination; testing.** In accordance with recognized professional standards, all testing and evaluation materials and procedures utilized for the identification, testing, assessment, and classification of American Indian children must be selected and administered so as not to be racially or culturally discriminatory and must be valid for the purpose of identifying, testing, assessing, and classifying American Indian children.

Subd. 5. **Records.** Participating schools ~~and,~~ districts, and cooperative units must keep records and afford access to them as the commissioner finds necessary to ensure that American Indian education programs are implemented in conformity with sections 124D.71 to 124D.82. Each school district, cooperative unit, or participating school must keep accurate, detailed, and separate revenue and expenditure accounts for pilot American Indian education programs funded under this section.

Subd. 6. **Money from other sources.** A district, cooperative unit, or participating school providing American Indian education programs shall be eligible to receive moneys for these programs from other government agencies and from private sources when the moneys are available.

Subd. 7. **Exceptions.** Nothing in sections 124D.71 to 124D.82 shall be construed as prohibiting a district, cooperative unit, or school from implementing an American Indian education program which is not in compliance with sections 124D.71 to 124D.82 if the proposal and plan for that program is not funded pursuant to this section.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 55. Minnesota Statutes 2020, section 124D.861, subdivision 2, is amended to read:

Subd. 2. **Plan implementation; components.** (a) The school board of each eligible district must formally develop and implement a long-term plan under this section. The plan must be incorporated into the district's comprehensive strategic plan under section 120B.11. ~~Plan components may include: innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices; family engagement initiatives that involve families in their students' academic life and success; professional development opportunities for teachers and administrators focused on improving the academic achievement of all students, including teachers and administrators who are members of populations underrepresented among the licensed teachers or administrators in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school; increased programmatic opportunities and effective and more diverse instructors focused on rigor and college and career readiness for underserved students, including students enrolled in alternative learning centers under section 123A.05, public alternative programs under section 126C.05, subdivision 15, and contract alternative programs under section 124D.69, among other underserved students; or recruitment and retention of teachers and administrators with diverse racial and ethnic backgrounds.~~

(b) The plan must contain goals for:

(1) reducing the disparities in academic achievement and in equitable access to effective and more diverse teachers among all students and specific categories of students under section 120B.35, subdivision 3, paragraph (b), excluding the student categories of gender, disability, and English learners; and

(2) increasing racial and economic diversity and integration in schools and districts.

(c) The plan must include strategies to validate, affirm, embrace, and integrate cultural and community strengths of all students, families, and employees in the district's curriculum as well as learning and work environments, and to address issues of institutional racism as defined in section 120B.11, subdivision 1, in schools that create opportunity and achievement gaps for students, families, and staff who are of color or American Indian. Examples of institutional racism experienced by students who are of color or American Indian include policies and practices that intentionally or unintentionally result in disparate discipline referrals and suspension, inequitable access to advanced coursework, overrepresentation in lower-level coursework, inequitable participation in cocurricular activities, inequitable parent involvement, and lack of equitable access to racially and ethnically diverse teachers who reflect the racial or ethnic diversity of students because it has not been a priority to hire or retain such teachers.

(d) School districts must use local data, to the extent practicable, to develop plan components and strategies. Plans may include:

(1) innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices;

(2) family engagement initiatives that involve families in their students' academic life and success and improve relations between home and school;

(3) opportunities for students, families, staff, and community members who are of color or American Indian to share their experiences in the school setting with school staff and administration and to inform development of specific proposals for making school environments more validating, affirming, embracing, and integrating of their cultural and community strengths;

(4) professional development opportunities for teachers and administrators focused on improving the academic achievement of all students, including knowledge, skills, and dispositions needed to be anti-racist and culturally sustaining as defined in section 120B.11, subdivision 1, for serving students who are from racially and ethnically diverse backgrounds;

(5) recruitment and retention of teachers, administrators, cultural and family liaisons, paraprofessionals, and other staff from racial, ethnic, and linguistic backgrounds represented in the student population to strengthen relationships with all students, families, and other members of the community;

(6) collection, examination, and evaluation of academic and discipline data for institutional racism as defined in section 120B.11, subdivision 1, in structures, policies, and practices that result in the education disparities, in order to propose anti-racist changes as defined in section 120B.11, subdivision 1, that increase access, meaningful participation, representation, and positive outcomes for students of color and American Indian students;

(7) increased programmatic opportunities and effective and more diverse instructors focused on rigor and college and career readiness for students who are impacted by racial, gender, linguistic, and economic disparities, including students enrolled in area learning centers or alternative learning programs under section 123A.05, state-approved alternative programs under section 126C.05, subdivision 15, and contract alternative programs under section 124D.69, among other underserved students;

(8) ethnic studies curriculum as defined in section 120B.11, subdivision 1, to provide all students with opportunities to learn about their own and others' cultures and historical experiences; or

(9) examination and revision of district curricula in all subjects to be inclusive of diverse racial and ethnic groups while meeting state academic standards and being culturally sustaining as defined in section 120B.11, subdivision 1, ensuring content being studied about any group is accurate and based in knowledge from that group.

~~(b)~~ (e) Among other requirements, an eligible district must implement effective, research-based interventions that include ~~formative~~ multiple measures of assessment ~~practices~~ and engagement in order to ~~reduce the~~ eliminate academic disparities ~~in student academic performance among the specific categories of students as measured by student progress and growth on state reading and math assessments and~~ for students impacted by racial, gender, linguistic, and economic inequities as aligned with section 120B.11.

~~(c)~~ (f) Eligible districts must create efficiencies and eliminate duplicative programs and services under this section, which may include forming collaborations or a single, seven-county metropolitan areawide partnership of eligible districts for this purpose.

EFFECTIVE DATE. This section is effective for all plans reviewed and updated after the day following final enactment.

Sec. 56. Minnesota Statutes 2020, section 125A.094, is amended to read:

125A.094 RESTRICTIVE PROCEDURES ~~FOR CHILDREN WITH DISABILITIES~~.

The use of restrictive procedures ~~for children with disabilities~~ for all pupils attending public school is governed by sections 125A.0941 and 125A.0942.

Sec. 57. Minnesota Statutes 2020, section 125A.0942, is amended to read:

125A.0942 STANDARDS FOR RESTRICTIVE PROCEDURES.

Subdivision 1. **Restrictive procedures plan.** (a) Schools that intend to use restrictive procedures shall maintain and make publicly accessible in an electronic format on a school or district website or make a paper copy available upon request describing a restrictive procedures plan for children with disabilities that at least:

(1) lists the restrictive procedures the school intends to use;

(2) describes how the school will implement a range of positive behavior strategies and provide links to mental health services;

(3) describes how the school will provide training on de-escalation techniques, consistent with section 122A.187, subdivision 4;

(4) describes how the school will monitor and review the use of restrictive procedures, including:

(i) conducting post-use debriefings, consistent with subdivision 3, paragraph (a), clause (5); and

(ii) convening an oversight committee to undertake a quarterly review of the use of restrictive procedures based on patterns or problems indicated by similarities in the time of day, day of the week, duration of the use of a procedure, the individuals involved, or other factors associated with the use of restrictive procedures; the number of times a restrictive procedure is used schoolwide and for individual children; the number and types of injuries, if any, resulting from the use of restrictive procedures; whether restrictive procedures are used in nonemergency situations; the need for additional staff training; disproportionality or racial disparities in the usage of restrictive procedures; the usage of school resource officer's handling of the behaviors; student documentation to determine if the staff followed the standards for using restrictive procedures and if there is updated information about whether the restrictive procedures are contraindicated for the particular student; and proposed actions to minimize the use of restrictive procedures; and

(5) includes a written description and documentation of the training staff completed under subdivision 5.

(b) Schools annually must publicly identify oversight committee members who must at least include:

(1) a mental health professional, school psychologist, or school social worker;

(2) an expert in positive behavior strategies;

(3) a special education administrator; and

(4) a general education administrator.

Subd. 2. **Restrictive procedures.** (a) Restrictive procedures may be used only by a licensed special education teacher, school social worker, school psychologist, behavior analyst certified by the National Behavior Analyst Certification Board, a person with a master's degree in behavior analysis, other licensed education professional, paraprofessional under section 120B.363, or mental health professional under section 245.4871, subdivision 27, who has completed the training program under subdivision 5.

(b) A school shall make reasonable efforts to notify the parent on the same day a restrictive procedure is used on the child, or if the school is unable to provide same-day notice, notice is sent within two days by written or electronic means or as otherwise indicated by the child's parent under paragraph (f).

(c) The district must hold a meeting of the individualized education program team, if the student is a student with a disability, or a meeting of relevant members of the student's team including a parent, if the student is not a student with a disability, conduct or review a functional behavioral analysis, review data, consider developing additional or revised positive behavioral interventions and supports, consider actions to reduce the use of restrictive procedures, and modify the individualized education program or behavior intervention plan as appropriate. The district must hold the meeting: within ten calendar days after district staff use restrictive procedures on two separate school days within 30 calendar days or a pattern of use emerges and the child's individualized education program or behavior intervention plan does not provide for using restrictive procedures in an emergency; or at the request of a parent or the district after restrictive procedures are used. The district must review use of restrictive procedures at a child's annual individualized education program meeting when the child's individualized education program provides for using restrictive procedures in an emergency.

(d) If the ~~individualized education program~~ meeting team under paragraph (c) determines that existing interventions and supports are ineffective in reducing the use of restrictive procedures or the district uses restrictive procedures on a child on ten or more school days during the same school year, the team, as appropriate, either must consult with other professionals working with the child; consult with experts in behavior analysis, mental health, communication, or autism; consult with culturally competent professionals; review existing evaluations, resources, and successful strategies; or consider whether to reevaluate the child.

(e) At the ~~individualized education program~~ meeting under paragraph (c), the team must review any known medical or psychological limitations, including any medical information the parent provides voluntarily, that contraindicate the use of a restrictive procedure, consider whether to prohibit that restrictive procedure, and document any prohibition in the individualized education program or behavior intervention plan.

(f) An individualized education program team may plan for using restrictive procedures and may include these procedures in a child's individualized education program or behavior intervention plan; however, the restrictive procedures may be used only in response to behavior that constitutes an emergency, consistent with this section. The individualized education program or behavior intervention plan shall indicate how the parent wants to be notified when a restrictive procedure is used.

Subd. 3. **Physical holding or seclusion.** (a) Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) physical holding or seclusion is the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion is not used to discipline a noncompliant child;

(3) physical holding or seclusion ends when the threat of harm ends and the staff determines the child can safely return to the classroom or activity;

(4) staff directly observes the child while physical holding or seclusion is being used;

(5) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion documents, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; ~~and~~

(iv) a brief record of the child's behavioral and physical status; and

(v) a brief description of the post-use debriefing process that occurred following the use of the restrictive procedure;

(6) the room used for seclusion must:

(i) be at least six feet by five feet;

(ii) be well lit, well ventilated, adequately heated, and clean;

(iii) have a window that allows staff to directly observe a child in seclusion;

(iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;

(v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and

(vi) not contain objects that a child may use to injure the child or others; and

(7) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room.

(b) By February 1, 2015, and annually thereafter, stakeholders may, as necessary, recommend to the commissioner specific and measurable implementation and outcome goals for reducing the use of restrictive procedures and the commissioner must submit to the legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of seclusion. The statewide plan includes the following components: measurable goals; the resources, training, technical assistance, mental health services, and collaborative efforts needed to significantly reduce districts' use of seclusion; and recommendations to clarify and improve the law governing districts' use of restrictive procedures. The commissioner must consult with interested stakeholders when preparing the report, including representatives of advocacy organizations, special education directors, teachers, paraprofessionals, intermediate school districts, school boards, day treatment providers, county social services, state human services department staff, mental health professionals, and autism experts. Beginning with the 2016-2017 school year, in a form and manner determined by the commissioner, districts must report data quarterly to the department by January 15, April 15, July 15, and October 15 about individual students who have been secluded. By July 15 each year, districts must report summary data on their use of restrictive procedures to the department for the prior school year, July 1 through June 30, in a form and manner determined by the commissioner. The summary data must include information about the use of restrictive procedures, including use of reasonable force under section 121A.582.

Subd. 4. **Prohibitions.** The following actions or procedures are prohibited:

(1) engaging in conduct prohibited under section 121A.58;

(2) requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;

(3) totally or partially restricting a child's senses as punishment;

(4) presenting an intense sound, light, or other sensory stimuli using smell, taste, substance, or spray as punishment;

(5) denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning, except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;

(6) interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under chapter 260E;

(7) withholding regularly scheduled meals or water;

(8) denying access to bathroom facilities;

(9) physical holding that restricts or impairs a child's ability to breathe, restricts or impairs a child's ability to communicate distress, places pressure or weight on a child's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen, or results in straddling a child's torso; ~~and~~

(10) prone restraint~~.~~; and

(11) utilizing a restrictive procedure on any child under the age of five.

Subd. 5. **Training for staff.** (a) To meet the requirements of subdivision 1, staff who use restrictive procedures, including paraprofessionals, shall complete training in the following skills and knowledge areas:

(1) positive behavioral interventions;

(2) communicative intent of behaviors;

(3) relationship building;

(4) alternatives to restrictive procedures, including techniques to identify events and environmental factors that may escalate behavior;

(5) de-escalation methods;

(6) standards for using restrictive procedures only in an emergency;

(7) obtaining emergency medical assistance;

(8) the physiological and psychological impact of physical holding and seclusion;

(9) monitoring and responding to a child's physical signs of distress when physical holding is being used;

(10) recognizing the symptoms of and interventions that may cause positional asphyxia when physical holding is used;

(11) district policies and procedures for timely reporting and documenting each incident involving use of a restricted procedure; and

(12) schoolwide programs on positive behavior strategies.

(b) The commissioner, after consulting with the commissioner of human services, must develop and maintain a list of training programs that satisfy the requirements of paragraph (a). The commissioner also must develop and maintain a list of experts to help individualized education program teams reduce the use of restrictive procedures. The district shall maintain records of staff who have been trained and the organization or professional that conducted the training. The district may collaborate with children's community mental health providers to coordinate trainings.

Subd. 6. **Behavior supports; reasonable force.** (a) School districts are encouraged to establish effective schoolwide systems of positive behavior interventions and supports.

(b) Nothing in this section or section 125A.0941 precludes the use of reasonable force under sections 121A.582; 609.06, subdivision 1; and 609.379. For the 2014-2015 school year and later, districts must collect and submit to the commissioner summary data, consistent with subdivision 3, paragraph (b), on district use of reasonable force that is consistent with the definition of physical holding or seclusion for a child with a disability under this section.

Sec. 58. Minnesota Statutes 2020, section 144.4165, is amended to read:

144.4165 TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.

(a) No person shall at any time smoke, chew, or otherwise ingest tobacco, or carry or use an activated electronic delivery device as defined in section 609.685, subdivision 1, in a public school, as defined in section 120A.05, subdivisions 9, 11, and 13, or in a charter school governed by chapter 124E. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls.

(b) Nothing in this section shall prohibit the lighting of tobacco ~~by an adult~~ as a part of a traditional Indian spiritual or cultural ceremony. An American Indian may carry a medicine pouch containing loose tobacco intended in observance of traditional spiritual or cultural practices. For purposes of this section, an Indian is a person who is a member of an Indian Tribe as defined in section 260.755, subdivision 12, or a person who maintains cultural identification through Tribal affiliation or community recognition.

Sec. 59. Laws 2019, First Special Session chapter 11, article 2, section 33, subdivision 5, as amended by Laws 2020, chapter 116, article 6, section 9, is amended to read:

Subd. 5. **Tribal contract school aid.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

$2,766,000	. . . . .	2020
$ ~~3,106,000~~ 2,319,000	. . . . .	2021

The 2020 appropriation includes $299,000 for 2019 and $2,467,000 for 2020.

The 2021 appropriation includes $274,000 for 2020 and ~~$2,832,000~~ $2,045,000 for 2021.

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

Sec. 60. Laws 2019, First Special Session chapter 11, article 2, section 33, subdivision 27, is amended to read:

Subd. 27. **Singing-based pilot program to improve student reading.** (a) For a grant to pilot a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades 2 through 5:

$ ~~230,000~~ 155,000	. . . . .	2020

(b) The commissioner of education shall award a grant to the Rock 'n' Read Project to implement a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades 2 through 5. The grantee shall be responsible for selecting participating school sites; providing any required hardware and software, including software licenses, for the duration of the grant period; providing technical support, training, and staff to install required project hardware and software; providing on-site professional development and instructional monitoring and support for school staff and students; administering preintervention and postintervention reading assessments; evaluating the impact of the intervention; and other project management services as required. To the extent practicable, the grantee must select participating schools in urban, suburban, and greater Minnesota, and give priority to schools in which a high proportion of students do not read proficiently at grade level and are eligible for free or reduced-price lunch.

(c) By February 15, 2021, the grantee must submit a report detailing expenditures and outcomes of the grant to the commissioner of education and the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy and finance.

(d) Any balance in the first year does not cancel but is available in the second year.

(e) This is a onetime appropriation. $75,000 of the initial fiscal year 2020 appropriation is canceled to the general fund on June 29, 2021.

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

Sec. 61. **ONETIME AMERICAN INDIAN TRIBAL CONTRACT COMPENSATORY AID; FISCAL YEAR 2022.**

Notwithstanding Minnesota Statutes, section 124D.83, for fiscal year 2022 only, American Indian Tribal contract aid shall be increased by an amount equal to the greater of zero or the product of:

(1) the number of pupils enrolled at the school on October 1, 2020; and

(2) the difference between the amount generated for fiscal year 2021 by compensation revenue pupil units divided by the pupils enrolled on October 1, 2019, and the amount generated for fiscal year 2022 by compensation revenue pupil units divided by the pupils enrolled on October 1, 2020.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022.

Sec. 62. **EXTENSION FOR POSTING STUDENT PROGRESS AND OTHER DATA.**

Notwithstanding Minnesota Statutes, section 120B.36, subdivision 2, for the 2020-2021 school year only, the commissioner must post federal expectations and state student, learning, and outcome data to the department's public website no later than October 1, 2021.

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

Sec. 63. **INSTRUCTION MODEL WORKING GROUP.**

Subdivision 1. **Working group.** A working group is established to review how school districts and charter schools implemented distance and hybrid instruction due to disruptions to on-site instruction caused by COVID-19 and make recommendations to increase flexibility for school districts and charter schools to implement instruction models that meet students' diverse learning needs.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Distance instruction" means instruction provided to students remotely, with students and teachers interacting through synchronous and other online interactions, and students being provided appropriate education materials.

(c) "Hybrid instruction" means a manner of instruction that includes both on-site instruction and distance instruction.

(d) "On-site instruction" means instruction delivered in person by a teacher at a school facility.

Subd. 3. **Duties.** (a) The working group must study the outcomes, challenges, and successes of distance instruction during the 2019-2020 and 2020-2021 school years. In particular, the group must consider:

(1) the impact of lower class sizes on student engagement and academic growth;

(2) how modifications to the school calendar would affect learning retention and student engagement;

(3) the impact of distance instruction on students requiring special education services and supports, students identified as English learners, and students experiencing homelessness or who are highly mobile;

(4) the effect of distance instruction on students' social and emotional growth, student discipline, and bullying;

(5) how students' educational needs vary by age group; and

(6) students' access to technology.

(b) The working group must report its findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education by January 17, 2022. The report must be submitted in accordance with Minnesota Statutes, section 3.195.

(c) The commissioner of education must provide technical assistance and public data on student academic needs and performance, to the extent it is available, to help the working group make evidence-based recommendations.

(d) The working group expires January 18, 2022.

Subd. 4. **Members.** (a) The commissioner of education or the commissioner's designee must serve as a member of the working group. In addition, by July 1, 2021, the commissioner of education must review applications to be named to the group and appoint the following group members:

(1) two superintendents;

(2) two elementary school teachers;

(3) two secondary school teachers;

(4) one special education teacher;

(5) one teacher in a state-approved alternative program;

(6) one school counselor;

(7) two school board members;

(8) two students;

(9) one curriculum director;

(10) one assessment coordinator;

(11) one technology director;

(12) one technology coordinator;

(13) one parent of a student enrolled in a school district or charter school;

(14) one special education director; and

(15) one teacher and one administrator from an online learning provider approved under Minnesota Statutes, section 124D.095.

(b) When appointing members to the working group, the commissioner must consider whether the working group represents communities of color, American Indian communities, and communities from throughout Minnesota.

Subd. 5. **Meetings.** (a) The commissioner of education must convene the first meeting of the working group no later than August 30, 2021. The working group must select a chair or cochairs from among its members at the first meeting. The working group must meet periodically.

(b) The commissioner must provide technical and administrative assistance to the working group upon request.

(c) Working group members are not eligible to receive expenses or per diem payments for serving on the working group.

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

Sec. 64. **DISTANCE AND HYBRID LEARNING.**

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

(b) "Distance learning" means learning in which a student has access to appropriate educational materials and interacts with a licensed teacher.

(c) "Hybrid learning" means learning that combines distance learning with scheduled in-person instruction by a licensed teacher in a supervised physical setting.

Subd. 2. **Distance and hybrid learning options.** (a) In response to the COVID-19 pandemic, a school district or charter school may offer distance and hybrid learning options to enrolled students. A student may participate in distance or hybrid learning options only if the student and family so choose. Districts and charter schools must provide students participating in distance or hybrid learning options the option to participate in in-person instruction on the same basis as other enrolled students subject to reasonable limits on students changing between in-person and distance or hybrid learning options. Districts and charter schools must not prevent students from enrolling in courses offered by online learning providers approved under Minnesota Statutes, section 124D.095.

(b) A school district or charter school offering distance or hybrid learning options must:

(1) ensure that students and families in a distance or hybrid learning options program have access to digital devices, in-home broadband that meets or exceeds Federal Communications Commission's recommendations of 25 megabytes to download and three megabytes to upload, and digital literacy skills support;

(2) employ or contract with another district or a cooperative unit for licensed teachers to provide online instruction to no more than 40 students in an online learning course. The contract of a teacher employed by a district must meet the requirements of Minnesota Statutes, section 122A.40 or 122A.41, and a charter school must employ or contract with a teacher in accordance with Minnesota Statutes, section 124E.12, subdivision 1;

(3) provide direct supervision and control of the education program by an administrator holding an appropriate license;

(4) provide a curriculum that meets state academic standards under Minnesota Statutes, section 120B.021, and locally established learning goals consistent with those provided in the in-person school settings;

(5) provide instruction that meets the school calendar's instructional days and hours requirements;

(6) provide a student with a disability with special instruction and services as defined in Minnesota Statutes, section 125A.03, in accordance with Minnesota Statutes, chapter 125A, Minnesota Rules, chapter 3525, and the Individuals with Disabilities Education Act, including special education evaluation and development of

individualized education programs under Minnesota Statutes, section 125A.08. A district offering distance or hybrid learning options must develop systems designed to identify pupils with disabilities under Minnesota Rules, part 3525.0750;

(7) provide students identified as English learners with instruction by a teacher licensed to teach bilingual education or English as a second language, and differentiated instruction in all courses consistent with state and federal law, and communicate with the families of students identified as English learners and encourage their involvement in the students' educational program; and

(8) provide meals for students participating in distance learning, including an option for delivery of weekly meals.

(c) A school district or charter school that offers distance learning does not generate revenue as an online learning provider and is not subject to application approval under Minnesota Statutes, section 124D.095.

(d) A school district or charter school offering distance or hybrid learning options must not require a teacher to provide simultaneous instruction to students in person and doing online learning at the same time.

(e) A district or charter school must provide an additional 30 minutes of daily preparation time to a teacher providing instruction to students in person and to students doing online learning at different times in one day. The district or charter school must provide the additional preparation time in one or two uninterrupted blocks of time during the regular school day. A district or charter school and the exclusive representative of teachers may agree to waive, limit, or modify the additional preparation time requirement.

EFFECTIVE DATE. This section is effective for the 2021-2022 school year only.

Sec. 65. **PROFESSIONAL DEVELOPMENT ON LITERACY INSTRUCTION.**

Notwithstanding any law to the contrary, a district must use up to 0.5 percent of its staff development revenue under Minnesota Statutes, section 122A.61, or its literacy incentive aid under Minnesota Statutes, section 124D.98, on rigorous professional development for teachers based on the science of reading that includes:

(1) explicit, systematic, and sequential instruction in foundational reading skills and higher-order literacy skills;

(2) instruction on using structured, phonemic, phonetic multisensory methods to teach students to read; and

(3) instruction on assessing student needs and interpreting student assessment data.

EFFECTIVE DATE. This section is effective for the 2021-2022 and 2022-2023 school years only.

Sec. 66. **ONETIME AMERICAN INDIAN TRIBAL CONTRACT DECLINING ENROLLMENT AID; FISCAL YEAR 2021.**

Notwithstanding Minnesota Statutes, section 124D.83, for fiscal year 2021 only, American Indian Tribal contract aid shall be increased by an amount equal to the greater of zero or the product of:

(1) 20.5 percent of the formula allowance for fiscal year 2021; and

(2) the difference between the adjusted pupil units for fiscal year 2020 and the adjusted pupil units for fiscal year 2021.

EFFECTIVE DATE. This section is effective the day following final enactment for fiscal year 2021.

Sec. 67. **ACADEMIC STANDARDS.**

Subdivision 1. **Social studies standards.** (a) The commissioner of education must ensure that the revised social studies standards adopted as a result of the review beginning in the 2020-2021 school year include personal finance standards that improve students' financial literacy. The related benchmarks must address creating a household budget, taking out loans and accruing debt, how interest works, home mortgages, how to file taxes, the impact of student loan debt, and how to read a paycheck and payroll deductions. In developing the standards and benchmarks, the commissioner must consider the needs of young adults, low-income individuals, immigrants, and American Indian students or students of color. The commissioner is encouraged to consult with the Minnesota Council on Economic Education, the University of Minnesota Extension, and community-based organizations that promote financial literacy in underserved communities.

(b) The commissioner of education must ensure that the revised social studies standards adopted as a result of the review beginning in the 2020-2021 school year include benchmarks in government and citizenship in 11th or 12th grade.

Subd. 2. **Other standards.** Notwithstanding Minnesota Statutes, section 120B.021, the commissioner of education must suspend the review and revision of academic standards and related benchmarks in mathematics and the implementation of revised physical education and arts academic standards under Minnesota Statutes, section 120B.021, until June 1, 2022. This suspension does not prevent the commissioner from supporting schools and districts with future implementation, continuing with current rulemaking activities, or developing future statewide assessments in science or reading. The commissioner must implement a review and revision of the academic standards and related benchmarks in mathematics beginning in the 2022-2023 school year.

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

Sec. 68. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

$84,057,000	. . . . .	2022
$83,431,000	. . . . .	2023

The 2022 appropriation includes $7,912,000 for 2021 and $76,145,000 for 2022.

The 2023 appropriation includes $8,460,000 for 2022 and $74,971,000 for 2023.

Subd. 3. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

$11,351,000	. . . . .	2022
$11,775,000	. . . . .	2023

The 2022 appropriation includes $1,087,000 for 2021 and $10,264,000 for 2022.

The 2023 appropriation includes $1,140,000 for 2022 and $10,635,000 for 2023.

Subd. 4. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124E.22:

$93,547,000	. . . . .	2022
$99,819,000	. . . . .	2023

The 2022 appropriation includes $8,806,000 for 2021 and $84,741,000 for 2022.

The 2023 appropriation includes $9,415,000 for 2022 and $90,404,000 for 2023.

Subd. 5. **Civic education grants.** (a) For the Minnesota Civic Education Coalition for grants to Youth in Government, the Learning Law and Democracy Foundation, and the YMCA Center for Youth Voice to support civic education programs for youth age 18 and under to provide teacher professional development, educational resources, and program support:

$75,000	. . . . .	2022
$75,000	. . . . .	2023

(b) The programs must instruct students in:

(1) the constitutional principles and the democratic foundation of our national, state, and local institutions; and

(2) the political processes and structures of government, grounded in the understanding of constitutional government and individual rights.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The base for fiscal year 2024 is $0.

Subd. 6. **College entrance examination reimbursement.** (a) To reimburse districts for the costs of college entrance examination fees of free or reduced-price meal eligible students who take the ACT or SAT test under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (e):

$1,011,000	. . . . .	2022
$1,011,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 7. **Concurrent enrollment aid.** (a) For concurrent enrollment aid under Minnesota Statutes, section 124D.091:

$5,000,000	. . . . .	2022
$5,000,000	. . . . .	2023

(b) If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each school district.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 8. **Early childhood literacy programs.** (a) For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

$7,950,000	. . . . .	2022
$7,950,000	. . . . .	2023

(b) Up to $7,950,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota reading corps program established by ServeMinnesota, including costs associated with training and teaching early literacy skills to children ages three through grade 3 and evaluating the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 9. **Equitable school enhancement grants.** (a) To support schools in their efforts to close opportunity and achievement gaps under Minnesota Statutes, section 120B.113:

$3,000,000	. . . . .	2022
$3,000,000	. . . . .	2023

(b) The department may use up to five percent of this appropriation to administer the grant program.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 10. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

$4,500,000	. . . . .	2022
$4,500,000	. . . . .	2023

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and International Baccalaureate Minnesota, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least $500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations, shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

(e) Any balance in the first year does not cancel but is available in the second year.

Subd. 11. **Expand rigorous coursework for Black students, Indigenous students, students of color, and students in greater Minnesota.** (a) For grants to expand rigorous coursework primarily for but not limited to disadvantaged and underrepresented students and students in greater Minnesota, such as through advanced placement courses, international baccalaureate programs, career and technical education, and concurrent enrollment courses:

$3,730,000	. . . . .	2022
$3,730,000	. . . . .	2023

(b) Eligible recipients include school districts, charter schools, intermediate school districts, and cooperative units as defined in Minnesota Statutes, section 123A.24, subdivision 2.

(c) Of this amount, $1,300,000 each year is for grants to support professional development and incentives for high school teachers to develop and expand course offerings approved by the state. An eligible recipient must offer the professional development or course through a regional partnership or statewide program. Compensation for teachers to teach courses beyond the contract day or year is an allowable expenditure. Funds may supplement, but not replace, current state and federal program funds. Grants are limited to $50,000 per recipient.

(d) Of this amount, $2,430,000 each year is for matching grants to support rigorous course expansion and statewide career and technical education program quality improvements. The department must provide technical support and guidance. Funds may supplement, but not replace, current state and federal program funds. Grants are limited to $100,000 per recipient.

(e) The department must require an applicant for grant funds to submit a plan that describes how the applicant would use grant funds to increase participation by disadvantaged and underrepresented students in rigorous coursework. The department must consider an applicant's goals, strategies, and capacity to increase participation by disadvantaged and underrepresented students when awarding funds.

(f) At least 50 percent of the funds in this subdivision must be appropriated to grant recipients in greater Minnesota.

(g) Up to five percent of this appropriation is available for program and grant administration.

(h) Any balance in the first year does not cancel but is available in the second year.

(i) The base for fiscal year 2024 and later is $3,530,000.

Subd. 12. **Full-service community schools.** (a) For comprehensive program support for full-service community schools:

$5,000,000	. . . . .	2022
$5,000,000	. . . . .	2023

(b) Of this amount, priority must be given to programs in the following order:

(1) current grant recipients issued under Minnesota Statutes, section 124D.231;

(2) schools identified as low-performing under the federal Every Student Succeeds Act; and

(3) any other applicants.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 13. **Girls in Action grant.** (a) For a grant to the Girls in Action program to enable Girls in Action to continue to provide and expand Twin Cities metropolitan area school and community-based programs that encourage and support low-income girls of color:

$1,500,000	. . . . .	2022
$0	. . . . .	2023

(b) Of the appropriated funds, $1,000,000 must be used to sustain 16 current Girls in Action program sites and expand to reach an additional four sites in inner ring suburban communities with growing ethnic diversity among students.

(c) Of the appropriated funds, $500,000 must be used to sustain three community-based Girls in Action programs for Asian, East African, and Latina girls in Hennepin, Ramsey, and Dakota Counties, and to expand an additional two community-based programs in these counties to reach Native American and African American girls.

(d) Girls in Action programs supported by these funds must include programs focused on:

(1) increasing academic performance, high school graduation rates, and enrollment in postsecondary education for girls faced with social, demographic, racial, and economic barriers and challenges;

(2) increasing mentoring, literacy, career development, positive community engagement, and number of qualified female employees of color in the workforce pipeline, particularly in the science, technology, engineering, and mathematics fields;

(3) providing coaching, mentoring, health and wellness counseling, resources to girls whose experience with sexual assault has negatively impacted their academics and behavior, and culturally sensitive therapy resources and counseling services to sexual assault victims; and

(4) increasing financial literacy and knowledge of options for financing college or postsecondary education.

(e) This is a onetime appropriation.

(f) Any balance in the first year does not cancel but is available until June 30, 2024.

Subd. 14. **Grants to increase science, technology, engineering, and math course offerings.** (a) For grants to schools to encourage low-income and other underserved students to participate in advanced placement and international baccalaureate programs according to Minnesota Statutes, section 120B.132:

$250,000	. . . . .	2022
$250,000	. . . . .	2023

(b) The commissioner must consider grant applications from schools located in greater Minnesota and from schools located in the seven-county metropolitan area.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 15. **Indigenous education for all.** (a) For the implementation of indigenous education for all legislation based on the standards and benchmarks in place with the contributions of Minnesota's Tribal Nations and communities under Minnesota Statutes, section 120B.17:

$887,000	. . . . .	2022
$437,000	. . . . .	2023

(b) Of this amount, $450,000 in 2022 is for onetime competitive grants to provide curricular resources to schools.

(c) Of this amount, $150,000 annually is for a grant to the Tribal Nations Education Committee.

(d) Of this amount, $287,000 annually is for department administration and implementation of the standards.

Subd. 16. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

$12,310,000	. . . . .	2022
$14,823,000	. . . . .	2023

Subd. 17. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

$45,075,000	. . . . .	2022
$45,968,000	. . . . .	2023

The 2022 appropriation includes $4,463,000 for 2021 and $40,612,000 for 2022.

The 2023 appropriation includes $4,512,000 for 2022 and $41,456,000 for 2023.

Subd. 18. **Minnesota Council on Economic Education.** (a) For a grant to the Minnesota Council on Economic Education:

$250,000	. . . . .	2022
$250,000	. . . . .	2023

(b) The grant must be used to:

(1) provide professional development to Minnesota's kindergarten through grade 12 teachers implementing state graduation standards in learning areas related to economic education;

(2) support the direct-to-student ancillary economic and personal finance programs that Minnesota teachers supervise and coach; and

(3) provide support to geographically diverse affiliated higher education-based centers for economic education, including those based at Minnesota State University Mankato, Minnesota State University Moorhead, St. Cloud State University, St. Catherine University, and the University of St. Thomas, as their work relates to activities in clauses (1) and (2).

(c) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must report to the commissioner of education on the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or its affiliated state centers for economic education. The report must include a description of the content, length, and location of the programs; the number of preservice and licensed teachers receiving professional development through each of these opportunities; and a summary of evaluations of teacher professional opportunities.

(d) On August 15, 2021, the Department of Education must pay the full amount of the grant for fiscal year 2022 to the Minnesota Council on Economic Education. On August 15, 2022, the Department of Education must pay the full amount of the grant for fiscal year 2023 to the Minnesota Council on Economic Education. The Minnesota Council on Economic Education must submit its fiscal reporting in the form and manner specified by the commissioner. The commissioner may request additional information as necessary.

(e) Any balance in the first year does not cancel but is available in the second year.

(f) The base for fiscal year 2024 is $0.

Subd. 19. **Minnesota Independence College and Community.** (a) For transfer to the Office of Higher Education for grants to Minnesota Independence College and Community for tuition reduction and institutional support:

$625,000	. . . . .	2022
$625,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 20. **Minnesota math corps program.** (a) For the Minnesota math corps program under Minnesota Statutes, section 124D.42, subdivision 9:

$2,500,000	. . . . .	2022
$2,500,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 21. **Minnesota Principals Academy.** (a) For grants to the University of Minnesota College of Education and Human Development for the operation of the Minnesota Principals Academy:

$200,000	. . . . .	2022
$200,000	. . . . .	2023

(b) Of these amounts, $50,000 must be used to pay the costs of attendance for principals and school leaders from schools identified for intervention under the state's accountability system as implemented to comply with the federal Every Student Succeeds Act. To the extent funds are available, the Department of Education is encouraged to use up to $200,000 of federal Title II funds to support additional participation in the Principals Academy by principals and school leaders from schools identified for intervention under the state's accountability system as implemented to comply with the federal Every Student Succeeds Act.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 22. **Minnesota Youth Council.** (a) For grants to the Minnesota Alliance With Youth for the activities of the Minnesota Youth Council:

$187,000	. . . . .	2022
$187,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 23. **Multitiered systems of support.** (a) For the Minnesota Department of Education to support schools in reinforcing systemic approaches to meet the needs of individual students and ensure effective implementation of multitiered systems of support in the areas of academics, social and emotional learning, and physical health services:

$5,000,000	. . . . .	2022
$5,000,000	. . . . .	2023

(b) Of this amount, $3,200,000 is for regional centers of excellence under the Minnesota service cooperatives to fund staff to support the implementation of multitiered systems of support, ensuring research-validated models are supported for prekindergarten through grade 12 in school districts and charter schools.

(c) Of this amount, $1,800,000 is reserved for grants to school districts and charter schools to partner with community-based organizations and programs.

(d) Grant funds must be used for implementation of evidence-based policies, procedures, and practices within the multitiered systems of support prioritizing before and after school programming for historically underserved students and access to mental health services for students.

(e) Eligible grantees include school districts, charter schools, intermediate school districts, and cooperative units as defined in Minnesota Statutes, section 123A.24, subdivision 2.

(f) Up to five percent of this appropriation is available for program and grant administration.

(g) Any balance in the first year does not cancel but is available in the second year.

Subd. 24. **Museums and education centers.** (a) For grants to museums and education centers:

$610,000	. . . . .	2022
$610,000	. . . . .	2023

(b) $269,000 each year is for the Minnesota Children's Museum.

(c) $50,000 each year is for the Minnesota Children's Museum, Rochester.

(d) $50,000 each year is for the Duluth Children's Museum.

(e) $41,000 each year is for the Minnesota Academy of Science.

(f) $50,000 each year is for the Headwaters Science Center.

(g) $50,000 each year is for the Children's Museum of Southern Minnesota.

(h) $50,000 each year is for the Works Museum in Bloomington.

(i) $50,000 each year is for the Children's Discovery Museum of Grand Rapids.

(j) A recipient of a grant under this subdivision must use the funds to encourage and increase access for historically underserved communities.

(k) Any balance in the first year does not cancel but is available in the second year.

Subd. 25. **P-TECH schools.** (a) For P-TECH support grants under Minnesota Statutes, section 124D.093, subdivision 5:

$791,000	. . . . .	2022
$791,000	. . . . .	2023

(b) The amounts in this subdivision are for grants to a public-private partnership that includes Independent School District No. 535, Rochester.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 26. **Recovery program grants.** (a) For recovery program grants under Minnesota Statutes, section 124D.695:

$750,000	. . . . .	2022
$750,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 27. **Rural career and technical education consortium.** (a) For rural career and technical education consortium grants:

$3,000,000	. . . . .	2022
$3,000,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 28. **Sanneh Foundation.** (a) For grants to the Sanneh Foundation for purposes of subdivision 3:

$2,000,000	. . . . .	2022
$2,000,000	. . . . .	2023

(b) The grants to the Sanneh Foundation must be directed toward programs for low-performing and chronically absent students with a focus on low-income students and students of color. The goals of the grants include decreasing absenteeism, encouraging school engagement, improving grades, and improving graduation rates. The grants may be used to:

(1) provide all-day, in-school academic and behavioral interventions and social and emotional learning throughout the school year;

(2) provide year-round, out-of-school behavioral, social, and emotional learning interventions and enrichment activities;

(3) enhance career exploration opportunities, including exposure to businesses and business activities; and

(4) develop pathways in cooperation with businesses or higher education partners for participants to pursue careers in education and youth development.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The base for fiscal year 2024 is $1,000,000.

Subd. 29. **ServeMinnesota program.** (a) For funding ServeMinnesota programs under Minnesota Statutes, sections 124D.37 to 124D.45:

$900,000	. . . . .	2022
$900,000	. . . . .	2023

(b) A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 30. **Singing-based pilot program to improve student reading.** (a) For a grant to pilot a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades 2 through 5:

$75,000	. . . . .	2022

(b) The commissioner of education shall award a grant to the Rock 'n' Read Project to implement a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades 2 through 5. The grantee shall be responsible for selecting participating school sites; providing any required hardware and software, including software licenses, for the duration of the grant period; providing technical support, training, and staff to install required project hardware and software; providing on-site professional development and instructional monitoring and support for school staff and students; administering preintervention and postintervention reading assessments; evaluating the impact of the intervention; and other project management services as required. To the extent practicable, the grantee must select participating schools in urban, suburban, and greater Minnesota, and give priority to schools in which a high proportion of students do not read proficiently at grade level and are eligible for free or reduced-price lunch.

(c) By February 15, 2023, the grantee must submit a report detailing expenditures and outcomes of the grant to the commissioner of education and the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance.

(d) Any balance in the first year does not cancel but is available in the second year.

(e) This is a onetime appropriation.

Subd. 31. **Starbase MN.** (a) For a grant to Starbase MN for a rigorous science, technology, engineering, and math (STEM) program providing students in grades 4 through 6 with a multisensory learning experience and a hands-on curriculum in an aerospace environment using state-of-the-art technology:

$500,000	. . . . .	2022
$500,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 32. **Statewide testing and reporting system.** (a) For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

$9,692,000	. . . . .	2022
$9,692,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

(c) The base in 2024 and 2025 is $10,892,000 per year.

Subd. 33. **Student organizations.** (a) For student organizations:

$768,000	. . . . .	2022
$768,000	. . . . .	2023

(b) $46,000 each year is for student organizations serving health occupations (HOSA).

(c) $100,000 each year is for student organizations serving trade and industry occupations (Skills USA, secondary and postsecondary).

(d) $95,000 each year is for student organizations serving business occupations (BPA, secondary and postsecondary).

(e) $193,000 each year is for student organizations serving agriculture occupations (FFA, PAS).

(f) $185,000 each year is for student organizations serving family and consumer science occupations (FCCLA). Notwithstanding Minnesota Rules, part 3505.1000, subparts 28 and 31, the student organizations serving FCCLA shall continue to serve students younger than grade 9.

(g) $109,000 each year is for student organizations serving marketing occupations (DECA and DECA collegiate).

(h) $40,000 each year is for the Minnesota Foundation for Student Organizations.

(i) Any balance in the first year does not cancel but is available in the second year.

Subd. 34. **Tribal contract school aid.** For Tribal contract school aid under Minnesota Statutes, section 124D.83, and Tribal contract onetime compensatory aid:

$2,775,000	. . . . .	2022
$3,138,000	. . . . .	2023

The 2022 appropriation includes $227,000 for 2021 and $2,548,000 for 2022.

The 2023 appropriation includes $283,000 for 2022 and $2,855,000 for 2023.

Sec. 69. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering. The revisor shall also make any technical language and other changes necessitated by the renumbering and cross-reference changes in this act.

Column A	Column B
General Requirements Statewide Assessments	
120B.30, subdivision 1a, paragraph (h)	120B.30, subdivision 1
120B.30, subdivision 1, paragraph (q)	120B.30, subdivision 2
120B.30, subdivision 1a, paragraph (g)	120B.30, subdivision 3
120B.30, subdivision 1b	120B.30, subdivision 4
120B.30, subdivision 1, paragraph (n)	120B.30, subdivision 5, paragraph (a)
120B.30, subdivision 1, paragraph (a)	120B.30, subdivision 5, paragraph (b)
120B.30, subdivision 1a, paragraph (e)	120B.30, subdivision 6, paragraph (a)
120B.30, subdivision 2, paragraph (a)	120B.30, subdivision 6, paragraph (b)
120B.30, subdivision 2, paragraph (b), clauses (1) and (2)	120B.30, subdivision 6, paragraph (c)
120B.30, subdivision 2	120B.30, subdivision 6, paragraph (d)
120B.30, subdivision 4	120B.30, subdivision 7

120B.30, subdivision 5
120B.30, subdivision 6
120B.30, subdivision 1, paragraph (e)
120B.30, subdivision 8
120B.30, subdivision 9
120B.30, subdivision 10

General Requirements Test Design

120B.30, subdivision 1a, paragraph (a), clauses (1) to (5)
120B.30, subdivision 1, paragraph (a)
120B.30, subdivision 1, paragraph (b)
120B.30, subdivision 1, paragraph (n)
120B.30, subdivision 1a, paragraph (b)
120B.30, subdivision 1a, paragraph (c), clauses (1) and (2)
120B.301, subdivision 1
120B.301, subdivision 2
120B.301, subdivision 3, paragraph (a)
120B.301, subdivision 3, paragraph (b)
120B.301, subdivision 3, paragraph (c)
120B.301, subdivision 3, paragraph (d)

Assessment Graduation Requirements

120B.30, subdivision 1, paragraph (c), clauses (1) and (2)
120B.30, subdivision 1, paragraph (d)
120B.30, subdivision 1, paragraph (i)
120B.304, subdivision 1
120B.304, subdivision 2
120B.304, subdivision 3

Assessment Reporting Requirements

120B.30, subdivision 1a, paragraph (f), clauses (1) to (3)
120B.30, subdivision 1a, paragraph (d), clauses (1) to (4)
120B.30, subdivision 1, paragraph (m)
120B.30, subdivision 1, paragraph (n)
120B.30, subdivision 1, paragraph (o), clauses (1) to (4)
120B.30, subdivision 3
120B.305, subdivision 1
120B.305, subdivision 2, paragraph (a)
120B.305, subdivision 2, paragraph (b)
120B.305, subdivision 2, paragraph (c)
120B.305, subdivision 3, paragraph (a)
120B.305, subdivision 3, paragraph (b)

District Assessment Requirements

120B.301, paragraphs (a) to (c)
120B.304, paragraphs (a) and (b)
120B.306, subdivision 1
120B.306, subdivision 2

College and Career Readiness

120B.30, subdivision 1, paragraph (p)
120B.30, subdivision 1, paragraph (d)
120B.30, subdivision 1, paragraph (f)
120B.30, subdivision 1, paragraph (g)
120B.30, subdivision 1, paragraph (h)
120B.30, subdivision 1, paragraph (j)
120B.30, subdivision 1, paragraph (k)
120B.30, subdivision 1, paragraph (l)
120B.307, subdivision 1
120B.307, subdivision 2
120B.307, subdivision 3
120B.307, subdivision 4, paragraph (a)
120B.307, subdivision 4, paragraph (b)
120B.307, subdivision 4, paragraph (c)
120B.307, subdivision 4, paragraph (d)
120B.307, subdivision 4, paragraph (e)

Sec. 70. **REPEALER.**

Minnesota Statutes 2020, section 120B.35, subdivision 5, is repealed.

ARTICLE 3
TEACHERS

Section 1. **[120B.117] INCREASING PERCENTAGE OF TEACHERS OF COLOR AND AMERICAN INDIAN TEACHERS IN MINNESOTA.**

Subdivision 1. **Purpose.** This section sets short-term and long-term state goals for increasing the percentage of teachers of color and American Indian teachers in Minnesota and for ensuring all students have equitable access to effective and racially and ethnically diverse teachers who reflect the diversity of students. The goals and report required under this section are also important for meeting state goals for the world's best workforce under section 120B.11, achievement and integration under section 124D.861, and higher education attainment under section 135A.012, all of which have been established to close persistent opportunity and achievement gaps that limit students' success in school and life and impede the state's economic growth.

Subd. 2. **Equitable access to racially and ethnically diverse teachers.** The percentage of teachers who are of color or American Indian in Minnesota should increase at least two percentage points per year to have a teaching workforce that more closely reflects the state's increasingly diverse student population and to ensure all students have equitable access to effective and diverse teachers by 2040.

Subd. 3. **Rights not created.** The attainment goal in this section is not to the exclusion of any other goals and does not confer a right or create a claim for any person.

Subd. 4. **Reporting.** Beginning in 2022 and every even-numbered year thereafter, the Professional Educator Licensing and Standards Board must collaborate with the Department of Education and the Office of Higher Education to publish a summary report of each of the programs they administer and any other programs receiving state appropriations that have or include an explicit purpose of increasing the racial and ethnic diversity of the state's teacher workforce to more closely reflect the diversity of students. The report must include programs under sections 122A.094, 122A.63, 122A.635, 122A.70, 124D.09, 124D.861, 136A.1275, and 136A.1791, along with any other programs or initiatives that receive state appropriations to address the shortage of teachers of color and American Indian teachers. The board must, in coordination with the Office of Higher Education and Department of Education, provide policy and funding recommendations related to state-funded programs to increase the recruitment, preparation, licensing, hiring, and retention of racially and ethnically diverse teachers and the state's progress toward meeting or exceeding the goals of this section. The report must also include recommendations for state policy and funding needed to achieve the goals of this section, as well as plans for sharing the report and activities of grant recipients, and opportunities among grant recipients of various programs to share effective practices with each other. The 2022 report must include a recommendation of whether a state advisory council should be established to address the shortage of racially and ethnically diverse teachers and what the composition and charge of such an advisory council would be if established. The board must consult with the Indian Affairs Council and other ethnic councils along with other community partners, including students of color and American Indian students, in developing the report. By November 1 of each even-numbered year, the board must submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over education and higher education policy and finance. The report must be available to the public on the board's website.

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

Sec. 2. **[120B.25] CURRICULUM POLICY.**

A school board must adopt a written policy that prohibits discrimination or discipline for a teacher or principal on the basis of incorporating into curriculum contributions by persons in a federally protected class or protected class under section 363A.13, consistent with local collective bargaining agreements.

Sec. 3. **[122A.04] LICENSE REQUIRED.**

Pursuant to section 120A.22, subdivision 10, a teacher must hold a license or a permission aligned to the content area and scope of the teacher's assignment to provide instruction in a public school or a charter school.

Sec. 4. Minnesota Statutes 2020, section 122A.06, subdivision 2, is amended to read:

Subd. 2. **Teacher.** "Teacher" means a classroom teacher or other similar professional employee required by law to hold a license or permission from the Professional Educator Licensing and Standards Board.

Sec. 5. Minnesota Statutes 2020, section 122A.06, subdivision 5, is amended to read:

Subd. 5. **Field.** A "field," "licensure area," or "subject area" means the content area in which a teacher may become licensed to teach.

Sec. 6. Minnesota Statutes 2020, section 122A.06, subdivision 6, is amended to read:

Subd. 6. **Shortage area.** "Shortage area" means:

(1) licensure fields and economic development regions reported by the ~~commissioner of education~~ Office of Higher Education or the Professional Educator Licensing and Standards Board as experiencing a teacher shortage; and

(2) economic development regions where ~~there is a shortage of licensed teachers who reflect the racial or ethnic diversity of students in the region.~~ the aggregate percentage of Indigenous teachers and teachers of color in the region is lower than the aggregate percentage of kindergarten through grade 12 Indigenous students and students of color in that region. Only individuals who close the gap between these percentages qualify as filling a shortage by this definition.

Sec. 7. Minnesota Statutes 2020, section 122A.06, subdivision 7, is amended to read:

Subd. 7. **Teacher preparation program.** "Teacher preparation program" means a program approved by the Professional Educator Licensing and Standards Board for the purpose of preparing individuals for a specific teacher licensure field in Minnesota. ~~Teacher preparation programs include traditional programs delivered by postsecondary institutions, alternative teacher preparation programs, and nonconventional teacher preparation programs.~~

Sec. 8. Minnesota Statutes 2020, section 122A.06, subdivision 8, is amended to read:

Subd. 8. **Teacher preparation program provider.** "Teacher preparation program provider" or "unit" means an entity that has primary responsibility for overseeing and delivering a teacher preparation program. Teacher preparation program providers include postsecondary institutions and alternative teacher preparation providers aligned to section 122A.094.

Sec. 9. Minnesota Statutes 2020, section 122A.06, is amended by adding a subdivision to read:

Subd. 9. **District.** "District" means a public school district or charter school.

Sec. 10. **[122A.094] TEACHER PREPARATION PROVIDERS.**

Subdivision 1. **Purpose.** Teacher preparation providers must be approved by the Professional Educator Licensing and Standards Board to prepare candidates for teacher licensure in Minnesota. To provide alternative pathways toward Minnesota teacher licensure outside of the traditional means, improve ethnic and cultural diversity

in the classroom, and to close the achievement gap, the Professional Educator Licensing and Standards Board must approve qualified teacher preparation providers and programs under this section that are a means to acquire a Tier 2 license under section 122A.182 and prepare for acquiring a Tier 3 license under section 122A.183.

Subd. 2. **Eligibility.** The following organizations are eligible to seek approval to be a teacher preparation provider:

(1) Minnesota institutions of higher education;

(2) school districts;

(3) charter schools; and

(4) nonprofit corporations organized under chapter 317A for an education-related purpose.

Subd. 3. **Requirements for provider approval.** An eligible entity must be approved as a provider before being approved to provide programs toward licensure. The Professional Educator Licensing and Standards Board must approve an eligible entity under subdivision 3 that meets the following requirements:

(1) has evidence and history of fiscal solvency, capacity, and operation;

(2) possesses necessary infrastructure to provide accurate, timely, and secure data for the purposes of admission, candidate monitoring, testing, and program completion requirements;

(3) has policies and procedures in place ensuring the security of candidate records under the federal Family Educational Rights and Privacy Act;

(4) has developed a research-based, results-oriented curriculum that focuses on the skills teachers need to be effective;

(5) provides a clinical experience that meets criteria set in rule for initial and additional licensure programs;

(6) includes a common core of teaching knowledge and skills. The Professional Educator Licensing and Standards Board must adopt and revise rules to maintain a common core of teaching knowledge and skills;

(7) includes instruction on the knowledge and skills needed to provide appropriate instruction to English learners to support and accelerate their academic literacy, including oral academic language and achievement in content areas in a regular classroom setting; and

(8) includes culturally competent training on instructional strategies consistent with section 120B.30, subdivision 1, paragraph (q), and Minnesota Rules, part 8710.0310, subpart 1, item D.

Subd. 4. **Program approval.** The board must adopt and revise rules outlining the criteria by which programs offered by approved providers may be approved. If the board determines that a teacher preparation provider or licensure program fails to meet or is deficient in any of the requirements in rule, it may suspend or revoke the approval of the provider or program after it notifies the provider of the deficiencies and gives the provider an opportunity to remedy the deficiencies.

Subd. 5. **Specialized credentials.** The board may adopt and revise rules creating flexible, specialized teaching licenses, credentials, and other endorsement forms.

Subd. 6. **Teacher educators.** (a) The board must adopt and revise rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary and secondary teaching environments.

(b) The board must adopt and revise rules for the qualifications for teacher educators. The board may use nontraditional criteria to determine qualifications of teacher educators, including permitting instructors to hold a baccalaureate degree only. Nontraditional criteria may include previous work experiences, teaching experiences, educator evaluations, industry-recognized certifications, and other equivalent demonstrations of qualifications.

Subd. 7. **Reading strategies.** (a) A teacher preparation provider approved by the Professional Educator Licensing and Standards Board to prepare persons for classroom teacher licensure must include in its teacher preparation programs research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to teach reading in the candidate's content areas. Teacher candidates must be instructed in using students' native languages as a resource in creating effective differentiated instructional strategies for English learners developing literacy skills. A teacher preparation provider must also prepare early childhood and elementary teacher candidates for Tier 3 and Tier 4 teaching licenses under sections 122A.183 and 122A.184, respectively, for the portion of the examination under section 122A.185, subdivision 1, paragraph (c), covering assessment of reading instruction.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in applying comprehensive, scientifically based or evidence-based, and structured reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

(c) Board-approved teacher preparation programs for teachers of elementary education, early childhood education, special education, and reading intervention must include instruction on dyslexia, as defined in section 125A.01, subdivision 2. Teacher preparation programs may consult with the Department of Education, including the dyslexia specialist under section 120B.122, to develop instruction under this paragraph. Instruction on dyslexia must be modeled on practice standards of the International Dyslexia Association and must address:

(1) the nature and symptoms of dyslexia;

(2) resources available for students who show characteristics of dyslexia;

(3) evidence-based instructional strategies for students who show characteristics of dyslexia, including the structured literacy approach; and

(4) outcomes of intervention and lack of intervention for students who show characteristics of dyslexia.

(d) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

Subd. 8. **Technology strategies.** All preparation providers approved by the Professional Educator Licensing and Standards Board to prepare persons for classroom teacher licensure must include in their teacher preparation programs the knowledge and skills teacher candidates need to engage students with technology and deliver digital and blended learning and curriculum.

Subd. 9. **Reports.** (a) The Professional Educator Licensing and Standards Board must report annually to the education committees of the legislature on the performance of teacher candidates aligned to section 122A.091, subdivision 1.

(b) The board must also submit a biennial report on the alternative teacher preparation providers to legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance by January 15 of each odd-numbered year.

Sec. 11. Minnesota Statutes 2020, section 122A.15, subdivision 1, is amended to read:

Subdivision 1. **Teachers.** The term "teachers" for the purpose of licensure, means all persons employed in a public school or education district or by a service cooperative as members of the instructional, supervisory, and support staff including superintendents, principals, supervisors, secondary vocational and other classroom teachers, librarians, school counselors, school psychologists, school nurses, school social workers, audio-visual directors and coordinators, recreation personnel, media generalists, media supervisors, and ~~speech therapists~~ school speech-language pathologists. This definition does not apply to sections 122A.05 to 122A.093.

Sec. 12. Minnesota Statutes 2020, section 122A.16, is amended to read:

122A.16 QUALIFIED TEACHER DEFINED.

A qualified teacher is one holding a valid license~~,~~ or permission under this chapter~~,~~ to perform the particular service for which the teacher is employed in a public school.

Sec. 13. Minnesota Statutes 2020, section 122A.18, subdivision 7a, is amended to read:

Subd. 7a. ~~**Permission**~~ **License to substitute teach.** (a) The Professional Educator Licensing and Standards Board must issue licenses to substitute teach to applicants who meet the qualifications prescribed in this subdivision and in Minnesota Rules.

~~(a)~~ (b) The Professional Educator Licensing and Standards Board may ~~allow a person~~ issue a short-call substitute teaching license to an applicant who otherwise qualifies for a Tier 1 license in accordance with section 122A.181, subdivision 2, or is enrolled in and making satisfactory progress in a ~~board-approved~~ state-approved teacher program and who has successfully completed student teaching ~~to be employed as a short-call substitute teacher~~.

~~(b)~~ (c) The Professional Educator Licensing and Standards Board may issue a lifetime qualified short-call or long-call substitute teaching license to ~~a person~~ an applicant who:

(1) was a qualified teacher under section 122A.16 while holding a Tier 3 or Tier 4 teaching license issued by the board, under sections 122A.183 and 122A.184, respectively, and receives a retirement annuity from the Teachers Retirement Association or the St. Paul Teachers Retirement Fund Association;

(2) holds an out-of-state teaching license and receives a retirement annuity as a result of the person's teaching experience; or

(3) held a Tier 3 or Tier 4 teaching license issued by the board, under sections 122A.183 and 122A.184, respectively, taught at least three school years in an accredited nonpublic school in Minnesota, and receives a retirement annuity as a result of the person's teaching experience.

A person holding a lifetime qualified short-call or long-call substitute teaching license is not required to complete continuing education clock hours. A person holding this license may reapply to the board for either:

(i) a Tier 3 or Tier 4 teaching license under sections 122A.183 and 122A.184, respectively, and must again complete ~~continuing education clock hours~~ renewal requirements pursuant to section 122A.187 one school year after receiving the Tier 3 or Tier 4 teaching license; or

(ii) a Tier 1 license under section 122A.181, provided that the ~~candidate~~ applicant has a bachelor's degree, an associate's degree, or an appropriate professional credential in the content area the ~~candidate~~ applicant will teach, in accordance with section 122A.181, subdivision 2.

Sec. 14. Minnesota Statutes 2020, section 122A.18, subdivision 8, is amended to read:

Subd. 8. **Background ~~checks~~ studies.** (a) The Professional Educator Licensing and Standards Board and the Board of School Administrators must ~~obtain~~ initiate a criminal history background ~~check~~ study on all first-time ~~teaching~~ applicants for educator licenses under their jurisdiction. Applicants must include with their licensure applications:

(1) an executed criminal history consent form, including fingerprints; and

(2) payment to conduct the background check. The Professional Educator Licensing and Standards Board must deposit payments received under this subdivision in an account in the special revenue fund. Amounts in the account are annually appropriated to the Professional Educator Licensing and Standards Board to pay for the costs of background checks on applicants for licensure.

(b) The background check for all first-time teaching applicants for licenses must include a review of information from the Bureau of Criminal Apprehension, including criminal history data as defined in section 13.87, and must also include a review of the national criminal records repository. The superintendent of the Bureau of Criminal Apprehension is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. The superintendent shall recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).

(c) The Professional Educator Licensing and Standards Board ~~must contract with~~ and the Board of School Administrators may initiate criminal background studies through the commissioner of human services to ~~conduct background checks and~~ obtain background check data required under this chapter.

Sec. 15. Minnesota Statutes 2020, section 122A.18, subdivision 10, is amended to read:

Subd. 10. **Licensure via portfolio.** (a) The Professional Educator Licensing and Standards Board must adopt and revise rules establishing a process for an eligible ~~candidate~~ applicant to obtain ~~any teacher~~ an initial Tier 3 license ~~under subdivision 1~~, or to add a licensure field~~,~~ to a Tier 3 or Tier 4 license via portfolio. The portfolio licensure application process must be consistent with the requirements in this subdivision.

(b) ~~A candidate~~ An applicant for ~~a~~ an initial Tier 3 license via portfolio must submit to the board one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) ~~A candidate~~ An applicant seeking to add a licensure field via portfolio must submit to the board one portfolio demonstrating content competence for each licensure field the candidate seeks to add.

(d) The board must notify ~~a candidate~~ an applicant who submits a portfolio under paragraph (b) or (c) within ~~90~~ 120 calendar days after the portfolio is received whether or not the portfolio is approved. If the portfolio is not approved, the board must ~~immediately~~ inform the ~~candidate~~ applicant how to revise the portfolio to successfully demonstrate the requisite competence. The ~~candidate~~ applicant may resubmit a revised portfolio ~~at any time~~ within two years and the board must approve or disapprove the revised portfolio within ~~60~~ 90 calendar days of receiving it.

(e) ~~A candidate~~ An applicant must pay a fee for a portfolio in accordance with section 122A.21, subdivision 4.

Sec. 16. Minnesota Statutes 2020, section 122A.181, subdivision 1, is amended to read:

Subdivision 1. **Application requirements.** The Professional Educator Licensing and Standards Board must approve ~~a request from a district or charter school to issue a Tier 1 license in a specified content area to a candidate~~ an application for a Tier 1 license in a specified content area if:

(1) the application has been submitted jointly by the applicant and the district;

(2) the application has been paid for by the district or the applicant;

(3) the ~~candidate~~ applicant meets the professional requirement in subdivision 2;

~~(2)~~ (4) the district or charter school affirms that the ~~candidate~~ applicant has the necessary skills and knowledge to teach in the specified content area; ~~and~~

~~(3)~~ (5) the district or charter school demonstrates that~~: (i)~~ a criminal background check under section 122A.18, subdivision 8, has been completed on the ~~candidate~~ applicant; and

~~(ii)~~ (6) the district or charter school has posted the teacher position but was unable to hire an acceptable teacher with a Tier 2, 3, or 4 license for the position.

Sec. 17. Minnesota Statutes 2020, section 122A.181, subdivision 2, is amended to read:

Subd. 2. **Professional requirements.** ~~(a) A candidate~~ An applicant for a Tier 1 license must have a bachelor's degree to teach a class or course ~~outside a career and technical education or career pathways course of study~~, unless specifically exempt by state statute or rule.

~~(b) A candidate for a Tier 1 license must have one of the following credentials in a relevant content area to teach a class in a career and technical education or career pathways course of study:~~

~~(1) an associate's degree;~~

~~(2) a professional certification; or~~

~~(3) five years of relevant work experience.~~

Sec. 18. Minnesota Statutes 2020, section 122A.181, is amended by adding a subdivision to read:

Subd. 2a. **Exemptions from a bachelor's degree.** (a) The following applicants for a Tier 1 license are exempt from the requirement to hold a bachelor's degree in subdivision 2:

(1) an applicant for a Tier 1 license to teach career and technical education or career pathways courses of study if the applicant has:

(i) an associate's degree;

(ii) a professional certification; or

(iii) five years of relevant work experience;

(2) an applicant for a Tier 1 license to teach world languages and culture pursuant to Minnesota Rules, part 8710.4950, if the applicant is a native speaker of the language;

(3) an applicant for a Tier 1 license in the performing or visual arts pursuant to Minnesota Rules, parts 8710.4300 (dance and theater), 8710.4310 (dance), 8710.4320 (theater), 8710.4650 (vocal music and instrumental music), and 8710.4900 (visual arts), if the applicant has at least five years of relevant work experience; and

(4) an applicant for a Tier 1 license who is enrolled in a state-approved teacher preparation program classified as a residency model aligned to the scope and field of the assignment. The residency program must lead to a bachelor's degree unless the program is aligned to one of the licensure areas outlined in this subdivision.

(b) The Professional Educator Licensing and Standards Board must adopt and revise rules regarding the qualifications and determinations for applicants exempt from paragraph (a).

Sec. 19. Minnesota Statutes 2020, section 122A.181, subdivision 3, is amended to read:

Subd. 3. **Term of license and renewal.** (a) The Professional Educator Licensing and Standards Board must issue an initial Tier 1 license for a term of one year. A Tier 1 license may be renewed subject to paragraphs (b) and (c). ~~The board may submit written comments to the district or charter school that requested the renewal regarding the candidate.~~

(b) The Professional Educator Licensing and Standards Board must renew a Tier 1 license if:

(1) the district or charter school requesting the renewal demonstrates that it has posted the teacher position but was unable to hire an acceptable teacher with a Tier 2, 3, or 4 license for the position;

~~(2) the teacher holding the Tier 1 license took a content examination in accordance with section 122A.185 and submitted the examination results to the teacher's employing district or charter school within one year of the board approving the request for the initial Tier 1 license;~~

~~(3)~~ (2) the teacher holding the Tier 1 license participated in cultural competency training consistent with section 120B.30, subdivision 1, paragraph (q)~~, within one year of the board approving the request for the initial Tier 1 license~~; ~~and~~

~~(4)~~ (3) the teacher holding the Tier 1 license met the mental illness training renewal requirement under section 122A.187, subdivision 6~~.~~; and

~~The requirement in clause (2) does not apply to a teacher that teaches a class in a career and technical education or career pathways course of study.~~

(4) the district demonstrates professional development opportunities and other supports provided to move the teacher from a Tier 1 license to a higher tier.

(c) A Tier 1 license must not be renewed more than three times, unless the requesting district or charter school can show good cause for additional renewals. ~~A Tier 1 license issued to teach (1) a class or course in a career and technical education or career pathway course of study or (2) in a shortage area, as defined in section 122A.06, subdivision 6, may be renewed without limitation.~~

Sec. 20. Minnesota Statutes 2020, section 122A.181, subdivision 4, is amended to read:

Subd. 4. **Application.** The Professional Educator Licensing and Standards Board must accept and review applications for a Tier 1 teaching license beginning July 1 of the school year for which the license is requested ~~and must issue or deny the Tier 1 teaching license within 30 days of receiving the completed application~~, unless permitted by the board to accept and review applications earlier.

Sec. 21. Minnesota Statutes 2020, section 122A.181, subdivision 5, is amended to read:

Subd. 5. **Limitations on license.** (a) A Tier 1 license is limited to the content matter indicated on the application for the initial Tier 1 license under subdivision 1, clause (2), and limited to the district or charter school that requested the initial Tier 1 license.

(b) A Tier 1 license does not bring an individual within the definition of a teacher for purposes of section 122A.40, subdivision 1, or 122A.41, subdivision 1, clause (a).

~~(c) A Tier 1 license does not bring an individual within the definition of a teacher under section 179A.03, subdivision 18.~~

Sec. 22. Minnesota Statutes 2020, section 122A.181, subdivision 6, is amended to read:

Subd. 6. **Mentorship and evaluation.** (a) ~~A teacher holding a Tier 1 license must participate in the employing district or charter school's mentorship program and professional development.~~ A district that hires a Tier 1 teacher must provide mentorship aligned to board-adopted criteria and professional development opportunities to that teacher.

(b) A teacher holding a Tier 1 license must participate in an evaluation aligned, to the extent practicable, with the evaluation under section 122A.40, subdivision 8, or 122A.41, subdivision 5.

Sec. 23. Minnesota Statutes 2020, section 122A.182, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** ~~(a)~~ The Professional Educator Licensing and Standards Board must approve ~~a request from a district or charter school to issue~~ an application for a Tier 2 license in a specified content area ~~to a candidate~~ if:

(1) ~~the candidate meets the educational or professional requirements in paragraph (b) or (c)~~ the application has been submitted jointly by the applicant and the district;

~~(2) the candidate:~~

~~(i) has completed the coursework required under subdivision 2;~~

~~(ii) is enrolled in a Minnesota-approved teacher preparation program; or~~

~~(iii) has a master's degree in the specified content area; and~~

~~(3) the district or charter school demonstrates that a criminal background check under section 122A.18, subdivision 8, has been completed on the candidate.~~

~~(b) A candidate for a Tier 2 license must have a bachelor's degree to teach a class outside a career and technical education or career pathways course of study.~~

~~(c) A candidate for a Tier 2 license must have one of the following credentials in a relevant content area to teach a class or course in a career and technical education or career pathways course of study:~~

~~(1) an associate's degree;~~

~~(2) a professional certification; or~~

~~(3) five years of relevant work experience.~~

(2) the application has been paid for by the district or the applicant;

(3) the applicant holds a bachelor's degree, unless specifically exempt by statute or rule;

(4) the district demonstrates that a criminal background check under section 122A.18, subdivision 8, has been completed for the applicant; and

(5) the applicant:

(i) has a master's degree in the specified content area;

(ii) is enrolled in a state-approved teacher preparation program; or

(iii) for a license to teach career and technical education and career pathways, has completed two years of field-specific teaching experience on a Tier 1 license and completed training in classroom management, cultural competency, and teacher ethics.

Sec. 24. Minnesota Statutes 2020, section 122A.182, subdivision 2, is amended to read:

Subd. 2. **~~Coursework~~ Exemptions from a bachelor's degree.** ~~(a) A candidate for a Tier 2 license must meet the coursework requirement by demonstrating completion of two of the following:~~

~~(1) at least eight upper division or graduate-level credits in the relevant content area;~~

~~(2) field-specific methods of training, including coursework;~~

~~(3) at least two years of teaching experience in a similar content area in any state, as determined by the board;~~

~~(4) a passing score on the pedagogy and content exams under section 122A.185; or~~

~~(5) completion of a state-approved teacher preparation program.~~

~~(b) For purposes of paragraph (a), "upper division" means classes normally taken at the junior or senior level of college which require substantial knowledge and skill in the field. Candidates must identify the upper division credits that fulfill the requirement in paragraph (a), clause (1).~~

(a) The following applicants for a Tier 2 license are exempt from the requirement to hold a bachelor's degree in subdivision 1:

(1) an applicant for a Tier 2 license to teach career and technical education or career pathways courses of study when the applicant has:

(i) an associate's degree;

(ii) a professional certification; or

(iii) five years of relevant work experience;

(2) an applicant for a Tier 2 license to teach world languages and culture pursuant to Minnesota Rules, part 8710.4950, when the applicant is a native speaker of the language.

(3) an applicant for a Tier 2 license in the performing or visual arts pursuant to Minnesota Rules, parts 8710.4300 (dance and theater), 8710.4310 (dance), 8710.4320 (theater), 8710.4650 (vocal music and instrumental music), and 8710.4900 (visual arts), when the applicant has at least five years of relevant work experience.

(b) The Professional Educator Licensing and Standards Board must adopt and revise rules regarding the qualifications and determinations for applicants exempt from the requirement to hold a bachelor's degree in subdivision 1.

Sec. 25. Minnesota Statutes 2020, section 122A.182, subdivision 3, is amended to read:

Subd. 3. **Term of license and renewal.** (a) The Professional Educator Licensing and Standards Board must issue an initial Tier 2 license for a term of two years. A Tier 2 license may be renewed ~~three~~ two times. The board must adopt rules establishing good cause justifications for additional renewals after the initial license has been renewed two times.

(b) A teacher holding a Tier 2 license in career and technical education or career pathways course of study may receive unlimited renewals.

(c) Before a Tier 2 license is renewed ~~for the first time~~, a teacher holding a Tier 2 license must participate in cultural competency training consistent with section 120B.30, subdivision 1, paragraph (q)~~, and~~; mental illness training under section 122A.187, subdivision 6~~. The board must issue rules setting forth the conditions for additional renewals after the initial license has been renewed three times~~; and the district demonstrates professional development opportunities and other supports provided to move the teacher to a higher tier.

Sec. 26. Minnesota Statutes 2020, section 122A.182, subdivision 4, is amended to read:

Subd. 4. **Application.** The Professional Educator Licensing and Standards Board must accept and review applications for a Tier 2 teaching license beginning July 1 of the school year for which the license is requested ~~and must issue or deny the Tier 2 teaching license within 30 days of receiving the completed application~~, unless permitted by the board to accept and review applications earlier.

Sec. 27. Minnesota Statutes 2020, section 122A.182, subdivision 7, is amended to read:

Subd. 7. **Mentorship and evaluation.** (a) ~~A teacher holding a Tier 2 license must participate in the employing district or charter school's mentorship and evaluation program, including an individual growth and development plan that includes cultural competency under section 120B.30, subdivision 1, paragraph (q).~~ A district that hires a teacher holding a Tier 2 license must provide mentorship aligned to board-adopted criteria to that teacher and professional development opportunities.

(b) A teacher holding a Tier 2 license must participate in an evaluation aligned, to the extent practicable, with the evaluation under section 122A.40, subdivision 8, or section 122A.41, subdivision 5.

Sec. 28. Minnesota Statutes 2020, section 122A.183, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** ~~(a)~~ The Professional Educator Licensing and Standards Board must issue a Tier 3 license to ~~a candidate~~ an applicant who provides information sufficient to demonstrate all of the following:

~~(1) the candidate meets the educational or professional requirements in paragraphs (b) and (c);~~

~~(2) the candidate has obtained a passing score on the required licensure exams under section 122A.185; and~~

(1) the applicant for a Tier 3 license must have a bachelor's degree to teach a class or course, unless specifically exempt by state statute or rule; and

~~(3)~~ (2) the ~~candidate~~ applicant has completed the coursework required under subdivision 2.

~~(b) A candidate for a Tier 3 license must have a bachelor's degree to teach a class or course outside a career and technical education or career pathways course of study.~~

~~(c) A candidate for a Tier 3 license must have one of the following credentials in a relevant content area to teach a class or course in a career and technical education or career pathways course of study:~~

~~(1) an associate's degree;~~

~~(2) a professional certification; or~~

~~(3) five years of relevant work experience.~~

~~In consultation with the governor's Workforce Development Board established under section 116L.665, the board must establish a list of qualifying certifications, and may add additional professional certifications in consultation with school administrators, teachers, and other stakeholders.~~

Sec. 29. Minnesota Statutes 2020, section 122A.183, subdivision 2, is amended to read:

Subd. 2. **Coursework.** ~~A candidate~~ An applicant for a Tier 3 license must meet the coursework requirement by demonstrating one of the following:

(1) completion of a Minnesota-approved teacher preparation program;

(2) completion of a ~~state-approved~~ teacher preparation program approved by another state, territory, or country, including culturally specific Minority Serving Institutions in the United States, such as Historically Black Colleges and Universities, Tribal Colleges, or Hispanic-Serving Institutions including those in Puerto Rico, that includes field-specific student teaching equivalent to field-specific student teaching in Minnesota-approved teacher preparation programs. The field-specific student teaching requirement does not apply to ~~a candidate~~ an applicant that has two years of field-specific teaching experience;

(3) submission of a content-specific licensure portfolio;

(4) a professional teaching license from another state, evidence that the ~~candidate's~~ applicant's license is in good standing, and two years of field-specific teaching experience; or

(5) the applicant fills a shortage area under section 122A.06, subdivision 6, clause (2), and has three years of teaching experience under a Tier 2 license and evidence of summative teacher evaluations that did not result in placing or otherwise keeping the teacher on an improvement process pursuant to section 122A.40, subdivision 8, or section 122A.41, subdivision 5.

Sec. 30. Minnesota Statutes 2020, section 122A.183, is amended by adding a subdivision to read:

Subd. 2a. **Exemptions from a bachelor's degree.** (a) The following applicants for a Tier 3 license are exempt from the requirement to hold a bachelor's degree in subdivision 1:

(1) an applicant for a Tier 3 license to teach career and technical education or career pathways courses of study when the applicant has:

(i) an associate's degree;

(ii) a professional certification; or

(iii) five years of relevant work experience;

(2) an applicant for a Tier 3 license to teach world languages and culture pursuant to Minnesota Rules, part 8710.4950, if the applicant is a native speaker of the language; and

(3) an applicant for a Tier 3 license in the performing or visual arts pursuant to Minnesota Rules, parts 8710.4300 (dance and theater), 8710.4310 (dance), 8710.4320 (theater), 8710.4650 (vocal music and instrumental music), and 8710.4900 (visual arts), if the applicant has at least five years of relevant work experience.

(b) The Professional Educator Licensing and Standards Board must adopt and revise rules regarding the qualifications and determinations for applicants exempt from subdivision 1.

Sec. 31. Minnesota Statutes 2020, section 122A.183, subdivision 3, is amended to read:

Subd. 3. **Term of license and renewal.** The Professional Educator Licensing and Standards Board must issue an initial Tier 3 license for a term of three years. Before a Tier 3 license is renewed for the first time, the applicant must meet initial teacher renewal requirements in section 122A.187. A Tier 3 license may be renewed every three years without limitation.

Sec. 32. Minnesota Statutes 2020, section 122A.184, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The Professional Educator Licensing and Standards Board must issue a Tier 4 license to ~~a candidate~~ an applicant who provides information sufficient to demonstrate all of the following:

(1) the ~~candidate~~ applicant meets all requirements for a Tier 3 license under section 122A.183, and has completed a teacher preparation program under section 122A.183, subdivision 2, clause (1) or (2);

(2) the ~~candidate~~ applicant has at least three years of field-specific teaching experience ~~in Minnesota~~ as a teacher of record;

(3) the ~~candidate~~ applicant has obtained a passing score on all required licensure exams under section 122A.185; and

(4) ~~the candidate's most recent summative teacher evaluation did not result in placing or otherwise keeping the teacher in an improvement process pursuant to section 122A.40, subdivision 8, or 122A.41, subdivision 5~~ if the applicant previously held a Tier 3 license under section 122A.183, the applicant has completed the initial teacher renewal requirements in section 122A.187.

Sec. 33. Minnesota Statutes 2020, section 122A.184, subdivision 2, is amended to read:

Subd. 2. **Term of license and renewal.** The Professional Educator Licensing and Standards Board must issue an initial Tier 4 license for a term of five years. A Tier 4 license may be renewed every five years without limitation if the applicant meets the continuing teacher renewal requirements in section 122A.187.

Sec. 34. Minnesota Statutes 2020, section 122A.185, subdivision 1, is amended to read:

Subdivision 1. **Tests.** ~~(a) The Professional Educator Licensing and Standards Board must adopt rules requiring a candidate to demonstrate a passing score on a board-adopted examination of skills in reading, writing, and mathematics before being granted a Tier 4 teaching license under section 122A.184 to provide direct instruction to pupils in elementary, secondary, or special education programs. Candidates may obtain a Tier 1, Tier 2, or Tier 3 license to provide direct instruction to pupils in elementary, secondary, or special education programs if candidates meet the other requirements in section 122A.181, 122A.182, or 122A.183, respectively.~~

~~(b)~~ (a) The board must adopt and revise rules requiring ~~candidates~~ applicants for ~~Tier 3 and~~ Tier 4 licenses to pass an examination or performance assessment of general pedagogical knowledge and examinations of licensure field specific content, including an examination taken in another state, if the applicant has not completed a board-approved preparation program assuring candidates from the program recommended for licensure meet content and pedagogy licensure standards in Minnesota. The content examination requirement does not apply if no relevant content exam exists. Applicants who have satisfactorily completed a preparation program in another state and passed licensure examinations in that state are not additionally required to pass similar examinations required in Minnesota.

~~(c) Candidates~~ (b) Applicants for initial ~~Tier 3 and~~ Tier 4 licenses to teach elementary students must pass test items assessing the ~~candidates'~~ applicants' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, knowledge and understanding of the foundations of reading development, development of reading comprehension and reading assessment and instruction, and the ability to integrate that knowledge and understanding into instruction strategies under section 122A.06, subdivision 4.

~~(d) The requirement to pass a board-adopted reading, writing, and mathematics skills examination does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1.~~

(c) All testing centers in the state must provide regular opportunities for extended time content and pedagogy examinations. These opportunities must be advertised on the test registration website. The board must require the exam vendor to provide other equitable opportunities to pass exams, including providing financial assistance for test takers who qualify for federal grants; providing free, multiple, full-length practice tests for each exam and free, comprehensive study guides on the test registration website; making content and pedagogy exams available in languages other than English for teachers seeking licensure to teach in language immersion programs; and providing a free, detailed exam results analysis by test objective to assist candidates who do not pass an exam in identifying areas for improvement. Any candidate who has not passed a required exam after two attempts must be allowed to retake the exam, including new versions of the exam, without being charged an additional fee.

Sec. 35. Minnesota Statutes 2020, section 122A.185, subdivision 4, is amended to read:

Subd. 4. **Remedial assistance.** (a) A board-approved teacher preparation program must make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their ~~institution~~ teacher preparation program who did not achieve a qualifying score on a board-adopted ~~skills~~ examination,

including those for whom English is a second language. The teacher preparation programs must make available assistance in the specific academic areas of candidates' deficiency. Teacher preparation providers must report annually on supports provided, number of candidates supported, and demographic data of those candidates.

(b) School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on a board-adopted ~~skills~~ examination, and who received a Tier 1, Tier 2, or Tier 3 license under section 122A.181, 122A.182, or 122A.183, respectively, to teach in Minnesota.

Sec. 36. Minnesota Statutes 2020, section 122A.187, is amended to read:

122A.187 EXPIRATION AND RENEWAL.

Subdivision 1. **License form requirements.** Each license issued under this chapter must bear the date of issue and the name of the state-approved teacher training provider or alternative teaching program, as applicable. Licenses must expire and be renewed according to rules adopted by the Professional Educator Licensing and Standards Board or the Board of School Administrators. ~~The rules adopted by the Professional Educator Licensing and Standards Board for renewing a Tier 3 or Tier 4 license under sections 122A.183 and 122A.184, respectively, must include showing satisfactory evidence of successful teaching or administrative experience for at least one school year during the period covered by the license in grades or subjects for which the license is valid or completing such additional preparation as required under this section, or as the Professional Educator Licensing and Standards Board prescribes.~~ The Board of School Administrators shall establish requirements for renewing the licenses of supervisory personnel except athletic coaches. The Professional Educator Licensing and Standards Board shall establish requirements for renewing the licenses of athletic coaches.

Subd. 2. **Local committees.** The Professional Educator Licensing and Standards Board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

Subd. 3. **Professional growth.** (a) Applicants for license renewal for a Tier 3 or Tier 4 license under sections 122A.183 and 122A.184, respectively, who have been employed as a teacher during the renewal period of the expiring license, as a condition of license renewal, must present to their local continuing education and relicensure committee or other local relicensure committee evidence of work that demonstrates professional reflection and growth in best teaching practices~~, including among other things, cultural competence in accordance with section 120B.30, subdivision 1, paragraph (q), and practices in meeting the varied needs of English learners, from young children to adults under section 124D.59, subdivisions 2 and 2a. A teacher may satisfy the requirements of this paragraph by submitting the teacher's most recent summative evaluation or improvement plan under section 122A.40, subdivision 8, or 122A.41, subdivision 5~~.

(b) The Professional Educator Licensing and Standards Board must ensure that its teacher relicensing requirements include paragraph (a).

(c) The board may adopt and revise rule setting criteria for initial Tier 3 license renewal requirements that must be completed before a teacher may move to a Tier 4 license.

Subd. 4. **Behavior interventions.** The Professional Educator Licensing and Standards Board must adopt and revise rules that require all licensed teachers who are renewing a Tier 3 or Tier 4 teaching license under sections 122A.183 and 122A.184, respectively, to include in the renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

Subd. 5. **Reading preparation.** The Professional Educator Licensing and Standards Board must adopt and revise rules that require all licensed teachers who are renewing a Tier 3 or Tier 4 teaching license under sections 122A.183 and 122A.184, respectively, to include in the renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. ~~The rules do not take effect until they are approved by law.~~ Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

Subd. 6. **Mental ~~illness~~ health.** The Professional Educator Licensing and Standards Board must adopt and revise rules that require all licensed teachers renewing a teaching license under sections 122A.181 to 122A.184 to include in the renewal requirements at least one hour of suicide prevention best practices training in each licensure renewal period based on nationally recognized evidence-based programs and practices, among the continuing education credits required to renew a license under this subdivision. Initial training must include understanding the key warning signs of early-onset mental illness in children and adolescents, and during subsequent licensure renewal periods, training must include a more in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' roles in addressing students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

Subd. 7. **Cultural competency.** The Professional Educator Licensing and Standards Board must adopt and revise rules that require all licensed teachers renewing a Tier 3 or Tier 4 license under sections 122A.183 and 122A.184, respectively, to include cultural competency training.

Subd. 8. **Meeting needs of multilingual learners.** The Professional Educator Licensing and Standards Board must adopt and revise rules requiring all licensed teachers renewing a Tier 3 or Tier 4 license under sections 122A.183 and 122A.184, respectively, to include a training on meeting the varied needs of multilingual learners from young children to adults under section 124D.59, subdivisions 2 and 2a.

Subd. 9. **Mandatory renewal requirements.** The board must adopt and revise rules setting forth standards that meet all mandatory renewal requirements. All trainings meeting the renewal requirements for subdivisions 4 to 8 must align to board-adopted criteria. Any training provided outside of a district, charter school, cooperative unit, or state agency must be approved by the board to be accepted to meet this renewal requirement.

Sec. 37. Minnesota Statutes 2020, section 122A.19, subdivision 4, is amended to read:

Subd. 4. **Teacher preparation programs.** (a) For the purpose of licensing bilingual and English as a second language teachers, the board may approve teacher preparation programs ~~at colleges or universities~~ designed for their training.

(b) Programs that prepare English as a second language teachers must provide instruction in implementing research-based practices designed specifically for English learners. The programs must focus on developing English learners' academic language proficiency in English, including oral academic language, giving English learners meaningful access to the full school curriculum, developing culturally relevant teaching practices appropriate for immigrant students, and providing more intensive instruction and resources to English learners with lower levels of academic English proficiency and varied needs, consistent with section 124D.59, subdivisions 2 and 2a.

Sec. 38. Minnesota Statutes 2020, section 122A.26, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) A person who teaches in a community education program ~~which~~ that qualifies for aid pursuant to section 124D.52 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program ~~which~~ that is offered through a community education program and ~~which~~ that qualifies for community education aid pursuant to section 124D.20 or early childhood and family education aid pursuant to section 124D.135 shall continue to meet licensure requirements as a teacher. A person who teaches in a community education course ~~which~~ that is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher.

(b) A person who teaches a driver training course ~~which~~ that is offered through a community education program to persons under 18 years of age shall be licensed by the Professional Educator Licensing and Standards Board or be subject to section 171.35. A license which is required for an instructor in a community education program pursuant to this ~~subdivision~~ paragraph shall not be construed to bring an individual within the definition of a teacher for purposes of section 122A.40, subdivision 1, or 122A.41, subdivision 1, ~~clause~~ paragraph (a).

Sec. 39. Minnesota Statutes 2020, section 122A.40, subdivision 5, is amended to read:

Subd. 5. **Probationary period.** (a) The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period that is consistent with subdivision 8. Evaluation must occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. Except as otherwise provided in paragraph (b), during the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

(b) A board must discharge a probationary teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

(c) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(d) A probationary teacher whose first three years of consecutive employment are interrupted for maternity, paternity, or medical leave and who resumes teaching within 12 months of when the leave began is considered to have a consecutive teaching experience for purposes of paragraph (a) if the probationary teacher completes a combined total of three years of teaching service immediately before and after the leave.

(e) A probationary teacher must complete at least 120 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

(f) Notwithstanding any law to the contrary, a teacher who has taught for three consecutive years in a single school district or charter school in Minnesota or another state must serve a one-year probationary period in a Minnesota school district.

(g) A board may renew a probationary teacher while placing teachers with continuing contract on unrequested leave of absence pursuant to a plan adopted under subdivisions 10 and 10a.

EFFECTIVE DATE. Paragraph (f) is effective for collective bargaining agreements effective July 1, 2021, and thereafter. Paragraph (g) is effective the day following final enactment.

Sec. 40. Minnesota Statutes 2020, section 122A.40, subdivision 8, is amended to read:

Subd. 8. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices, improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

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

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator. For the years when a tenured teacher is not evaluated by a qualified and trained evaluator, the teacher must be evaluated by a peer review;

(3) must ~~be based on professional teaching standards established in rule~~ create, adopt, or revise a rubric of performance standards for teacher practice that (i) is based on professional teaching standards established in rule, (ii) includes culturally responsive methodologies, and (iii) provides common descriptions of effectiveness using at least three levels of performance;

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

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

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.187, subdivision 3, and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection, and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of content areas of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

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

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

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

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

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

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

Sec. 41. Minnesota Statutes 2020, section 122A.40, subdivision 10, is amended to read:

Subd. 10. **Negotiated unrequested leave of absence.** (a) The school board and the exclusive bargaining representative of the teachers must negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts.

(b) A plan may include a process to exempt up to five percent of the teachers in the district from unrequested leave of absence or nonrenewal regardless of a teacher's probationary status or seniority if the plan meets the requirements of subdivision 10a, and if the board and the exclusive representative of the teachers agree in writing to the process by October 1 of each school year.

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

Sec. 42. Minnesota Statutes 2020, section 122A.40, is amended by adding a subdivision to read:

Subd. 10a. **Unrequested leave of absence exemption process.** (a) A plan to exempt up to five percent of the teachers in the district from unrequested leave of absence or nonrenewal must establish a committee to select teachers to receive the exemption. The committee must have an equal number of representatives selected by the superintendent and the exclusive representative, and must have at least three representatives appointed by the superintendent and three representatives appointed by the exclusive representative. School districts and exclusive representatives are strongly encouraged to include members of underrepresented communities as their committee representatives. The committee must complete comprehensive anti-racism training by a training provider approved by the Professional Educator Licensing and Standards Board before beginning the selection process.

(b) A teacher selected for exemption from unrequested leave of absence or nonrenewal must have demonstrated excellent teaching or professional performance, as determined by colleagues, mentors, and administrators. In addition, the teacher must be a member of a protected class that:

(1) is underrepresented among either (i) teachers in the district relative to the percentage of students in the protected class enrolled in the district, or (ii) licensed teachers in Minnesota; and

(2) has experienced systemic barriers to entering and remaining in the teaching profession, as determined by the committee.

(c) The district and exclusive representative may negotiate additional criteria for the committee to consider, including licensure tier. The committee may annually determine by majority vote the percentage of teachers eligible for the exemption, not to exceed five percent of teachers in the district.

(d) The committee must make final decisions and notify affected teachers no later than February 1 of each school year. The exemption is valid for the school year in which the exemption is granted unless the committee renews the exemption in a subsequent year. The committee may, by majority vote, grant a teacher a two-year exemption from nonrenewal.

(e) If the committee is unable to reach a consensus regarding its selections, the committee must vote on each candidate for the exemption. The candidates receiving the most votes must be granted the exemption until the number of teachers receiving the exemption reaches the lower of five percent of the teachers in the district or the percentage determined by majority vote of the committee.

(f) Data on individual teachers collected, created, received, maintained, or disseminated by the committee are private personnel data pursuant to section 13.43.

(g) A dispute over violations of procedures under this section is subject to the grievance procedure in the applicable collective bargaining agreement.

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

Sec. 43. Minnesota Statutes 2020, section 122A.41, subdivision 2, is amended to read:

Subd. 2. **Probationary period; discharge or demotion.** (a) All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision 3, shall see fit. The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to subdivisions 3 and 5. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3 shall occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

(b) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(c) A probationary teacher whose first three years of consecutive employment are interrupted for maternity, paternity, or medical leave and who resumes teaching within 12 months of when the leave began is considered to have a consecutive teaching experience for purposes of paragraph (a) if the probationary teacher completes a combined total of three years of teaching service immediately before and after the leave.

(d) A probationary teacher must complete at least 120 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

(e) Notwithstanding any law to the contrary, a teacher who has taught for three consecutive years in a single school district or charter school in Minnesota or another state must serve a one-year probationary period in a Minnesota school district.

(f) A board may renew a probationary teacher while placing teachers with continuing contract on unrequested leave of absence pursuant to a plan adopted under subdivisions 14a and 14b.

EFFECTIVE DATE. Paragraph (e) is effective for collective bargaining agreements effective July 1, 2021, and thereafter. Paragraph (f) is effective the day following final enactment.

Sec. 44. Minnesota Statutes 2020, section 122A.41, subdivision 5, is amended to read:

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

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

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

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

(3) must ~~be based on professional teaching standards established in rule~~ create, adopt, or revise a rubric of performance standards for teacher practice that (i) is based on professional teaching standards established in rule, (ii) includes culturally responsive methodologies, and (iii) provides common descriptions of effectiveness using at least three levels of performance;

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

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

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.187, subdivision 3, and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

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

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

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

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

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

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

Sec. 45. Minnesota Statutes 2020, section 122A.41, subdivision 14a, is amended to read:

Subd. 14a. **Negotiated unrequested leave of absence.** (a) The school board and the exclusive bargaining representative of the teachers must negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts.

(b) A plan may include a process to exempt up to five percent of the teachers in the district from unrequested leave of absence or nonrenewal regardless of a teacher's probationary status or seniority if the plan meets the requirements of subdivision 10a, and if the board and the exclusive representative of the teachers agree in writing to the process by October 1 of each school year.

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

Sec. 46. Minnesota Statutes 2020, section 122A.41, is amended by adding a subdivision to read:

Subd. 14b. **Unrequested leave of absence exemption process.** (a) A plan to exempt up to five percent of the teachers in the district from unrequested leave of absence or nonrenewal must establish a committee to select teachers to receive the exemption. The committee must have an equal number of representatives selected by the superintendent and the exclusive representative, and must have at least three representatives appointed by the superintendent and three representatives appointed by the exclusive representative. School districts and exclusive representatives are strongly encouraged to include members of underrepresented communities as their committee representatives. The committee must complete comprehensive anti-racism training by a training provider approved by the Professional Educator Licensing and Standards Board before beginning the selection process.

(b) A teacher selected for exemption from unrequested leave of absence or nonrenewal must have demonstrated excellent teaching or professional performance, as determined by colleagues, mentors, and administrators. In addition, the teacher must be a member of a protected class that:

(1) is underrepresented among either (i) teachers in the district relative to the percentage of students in the protected class enrolled in the district, or (ii) licensed teachers in Minnesota; and

(2) has experienced systemic barriers to entering and remaining in the teaching profession, as determined by the committee.

(c) The district and exclusive representative may negotiate additional criteria for the committee to consider, including licensure tier. The committee may annually determine by majority vote the percentage of teachers eligible for the exemption, not to exceed five percent of teachers in the district.

(d) The committee must make final decisions and notify affected teachers no later than February 1 of each school year. The exemption is valid for the school year in which the exemption is granted unless the committee renews the exemption in a subsequent year. The committee may, by majority vote, grant a teacher a two-year exemption from nonrenewal.

(e) If the committee is unable to reach a consensus regarding its selections, the committee must vote on each candidate for the exemption. The candidates receiving the most votes must be granted the exemption until the number of teachers receiving the exemption reaches the lower of five percent of the teachers in the district or the percentage determined by majority vote of the committee.

(f) Data on individual teachers collected, created, received, maintained, or disseminated by the committee are private personnel data pursuant to section 13.43.

(g) A dispute over violations of procedures under this section is subject to the grievance procedure in the applicable collective bargaining agreement.

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

Sec. 47. **[122A.59] COME TEACH IN MINNESOTA HIRING BONUSES.**

Subdivision 1. **Purpose.** This section establishes a program to support districts and schools recruiting and offering hiring bonuses for licensed teachers who are American Indian or a person of color from another state or country in order to meet staffing needs in shortage areas in economic development regions in Minnesota.

Subd. 2. **Eligibility.** A district or school must verify that the hiring bonus is given to teachers licensed in another state who:

(1) qualify for a Tier 3 or Tier 4 Minnesota license;

(2) have moved to the economic development region in Minnesota where they were hired; and

(3) belong to a racial or ethnic group that is underrepresented among teachers compared to students in the district or school under section 120B.35, subdivision 3, paragraph (b), clause (2).

Subd. 3. **Bonus amount.** A district or school may offer a signing and retention bonus of a minimum of $2,500 and a maximum of $5,000 to a teacher who meets the eligibility requirements. A teacher who meets the eligibility requirements and meets a licensure shortage area in the economic development region of the state where the school

is located may be offered a signing bonus of a minimum of $4,000 and a maximum of $8,000. A teacher must be paid half of the bonus when starting employment and half after completing four years of service in the hiring district or school if the teacher has demonstrated teaching effectiveness and is not on a professional improvement plan under section 122A.40, subdivision 8, paragraph (b), clause (12) or (13), or section 122A.41, subdivision 5, paragraph (b), clause (12) or (13), or is not being considered for termination under section 122A.40, subdivision 9. A teacher who does not complete their first school year upon receiving a hiring bonus must repay the hiring bonus.

Subd. 4. **Administration.** The commissioner must establish a process for districts or schools to seek reimbursement for hiring bonuses given to teachers in shortage areas moving to and working in Minnesota schools experiencing specific shortages. The commissioner must provide guidance for districts to seek repayment of a hiring bonus from a teacher who does not complete the first year of employment. The department may conduct a pilot program with a small number of teachers during the 2022-2023 biennium to establish feasibility. The department must submit a report by December 1, 2022, to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education detailing the effectiveness of the program and recommendations for improvement in future years.

Subd. 5. **Account established.** A Come Teach in Minnesota Hiring Bonus program account is created in the special revenue fund for depositing money appropriated to or received by the department for this program. Money deposited in the account is appropriated to the commissioner, does not cancel, and is continuously available for reimbursements to districts under this section.

EFFECTIVE DATE. This section applies to teacher contracts entered into on or after July 1, 2021.

Sec. 48. Minnesota Statutes 2020, section 122A.63, subdivision 6, is amended to read:

Subd. 6. ~~**Eligibility for scholarships**~~ **Eligible students.** (a) ~~The following American Indian people are eligible for scholarships~~ An eligible student is a person who:

(1) ~~a student having~~ has origins in any of the original peoples of North America and ~~maintaining~~ maintains cultural identification through tribal affiliation or community recognition; and

(2) is:

(i) a student, including a teacher aide employed by a district receiving a joint grant or their contracted partner school, who intends to become a teacher or ~~who~~ is interested in the field of education, and ~~who is~~ enrolled in a postsecondary institution ~~or their contracted partner institutions receiving a joint grant~~;

~~(3)~~ (ii) a licensed employee of a district receiving a joint grant or a contracted partner institution, who is enrolled in a master of education program; ~~and~~ or

~~(4)~~ (iii) a student who, after applying for federal and state financial aid and an American Indian scholarship according to section 136A.126, has financial needs that remain unmet. Financial need must be determined according to the congressional methodology for needs determination or as otherwise set in federal law.

(b) Priority must be given first to ~~a student~~ eligible students who ~~is~~ are tribally enrolled in a federally or state recognized Tribe and then to first- and second-generation descendants.

Sec. 49. Minnesota Statutes 2020, section 122A.63, subdivision 9, is amended to read:

Subd. 9. **Eligible programming.** (a) The grantee institutions ~~and their contracted partner institutions~~ may provide scholarships to eligible students progressing toward educational goals in any area of teacher licensure, including an associate's, bachelor's, master's, or doctoral degree in the following:

(1) any educational certification necessary for employment;

(2) early childhood family education or prekindergarten licensure;

(3) elementary and secondary education;

(4) school administration; or

(5) any educational program that provides services to American Indian students in prekindergarten through grade 12.

(b) Scholarships may be used to cover an eligible student's cost of attendance under section 136A.126, subdivision 3.

~~(b)~~ (c) For purposes of recruitment, the grantees or their contracted partner institutions must agree to work with their respective organizations to hire an American Indian work-study student or other American Indian staff to conduct initial information queries and to contact persons working in schools to provide programming regarding education professions to high school students who may be interested in education as a profession.

~~(c)~~ (d) At least 80 percent of the grants awarded under this section must be used for student scholarships. No more than 20 percent of the grants awarded under this section may be used for recruitment or administration of the student scholarships.

Sec. 50. Minnesota Statutes 2020, section 122A.635, subdivision 3, is amended to read:

Subd. 3. **Grant program administration.** The Professional Educator Licensing and Standards Board may enter into an interagency agreement with the Office of Higher Education. The agreement may include a transfer of funds to the Office of Higher Education to help establish and administer the competitive grant process. The board must award grants to institutions located in various economic development regions throughout the state, but must not predetermine the number of institutions to be awarded grants under this section or set a limit for the amount that any one institution may receive as part of the competitive grant application process. All grants must be awarded by August 15 of the fiscal year in which the grants are to be used ~~except that, for initial competitive grants awarded for fiscal year 2020, grants must be awarded by September 15~~. Grants awarded after fiscal year 2021 must be awarded for a two-year grant period. An institution that receives a grant under this section may use the grant funds over a two- to four-year period to support teacher candidates.

Sec. 51. Minnesota Statutes 2020, section 122A.635, subdivision 4, is amended to read:

Subd. 4. **Report.** (a) By ~~January 15~~ June 30 of each year, an institution awarded a grant under this section must prepare for the legislature and the board a detailed report regarding the expenditure of grant funds, including the amounts used to recruit, retain, and induct teacher candidates of color or who are American Indian. The report must include the total number of teacher candidates of color, disaggregated by race or ethnic group, who are recruited to the institution, are newly admitted to the licensure program, are enrolled in the licensure program, have completed student teaching, have graduated, are licensed, and are newly employed as Minnesota teachers in their licensure field. A grant recipient must report the total number of teacher candidates of color or who are American Indian at each stage from recruitment to licensed teaching as a percentage of total candidates seeking the same licensure at the institution.

(b) By September 1 of each year, the board must post a report on its website summarizing the activities and outcomes of grant recipients and results that promote sharing of effective practices among grant recipients.

Sec. 52. Minnesota Statutes 2020, section 122A.70, is amended to read:

122A.70 TEACHER MENTORSHIP AND RETENTION OF EFFECTIVE TEACHERS.

Subdivision 1. **Teacher mentoring, induction, and retention programs.** (a) School districts are encouraged to develop teacher mentoring programs for teachers new to the profession or district, including teaching residents, teachers of color, teachers who are American Indian, teachers in license shortage areas, teachers with special needs, or experienced teachers in need of peer coaching.

(b) Teacher mentoring programs must be included in or aligned with districts' teacher evaluation and peer review processes under sections 122A.40, subdivision 8, and 122A.41, subdivision 5. A district may use staff development revenue under section 122A.61, special grant programs established by the legislature, or another funding source to pay a stipend to a mentor who may be a current or former teacher who has taught at least three years and is not on an improvement plan. Other initiatives using such funds or funds available under sections 124D.861 and 124D.862 may include:

(1) additional stipends as incentives to mentors of color or who are American Indian;

(2) financial supports for professional learning community affinity groups across schools within and between districts for teachers from underrepresented racial and ethnic groups to come together throughout the school year. For purposes of this section, "affinity groups" are groups of educators who share a common racial or ethnic identity in society as persons of color or who are American Indian;

(3) programs for induction aligned with the district or school mentorship program during the first three years of teaching, especially for teachers from underrepresented racial and ethnic groups; or

(4) grants supporting licensed and nonlicensed educator participation in professional development, such as workshops and graduate courses, related to increasing student achievement for students of color and American Indian students in order to close opportunity and achievement gaps.

(c) A school or district that receives a grant must negotiate additional retention strategies or protection from unrequested leave of absences in the beginning years of employment for teachers of color and teachers who are American Indian. Retention strategies may include providing financial incentives for teachers of color and teachers who are American Indian to work in the school or district for at least five years and placing American Indian educators at sites with other American Indian educators and educators of color at sites with other educators of color to reduce isolation and increase opportunity for collegial support.

Subd. 2. **Applications.** The Professional Educator Licensing and Standards Board must make application forms available to sites interested in developing or expanding a mentorship program. A school district~~; a~~ or group of school districts~~; a coalition of districts, teachers, and teacher education institutions; or~~, a school or coalition of schools, or a coalition of teachers~~, or nonlicensed educators~~ may apply for a program grant. A higher education institution or nonprofit organization may partner with a grant applicant but is not eligible as a sole applicant for grant funds. The Professional Educator Licensing and Standards Board, in consultation with the teacher mentoring task force, must approve or disapprove the applications. To the extent possible, the approved applications must reflect effective mentoring, professional development, and retention components, and be geographically distributed throughout the state. The Professional Educator Licensing and Standards Board must encourage the selected sites to consider the use of its assessment procedures.

Subd. 3. **Criteria for selection.** (a) At a minimum, applicants must express commitment to:

(1) allow staff participation;

(2) assess skills of both beginning and mentor teachers;

(3) provide appropriate in-service to needs identified in the assessment;

(4) provide leadership to the effort;

(5) cooperate with higher education institutions or teacher educators;

(6) provide facilities and other resources;

(7) share findings, materials, and techniques with other school districts; and

(8) retain teachers of color and teachers who are American Indian.

(b) Priority for awarding grants must be for efforts to induct, mentor, and retain Tier 2 or Tier 3 teachers who are of color or American Indian and Tier 2 or Tier 3 teachers in licensure shortage areas.

Subd. 4. **Additional funding.** Applicants are required to seek additional funding and assistance from sources such as school districts, postsecondary institutions, foundations, and the private sector.

Subd. 5. **Program implementation.** Grants may be awarded for implementing activities over a period of time up to 24 months. New and expanding mentorship sites that are funded to design, develop, implement, and evaluate their program must participate in activities that support program development and implementation. The Professional Educator Licensing and Standards Board must provide resources and assistance to support new sites in their program efforts. These activities and services may include, but are not limited to: planning, planning guides, media, training, conferences, institutes, and regional and statewide networking meetings. Nonfunded schools or districts interested in getting started may participate. Fees may be charged for meals, materials, and the like.

Subd. 5a. **Grant program administration.** The Professional Educator Licensing and Standards Board may enter into an interagency agreement with the Office of Higher Education or the Department of Education. The agreement may include a transfer of funds to the Office of Higher Education or the Department of Education to help administer the competitive grant process.

Subd. 6. **Report.** By ~~June~~ September 30 of each year after receiving a grant, recipients must submit a report to the Professional Educator Licensing and Standards Board on program efforts that describes mentoring and induction activities and assesses the impact of these programs on teacher effectiveness and retention.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 53. Minnesota Statutes 2020, section 122A.76, is amended to read:

122A.76 ~~STATEWIDE~~ CONCURRENT ENROLLMENT TEACHER ~~TRAINING PROGRAM~~ PARTNERSHIP.

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

(b) ~~"Northwest Regional Partnership"~~ "Concurrent Enrollment Teacher Partnership" means a voluntary association of the Lakes Country Service Cooperative, the Northwest Service Cooperative, ~~and~~ the Metropolitan Education Cooperative Service Unit, Minnesota State University-Moorhead, and other interested Minnesota State Colleges and Universities that ~~works~~ work together to provide coordinated higher learning opportunities for teachers.

~~(c) "State Partnership" means a voluntary association of the Northwest Regional Partnership and the Metropolitan Educational Cooperative Service Unit.~~

~~(d)~~ "Eligible postsecondary institution" means a public or private postsecondary institution that awards graduate credits.

~~(e)~~ (d) "Eligible teacher" means a licensed teacher of ~~secondary school~~ courses for postsecondary credit.

Subd. 1a. **Fiscal host.** Lakes Country Service Cooperative is the fiscal host for the Concurrent Enrollment Teacher Partnership.

Subd. 2. **Establishment.** (a) ~~Lakes Country Service Cooperative, in consultation with the Northwest Service Cooperative,~~ The Concurrent Enrollment Teacher Partnership may develop a continuing education program to allow eligible teachers to attain the requisite graduate credits necessary to be qualified to teach secondary school courses for postsecondary credit.

(b) ~~If established, the State Partnership~~ The Concurrent Enrollment Teacher Partnership must contract with one or more eligible postsecondary institutions to establish a ~~continuing education credit~~ program to allow eligible teachers to attain sufficient graduate credits to qualify to teach ~~secondary school~~ courses for postsecondary credit. Members of the ~~State~~ Concurrent Enrollment Teacher Partnership must work to eliminate duplication of service and develop the ~~continuing education credit~~ program efficiently and cost-effectively.

Subd. 3. **Curriculum development.** The ~~continuing education~~ program must use flexible delivery models, such as an online education curriculum, that allow eligible secondary school teachers to attain graduate credit at a reduced credit rate. Information about the curriculum, including course length and course requirements, must be posted on the website of the eligible institution offering the course at least two weeks before eligible teachers are required to register for courses ~~in the continuing education program~~.

Subd. 4. **Funding for course participation; course development; ~~scholarships; stipends~~ participation incentives.** (a) Lakes Country Service Cooperative, in consultation with the other members of the ~~Northwest Regional~~ Concurrent Enrollment Teacher Partnership, ~~shall:~~ must

~~(1)~~ provide funding for ~~course development~~ eligible teachers to participate in the program for up to 18 credits in applicable postsecondary subject areas~~;~~.

~~(2) provide scholarships for eligible teachers to enroll in the continuing education program; and~~

~~(3) develop criteria for awarding educator stipends on a per credit basis to incentivize participation in the continuing education program.~~

~~(b) If established, the State Partnership must:~~

~~(1) provide funding for course development for up to 18 credits in applicable postsecondary subject areas;~~

~~(2) provide scholarships for eligible teachers to enroll in the continuing education program; and~~

~~(3) develop criteria for awarding educator stipends on a per credit basis to incentivize participation in the continuing education program.~~

(b) The Concurrent Enrollment Teacher Partnership may:

(1) provide funding for course development in applicable postsecondary subject areas;

(2) work with school districts to develop incentives for teachers to participate in the program; and

(3) enroll college faculty, as space permits, and provide financial assistance if state aid remains available.

Subd. 5. **Private funding.** The partnerships may receive private resources to supplement the available public money. ~~All money received in fiscal year 2017 shall be administered by the Lakes Country Service Cooperative. All money received in fiscal year 2018 and later shall be administered by the State Partnership.~~

Subd. 6. **Report required.** ~~(a) The Northwest Regional Partnership must submit a report by January 15, 2018, on the progress of its activities to the legislature, commissioner of education, and Board of Trustees of the Minnesota State Colleges and Universities. The report shall contain a financial report for the preceding year.~~

~~(b) If established, the State~~ The Concurrent Enrollment Teacher Partnership must submit an annual joint report to the legislature and the Office of Higher Education by January 15 of each year on the progress of its activities. The report must include the number of teachers participating in the program, the geographic location of the teachers, the number of credits earned, and the subject areas of the courses in which participants earned credit. The report must include a financial report for the preceding year.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 54. Minnesota Statutes 2020, section 123B.147, subdivision 3, is amended to read:

Subd. 3. **Duties; evaluation.** (a) The principal shall provide administrative, supervisory, and instructional leadership services, under the supervision of the superintendent of schools of the district and according to the policies, rules, and regulations of the school board, for the planning, management, operation, and evaluation of the education program of the building or buildings to which the principal is assigned.

(b) To enhance a principal's culturally responsive leadership skills and support and improve teaching practices, school performance, and student achievement for diverse student populations, including at-risk students, children with disabilities, English learners, and gifted students, among others, a district must develop and implement a performance-based system for annually evaluating school principals assigned to supervise a school building within the district. The evaluation must be designed to improve teaching and learning by supporting the principal in shaping the school's professional environment and developing teacher quality, performance, and effectiveness. The annual evaluation must:

(1) support and improve a principal's instructional leadership, organizational management, and professional development, and strengthen the principal's capacity in the areas of instruction, supervision, evaluation, and teacher development;

(2) support and improve a principal's culturally responsive leadership practices that create inclusive and respectful teaching and learning environments for all students, families, and employees;

~~(2)~~ (3) include formative and summative evaluations based on multiple measures of student progress toward career and college readiness;

~~(3)~~ (4) be consistent with a principal's job description, a district's long-term plans and goals, and the principal's own professional multiyear growth plans and goals, all of which must support the principal's leadership behaviors and practices, rigorous curriculum, school performance, and high-quality instruction;

~~(4)~~ (5) include on-the-job observations and previous evaluations;

~~(5)~~ (6) allow surveys to help identify a principal's effectiveness, leadership skills and processes, and strengths and weaknesses in exercising leadership in pursuit of school success;

~~(6)~~ (7) use longitudinal data on student academic growth as 35 percent of the evaluation and incorporate district achievement goals and targets;

~~(7)~~ (8) be linked to professional development that emphasizes improved teaching and learning, curriculum and instruction, student learning, culturally responsive leadership practices, and a collaborative professional culture; and

~~(8)~~ (9) for principals not meeting standards of professional practice or other criteria under this subdivision, implement a plan to improve the principal's performance and specify the procedure and consequence if the principal's performance is not improved.

The provisions of this paragraph are intended to provide districts with sufficient flexibility to accommodate district needs and goals related to developing, supporting, and evaluating principals.

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

Sec. 55. Minnesota Statutes 2020, section 125A.08, is amended to read:

125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. Before a school district evaluation team makes a determination of other health disability under Minnesota Rules, part 3525.1335, subparts 1 and 2, item A, subitem (1), the evaluation team must seek written documentation of the student's medically diagnosed chronic or acute health condition signed by a licensed physician or a licensed health care provider acting within the scope of the provider's practice. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded. If the individualized education program meets the plan components in section 120B.125, the individualized education program satisfies the requirement and no additional transition plan is needed;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For all paraprofessionals employed to work in programs whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or beginning at the time of employment, each paraprofessional must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;

(2) before beginning work alone with an individual student with a disability, the assigned paraprofessional must be either given paid time, or time during the school day, to review a student's individualized education program or be briefed on the student's specific needs by appropriate staff, and in the case of a student transferring into the school during the school year, the assigned paraprofessional must be given up to five days after the student's transfer to review the student's individualized education program;

~~(2)~~ (3) annual training opportunities are required to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; ~~and~~

(4) a minimum of 16 hours of paid orientation or professional development must be provided annually to all paraprofessionals, Title I aides, and other instructional support staff. Eight of the 16 hours must be completed before the first instructional day of the school year or within 30 days of hire. The orientation or professional development must be relevant to the employee's occupation and may include collaboration time with classroom teachers and planning for the school year. For paraprofessionals who provide direct support to students, at least 50 percent of the professional development or orientation must be dedicated to meeting the requirements of this section. Professional development for paraprofessionals may also address the requirements of section 120B.363, subdivision 3. A school administrator must keep a record of, and provide to each paraprofessional, an annual certification of compliance with this requirement; and

~~(3)~~ (5) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

(d) A school district may conduct a functional behavior assessment as defined in Minnesota Rules, part 3525.0210, subpart 22, as a stand-alone evaluation without conducting a comprehensive evaluation of the student in accordance with prior written notice provisions in section 125A.091, subdivision 3a. A parent or guardian may request that a school district conduct a comprehensive evaluation of the parent's or guardian's student.

Sec. 56. **[125A.755] PARAPROFESSIONAL TRAINING AID.**

Beginning in fiscal year 2022, each school district, charter school, and cooperative organization serving pupils is eligible for paraprofessional training aid. Professional training aid equals $196 times the number of paraprofessionals, Title I aides, and other instructional support staff employed by the school district, charter school, or cooperative organization during the previous school year. A school district must reserve paraprofessional training aid and spend it only on the training required in section 125A.08.

EFFECTIVE DATE. This section is effective for fiscal year 2022 and later.

Sec. 57. Minnesota Statutes 2020, section 179A.03, subdivision 19, is amended to read:

Subd. 19. **Terms and conditions of employment.** "Terms and conditions of employment" means the hours of employment, the compensation therefor including fringe benefits except retirement contributions or benefits other than employer payment of, or contributions to, premiums for group insurance coverage of retired employees or severance pay, class sizes in Minnesota school districts and charter schools, student testing, student-to-personnel ratios in Minnesota school districts, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees the term does not mean educational policies of a school district. "Terms and conditions of employment" is subject to section 179A.07.

Sec. 58. **GRANTS FOR GROW YOUR OWN PROGRAMS.**

Subdivision 1. **Establishment.** The commissioner of education must award grants for the three types of Grow Your Own programs established under this section in order to develop a teaching workforce that more closely reflects the state's increasingly diverse student population and ensure all students have equitable access to effective and diverse teachers.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Eligible district" means a school district, charter school, or cooperative unit under section 123A.24, subdivision 2.

(c) "Grow Your Own program" means a program established by an eligible district in partnership with a Professional Educator Licensing and Standards Board-approved teacher preparation program provider or by a Head Start program under section 119A.50 to provide a pathway for candidates to enter the teaching profession and teach at any level from early childhood to secondary school.

(d) "Residency program" means a Professional Educator Licensing and Standards Board-approved teacher preparation program established by an eligible district and a board-approved teacher preparation program provider that uses a cohort-based model and includes a yearlong clinical experience integrating coursework and student teaching.

(e) "Resident" means a teacher candidate participating in a residency program.

Subd. 3. **Grants for residency programs.** (a) An eligible district may apply for grants to develop, maintain, or expand effective residency programs. A residency program must pair a resident with a teacher of record who must hold a Tier 3 or Tier 4 license. The residency program must provide the teacher of record with ongoing professional development in co-teaching, mentoring, and coaching skills and must ensure that the resident and teacher of record co-teach and participate in required teacher professional development activities for at least 80 percent of the contracted week for a full academic year.

(b) A grant recipient must use at least 80 percent of grant funds to provide tuition scholarships or stipends to enable employees or community members seeking a teaching license, who are of color or American Indian, to participate in a residency program. A grant recipient may request permission from the commissioner to use the remaining grant funds to provide tuition scholarships to employees who are not persons of color or American Indian and who seek to teach in a licensure area in which the eligible district has a shortage of Tier 3 or Tier 4 licensed teachers.

(c) An eligible district using grant funds under this subdivision to provide financial support to teacher candidates may require a commitment from a candidate to teach in the eligible district for a reasonable amount of time not to exceed five years.

Subd. 4. **Grants for programs serving adults.** (a) An eligible district or Head Start program under section 119A.50 may apply for grants to provide financial assistance, mentoring, and other experiences to support persons of color or American Indian persons to become licensed teachers or preschool teachers.

(b) An eligible district or Head Start program must use grant funds awarded under this subdivision for:

(1) tuition scholarships or stipends to eligible Tier 2 licensed teachers, education assistants, cultural liaisons, or other nonlicensed employees who are of color or American Indian and are enrolled in undergraduate or graduate-level coursework that is part of a board-approved teacher preparation program leading to a Tier 3 teacher license;

(2) developing and implementing pathway programs with local community-based organizations led by and for communities of color or American Indian communities that provide stipends or tuition scholarships to parents and community members who are of color or American Indian to change careers and obtain a Tier 3 license or other credential needed to teach in a Head Start program; or

(3) collaborating with a board-approved teacher preparation program provided by a postsecondary institution to develop and implement innovative teacher preparation programs that lead to Tier 2 or Tier 3 licensure, involve more intensive and extensive clinical experiences with more professional coaching or mentorship than are typically required in traditional college or university campus-based teacher preparation programs, provide candidates with support that is responsive to the unique needs of candidates who are of color or American Indian, and have more than half of their candidates identify as persons of color or American Indian.

(c) An eligible district or Head Start program providing financial assistance to individuals under this subdivision may require a commitment from candidates to teach in the eligible school or Head Start program for a reasonable amount of time not to exceed five years.

Subd. 5. **Grants for programs serving secondary school students.** (a) In addition to grants for developing and offering dual-credit postsecondary course options in schools for "Introduction to Teaching" or "Introduction to Education" courses under section 124D.09, subdivision 10, a school district or charter school may apply for grants under this section to offer other innovative programs that encourage secondary school students, especially students of color and American Indian students, to pursue teaching. To be eligible for a grant under this subdivision, a school district or charter school must ensure that the aggregate percentage of secondary school students of color and American Indian students participating in the program is equal to or greater than the aggregate percentage of students of color and American Indian students in the school district or charter school.

(b) A grant recipient must use grant funds awarded under this subdivision for:

(1) supporting future teacher clubs or service-learning opportunities that provide middle and high school students who are of color or American Indian with experiential learning that supports the success of younger students or peers and increases students' interest in pursuing a teaching career;

(2) providing direct support, including wrap-around services, for students who are of color or American Indian to enroll and be successful in postsecondary enrollment options courses under section 124D.09 that would meet degree requirements for teacher licensure; or

(3) offering scholarships to graduating high school students who are of color or American Indian to enroll in board-approved undergraduate teacher preparation programs at a college or university in Minnesota.

Subd. 6. **Grant procedure.** (a) An eligible district or Head Start program must apply for a grant under this section in the form and manner specified by the commissioner. The commissioner must give priority to eligible districts or Head Start programs with the highest total number or percentage of students who are of color or American Indian.

(b) For the 2022-2023 school year and later, grant applications for new and existing programs must be received by the commissioner no later than January 15 of the year prior to the school year in which the grant will be used. The commissioner must review all applications and notify grant recipients by March 15 or as soon as practicable of the anticipated amount awarded. If the commissioner determines that sufficient funding is unavailable for the grants, the commissioner must notify grant applicants by June 30 or as soon as practicable that there are insufficient funds.

(c) For the 2021-2022 school year, the commissioner must set a timetable for awarding grants as soon as practicable.

Subd. 7. **Account established.** A Grow Your Own program account is created in the special revenue fund for depositing money appropriated to or received by the department for Grow Your Own programs. Money deposited in the account is appropriated to the commissioner, does not cancel, and is continuously available for grants under this section. Grant recipients may apply to use grant money over a period of up to 60 months.

Subd. 8. **Report.** Grant recipients must annually report to the commissioner in the form and manner determined by the commissioner on their activities under this section, including the number of participants, the percentage of participants who are of color or American Indian, and an assessment of program effectiveness, including participant feedback, areas for improvement, the percentage of participants continuing to pursue teacher licensure, and where applicable, the number of participants hired in the school or district as teachers after completing preparation programs. The commissioner must publish a report for the public that summarizes the activities and outcomes of grant recipients and what was done to promote sharing of effective practices among grant recipients and potential grant applicants.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 59. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Black Men Teach Twin Cities grant.** (a) For a grant to Black Men Teach Twin Cities:

$750,000	. . . . .	2022

(b) Grant funds must be used to establish partnerships with eight school district elementary schools or elementary charter schools with a goal of increasing the number of black male teachers to 20 percent of the teachers at each school site.

(c) The grant recipient must provide a detailed report to the chairs and ranking minority members of the legislative committees having jurisdiction over kindergarten through grade 12 education and higher education by January 15 of each year until 2027 describing how the grant funds were used. The report must describe the progress made toward the goal of increasing the number of black male teachers at each school site and strategies used.

(d) Any balance does not cancel but is available until June 30, 2024.

Subd. 3. **Concurrent enrollment teacher partnership.** (a) To the Lakes Country Service Cooperative for the concurrent enrollment teacher partnership under Minnesota Statutes, section 122A.76:

$1,000,000	. . . . .	2022
$1,000,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 4. **Grow Your Own.** (a) For grants to develop, continue, or expand Grow Your Own new teacher programs:

$8,535,000	. . . . .	2022
$9,285,000	. . . . .	2023

(b) Of this amount in each fiscal year, at least $3,000,000 is for teacher residency programs.

(c) The department may retain up to $100,000 of the appropriation amount to monitor and administer the grant program.

(d) Any balance in the first year does not cancel but is available in the second year.

Subd. 5. **Equity, diversity, and inclusion anti-bias professional development.** (a) For grants to districts and charter schools to implement professional development for staff focused on anti-bias instructional practices:

$4,000,000	. . . . .	2022

(b) The department must develop tools and programs on anti-bias instructional practices.

(c) Eligible grantees include school districts, charter schools, intermediate school districts, and cooperative units as defined in section 123A.24, subdivision 2.

(d) The department may retain up to five percent of the appropriation to administer the program and grants.

(e) This is a onetime appropriation.

(f) Any balance in the first year does not cancel but is available in the second year.

Subd. 6. **Nonexclusionary discipline.** (a) For grants to school districts and charter schools to provide training for school staff on nonexclusionary disciplinary practices:

$5,000,000	. . . . .	2022
$5,000,000	. . . . .	2023

(b) Up to $475,000 is to develop training and to work with schools to train staff on nonexclusionary disciplinary practices that maintain the respect, trust, and attention of students and help keep students in classrooms. These funds may also be used for grant administration.

(c) Eligible grantees include school districts, charter schools, intermediate school districts, and cooperative units as defined in section 123A.24, subdivision 2.

(d) Any balance in the first year does not cancel but is available in the second year.

Subd. 7. **Expanded concurrent enrollment grants.** (a) For grants to institutions offering "Introduction to Teaching" or "Introduction to Education" college in the schools courses under Minnesota Statutes, section 124D.09, subdivision 10, paragraph (b):

$500,000	. . . . .	2022
$500,000	. . . . .	2023

(b) The department may retain up to five percent of the appropriation amount to monitor and administer the grant program.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 8. **Alternative teacher compensation aid.** (a) For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

$88,896,000	. . . . .	2022
$88,898,000	. . . . .	2023

(b) The 2022 appropriation includes $8,877,000 for 2021 and $80,019,000 for 2022.

(c) The 2023 appropriation includes $8,891,000 for 2022 and $80,007,000 for 2023.

Subd. 9. **Agricultural educator grants.** (a) For agricultural educator grants under Laws 2017, First Special Session chapter 5, article 2, section 51:

$250,000	. . . . .	2022
$250,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 10. **American Indian teacher preparation grants.** (a) For joint grants to assist people who are American Indian to become teachers under Minnesota Statutes, section 122A.63:

$600,000	. . . . .	2022
$600,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 11. **Come Teach in Minnesota hiring bonuses.** (a) For the Come Teach in Minnesota hiring bonuses pilot program under Minnesota Statutes, section 122A.59:

$350,000	. . . . .	2022
$350,000	. . . . .	2023

(b) The department may use up to $35,000 of the appropriation amount to develop and administer the program under this subdivision.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 12. **Minnesota Science Teachers Association.** (a) For a grant to the Minnesota Science Teachers Association to provide professional development for up to 1,150 teachers to implement the 2019 revised science standards:

$611,000	. . . . .	2022

(b) Grant funds must be used for current high school teachers to prepare to take the content test for additional licensure in earth science, and to provide pedagogical and content professional development to 6th grade and high school teachers to be effective teachers of earth and space science. Professional development must be offered at multiple locations across the state, including outside the seven-county metropolitan area, and online.

(c) This appropriation is available until June 30, 2023.

(d) The department may use up to five percent of this appropriation for administrative costs.

Subd. 13. **Paraprofessional training.** For costs associated with paid orientation and professional development for paraprofessionals under Minnesota Statutes, section 125A.08:

$6,300,000	. . . . .	2022
$7,000,000	. . . . .	2023

(b) The 2022 appropriation includes $0 for 2021 and $6,300,000 for 2022.

(c) The 2023 appropriation includes $700,000 for 2022 and $6,300,000 for 2023.

Subd. 14. **Tribal relations training.** (a) For grants to school districts and charter schools to provide Tribal relations training to school leaders:

$250,000	. . . . .	2022
$250,000	. . . . .	2023

(b) Eligible grantees include school districts, charter schools, intermediate school districts, and cooperative units as defined in section 123A.24, subdivision 2.

(c) Up to five percent of this amount is available to the department for grant and program administration costs.

(d) Any balance in the first year does not cancel but is available in the second year.

Sec. 60. **APPROPRIATIONS; PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD.**

Subdivision 1. **Professional Educator Licensing and Standards Board.** The sums indicated in this section are appropriated from the general fund to the Professional Educator Licensing and Standards Board for the fiscal years designated.

Subd. 2. **Collaborative urban and greater Minnesota educators of color grants.** (a) For collaborative urban and greater Minnesota educators of color competitive grants under Minnesota Statutes, section 122A.635:

$1,500,000	. . . . .	2022
$1,500,000	. . . . .	2023

(b) Any balance does not cancel but is available in the following fiscal year.

(c) The board may retain up to three percent of the appropriation amount to monitor and administer the grant program.

Subd. 3. **Mentoring, induction, and retention incentive program grants for teachers of color.** (a) For the development and expansion of mentoring, induction, and retention programs designed for teachers of color or American Indian teachers under Minnesota Statutes, section 122A.70:

$3,000,000	. . . . .	2022
$3,000,000	. . . . .	2023

(b) Any balance does not cancel but is available in the following fiscal year.

(c) The base appropriation for grants under Minnesota Statutes, section 122A.70, for fiscal year 2024 and later is $4,500,000, of which at least $3,500,000 each fiscal year must be granted for the development and expansion of mentoring, induction, and retention programs designed for teachers of color or American Indian teachers.

(d) The board may retain up to three percent of the appropriation amount to monitor and administer the grant program.

Subd. 4. **Reports on increasing percentage of teachers of color and American Indian teachers.** For a report on the efforts and impact of all state-funded programs to increase the percentage of teachers of color and American Indian teachers in Minnesota schools developed in consultation with the Department of Education, Office of Higher Education, grant recipients, and stakeholders:

$15,000	. . . . .	2022

The base appropriation for fiscal year 2024 and each even-numbered later fiscal year is $15,000.

Subd. 5. **Teacher recruitment marketing campaign.** (a) To develop two contracts to develop and implement an outreach and marketing campaign under this subdivision:

$500,000	. . . . .	2022
$500,000	. . . . .	2023

(b) The Professional Educator Licensing and Standards Board must issue a request for proposals to develop and implement an outreach and marketing campaign to elevate the profession and recruit teachers, especially teachers of color and American Indian teachers. Outreach efforts should include and support current and former Teacher of the Year finalists interested in being recruitment fellows to encourage prospective educators throughout the state.

(c) The outreach and marketing campaign must focus on making the following individuals become interested in teaching in Minnesota public schools:

(1) high school and college students of color or American Indian students who have not chosen a career path; or

(2) adults from racial or ethnic groups underrepresented in the teacher workforce who may be seeking to change careers.

(d) The board must award two $250,000 grants each year to firms or organizations that demonstrate capacity to reach wide and varied audiences of prospective teachers based on a work plan with quarterly deliverables. Preferences should be given to firms or organizations that are led by people of color and that have people of color working on the campaign with a proven record of success. The grant recipients must recognize current pathways or programs to become a teacher and must partner with educators, schools, institutions, and racially diverse communities. The grant recipients are encouraged to provide in-kind contributions or seek funds from nonstate sources to supplement the grant award.

(e) The board may use no more than three percent of the appropriation amount to administer the program under this subdivision, and may have an interagency agreement with the Department of Education including transfer of funds to help administer the program.

(f) Any balance in the first year does not cancel but is available in the second year.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 61. **REPEALER.**

Minnesota Statutes 2020, sections 122A.091, subdivisions 3 and 6; 122A.092; 122A.18, subdivision 7c; 122A.184, subdivision 3; 122A.23, subdivision 3; and 122A.2451, are repealed.

ARTICLE 4
CHARTER SCHOOLS

Section 1. Minnesota Statutes 2020, section 124E.02, is amended to read:

124E.02 DEFINITIONS.

(a) For purposes of this chapter, the terms defined in this section have the meanings given them.

(b) "Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under section 124E.06, subdivision 4, attesting to its review and approval process before chartering a school.

(c) "Affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person.

(d) "Charter management organization" means any nonprofit entity that contracts with a charter school board of directors to provide, manage, or oversee all or substantially all of a charter school's educational design or implementation or a charter school's administrative, financial, business, or operational functions.

~~(d)~~ (e) "Control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether by owning voting securities, by contract, or otherwise.

(f) "Education management organization" means any for-profit entity that provides, manages, or oversees all or substantially all of the educational design or implementation for a charter school or a charter school's administrative, financial, business, or operational functions.

~~(e)~~ (g) "Immediate family" means an individual whose relationship by blood, marriage, adoption, or partnership is no more remote than first cousin.

(h) "Online education service provider" means an organization that provides an online learning management system, virtual learning environment, or online student management system for a charter school and services for the implementation and operation of an online education program for the charter school.

~~(f)~~ (i) "Person" means an individual or entity of any kind.

~~(g)~~ (j) "Related party" means an affiliate or immediate relative of the other interested party, an affiliate of an immediate relative who is the other interested party, or an immediate relative of an affiliate who is the other interested party.

~~(h)~~ (k) For purposes of this chapter, the terms defined in section 120A.05 have the same meanings.

Sec. 2. Minnesota Statutes 2020, section 124E.03, subdivision 2, is amended to read:

Subd. 2. **Certain federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A charter school must comply with the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(d) A charter school is a district for the purposes of tort liability under chapter 466.

(e) A charter school must comply with the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(f) A charter school and charter school board of directors must comply with chapter 181 governing requirements for employment.

(g) A charter school must comply with continuing truant notification under section 260A.03.

(h) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13), and place students in classrooms in accordance with section 122A.40, subdivision 8, paragraph (d). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

(i) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

(j) A charter school is subject to and must comply with section 121A.575 and the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56.

(k) A charter school is subject to and must comply with the uniform municipal contracting law according to section 471.345 in the same manner as school districts.

Sec. 3. Minnesota Statutes 2020, section 124E.03, is amended by adding a subdivision to read:

Subd. 8. **English learners.** A charter school is subject to and must comply with the Education for English Learners Act, sections 124D.58 to 124D.64, as though it were a district.

Sec. 4. Minnesota Statutes 2020, section 124E.03, is amended by adding a subdivision to read:

Subd. 9. **Corporal punishment.** A charter school is subject to and must comply with section 121A.58 as though it were a district.

Sec. 5. Minnesota Statutes 2020, section 124E.05, subdivision 4, is amended to read:

Subd. 4. **Application content.** (a) To be approved as an authorizer, an applicant must include in its application to the commissioner at least the following:

(1) how the organization carries out its mission by chartering schools;

(2) a description of the capacity of the organization to serve as an authorizer, including the positions allocated to authorizing duties, the qualifications for those positions, the full-time equivalencies of those positions, and the financial resources available to fund the positions;

(3) the application and review process the authorizer uses to decide whether to grant charters;

(4) the type of contract it arranges with the schools it charters to meet the provisions of section 124E.10;

(5) the process for overseeing the school, consistent with clause (4), to ensure that the schools chartered comply with applicable law and rules and the contract;

(6) the criteria and process the authorizer uses to approve applications adding grades or sites under section 124E.06, subdivision 5;

(7) the process for renewing or terminating the school's charter based on evidence showing the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(8) an assurance specifying that the organization is committed to serving as an authorizer ~~for the full five-year term~~ until the commissioner terminates the organization's ability to authorize charter schools under subdivision 6 or the organization formally withdraws as an approved authorizer under subdivision 7.

(b) Notwithstanding paragraph (a), an authorizer that is a school district may satisfy the requirements of paragraph (a), clauses (1) and (2), and any requirement governing a conflict of interest between an authorizer and its charter schools or ongoing evaluation or continuing education of an administrator or other professional support staff by submitting to the commissioner a written promise to comply with the requirements.

Sec. 6. Minnesota Statutes 2020, section 124E.05, subdivision 6, is amended to read:

Subd. 6. **Corrective action.** (a) If, consistent with this chapter, the commissioner finds that an authorizer has not met the requirements of this chapter, the commissioner may subject the authorizer to a corrective action plan, which may ~~include terminating the contract with the charter school board of directors of a school it chartered.~~ last no longer than 130 business days. The commissioner may prohibit an authorizer on a corrective plan from accepting a transfer application from a charter school and an application to establish a charter school.

(b) The commissioner must notify the authorizer in writing ~~of~~ that the authorizer has been placed on a corrective plan. The notice must include any findings that may subject the authorizer to corrective action at the conclusion of the corrective plan and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action. The commissioner must hold an informal hearing within 15 business days of the request. If the issues identified as the basis for the corrective action are not resolved at the informal hearing, the authorizer must make the requested improvements and notify the commissioner of the improvements within 45 business days. Within 20 business days, the commissioner must review the changes and notify the authorizer of any remaining issues to be resolved. An authorizer must address the remaining issues as directed by the commissioner within 20 business days. Within 15 business days, the commissioner must review the changes and notify the authorizer whether all issues in the corrective plan have been resolved.

(c) If the commissioner terminates ~~a contract between an authorizer and a charter school under this paragraph~~ the authorizer's ability to charter a school, the commissioner ~~may~~ must assist the affected charter school in acquiring a new authorizer. A charter school board of directors may submit to the commissioner a request to transfer to a new authorizer without the approval or consent of the current authorizer if that authorizer has been under a corrective action plan for more than 130 business days.

~~(b)~~ (d) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school, terminating a contract with a charter school, and other appropriate sanctions for:

(1) failing to demonstrate the criteria under subdivision 3 under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors;

(3) unsatisfactory performance as an approved authorizer; ~~or~~

(4) any good cause shown that gives the commissioner a legally sufficient reason to take corrective action against an authorizer~~.~~; or

(5) failing to meet the terms of a corrective action plan by the specified deadline.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 7. Minnesota Statutes 2020, section 124E.05, subdivision 7, is amended to read:

Subd. 7. **Withdrawal.** If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under section ~~124E.10, subdivision 4~~ 124E.07, subdivision 6, the authorizer must notify all its chartered schools and the commissioner in writing by March 1 of its intent to withdraw as an authorizer on June 30 in the next calendar year~~, regardless of when the authorizer's five-year term of approval ends~~. Upon notification of the schools and commissioner, the authorizer must provide a letter to the school for distribution to families of students enrolled in the school that explains the decision to withdraw as an authorizer. The commissioner may approve the transfer of a charter school to a new authorizer under section 124E.10, subdivision 5.

Sec. 8. Minnesota Statutes 2020, section 124E.06, subdivision 1, is amended to read:

Subdivision 1. **Individuals eligible to organize.** (a) An authorizer, after receiving an application from a charter school developer, may charter either a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under subdivision 4.

(b) "Application" under this section means the charter school business plan a charter school developer submits to an authorizer for approval to establish a charter school. This application must include:

(1) the school developer's:

(i) mission statement;

(ii) school purposes;

(iii) program design;

(iv) financial plan;

(v) market need and demand study;

~~(v)~~ (vi) governance and management structure; and

~~(vi)~~ (vii) background and experience;

(2) any other information the authorizer requests; and

(3) a "statement of assurances" of legal compliance prescribed by the commissioner.

(c) "Market need and demand study" means a study that includes the following for any proposed location of a new school, grade or site expansion, or preschool program:

(1) current and projected demographic information;

(2) student enrollment patterns;

(3) information on existing schools and types of educational programs currently available;

(4) characteristics of proposed students and families;

(5) availability of properly zoned and classified facilities; and

(6) quantification of existing demand for the new school, grade or site expansion, or preschool program.

~~(c)~~ (d) An authorizer shall not approve an application submitted by a charter school developer under paragraph (a) if the application does not comply with subdivision 3, paragraph (e), and section 124E.01, subdivision 1. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4 if the affidavit does not comply with subdivision 3, paragraph (e), and section 124E.01, subdivision 1.

Sec. 9. Minnesota Statutes 2020, section 124E.06, subdivision 4, is amended to read:

Subd. 4. **Authorizer's affidavit; approval process.** (a) Before an operator may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. An authorizer must file an affidavit at least 14 months before July 1 of the year the new charter school plans to serve students. The affidavit must state:

(1) the terms and conditions under which the authorizer would charter a school, including market research that addresses the need, demand, and potential market for the proposed charter school in the community where the school intends to locate; and

(2) how the authorizer intends to oversee:

(i) the fiscal and student performance of the charter school; and

(ii) compliance with the terms of the written contract between the authorizer and the charter school board of directors under section 124E.10, subdivision 1.

(b) The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receiving the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. The commissioner must notify the authorizer of the commissioner's final approval or final disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. An authorizer who fails to obtain the commissioner's approval is precluded from chartering the school that is the subject of this affidavit.

Sec. 10. Minnesota Statutes 2020, section 124E.06, subdivision 5, is amended to read:

Subd. 5. **Adding grades or sites.** (a) A charter school may apply to the authorizer to amend the school charter to add grades or primary enrollment sites beyond those defined in the original affidavit approved by the commissioner. After approving the school's application, the authorizer shall submit a supplemental affidavit in the form and manner prescribed by the commissioner. The authorizer must file a supplemental affidavit to the commissioner by October 1 to be eligible to add grades or sites in the next school year. The supplemental affidavit must document to the authorizer's satisfaction:

(1) the need for the additional grades or sites with supporting long-range enrollment projections;

(2) a longitudinal record of student academic performance and growth on statewide assessments under chapter 120B or on other academic assessments that measure longitudinal student performance and growth approved by the charter school's board of directors and agreed upon with the authorizer;

(3) a history of sound school finances and a plan to add grades or sites that sustains the school's finances; ~~and~~

(4) board capacity to administer and manage the additional grades or sites~~.~~; and

(5) market need and demand study.

(b) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer in writing of any deficiencies in the supplemental affidavit and the authorizer then has 20 business days to address any deficiencies in the supplemental affidavit to the commissioner's satisfaction. The commissioner must notify the authorizer of final approval or final disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. The school may not add grades or sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Sec. 11. Minnesota Statutes 2020, section 124E.11, is amended to read:

124E.11 ADMISSION REQUIREMENTS AND ENROLLMENT.

(a) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may limit admission to:

(1) pupils within an age group or grade level;

(2) pupils who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area in which the school is located when the majority of students served by the school are members of underserved populations.

(b) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. The charter school must develop and publish, including on its website, a lottery policy and process that it must use when accepting pupils by lot.

(c) A charter school shall give enrollment preference to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's staff before accepting other pupils by lot. A charter school that is located in Duluth township in St. Louis County and admits students in kindergarten through grade 6 must give enrollment preference to students residing within a five-mile radius of the school and to the siblings of enrolled children. A charter school may give enrollment preference to children currently enrolled in the school's free preschool or prekindergarten program under section 124E.06, subdivision 3, paragraph (b), who are eligible to enroll in kindergarten in the next school year.

(d) Admission to a charter school must be free to any person who resides within the state of Minnesota, and Minnesota students have preference over out-of-state residents. A person shall not be admitted to a charter school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its website a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c).

(e) Except as permitted in paragraph (d), a charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this section.

(f) The charter school shall not distribute any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

(g) Once a student is enrolled in the school, the student is considered enrolled in the school until the student formally withdraws or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56.

(h) A charter school with at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf or hard-of-hearing may enroll prekindergarten pupils with a disability under section 126C.05, subdivision 1, paragraph (a), and must comply with the federal Individuals with Disabilities Education Act under Code of Federal Regulations, title 34, section 300.324, subsection (2), clause (iv).

Sec. 12. Minnesota Statutes 2020, section 124E.12, subdivision 1, is amended to read:

Subdivision 1. **Teachers.** A charter school must employ necessary teachers or contract with a cooperative formed under chapter 308A to provide necessary teachers, as defined by section ~~122A.15, subdivision 1~~ 122A.06, subdivision 2, who hold valid licenses to perform the particular service for which they are employed in the school. The commissioner may reduce the charter school's state aid under section 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the Professional Educator Licensing and Standards Board. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. The charter school board is subject to section 181.932 governing whistle-blowers. When offering employment to a prospective employee, a charter school must give that employee a written description of the terms and conditions of employment and the school's personnel policies.

Sec. 13. Minnesota Statutes 2020, section 124E.13, subdivision 1, is amended to read:

Subdivision 1. **Leased space.** A charter school may lease space from: an independent or special school board; other public organization; private, nonprofit, nonsectarian organization; private property owner; or a sectarian organization; and if the leased space is owned by the lessor and is constructed as a school facility. The commissioner must review and approve or disapprove leases in a timely manner to determine eligibility for lease aid under section 124E.22.

Sec. 14. Minnesota Statutes 2020, section 124E.16, subdivision 1, is amended to read:

Subdivision 1. **Audit report.** (a) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under this subdivision. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65 governing auditing procedures. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06 governing government property and financial investments; and sections 471.38; 471.391; 471.392; and 471.425 governing municipal contracting. The audit must comply with the requirements of sections 123B.75 to 123B.83 governing school district finance, except when the commissioner and authorizer approve a deviation made necessary because of school program finances. The commissioner, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(b) The charter school must submit an audit report to the commissioner and its authorizer annually by December 31. The charter school's charter management organization or educational management organization must submit an audit report to the commissioner annually by December 31.

(c) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information: (1) a copy of management agreements with a charter management organization or an educational management organization and (2) service agreements or contracts over the lesser of $100,000 or ten percent of the school's most recent annual audited expenditures. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(d) A charter school independent audit report shall include audited financial data of an affiliated building corporation under section 124E.13, subdivision 3, or other component unit.

(e) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the charter school will resolve that material weakness. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.

Sec. 15. Minnesota Statutes 2020, section 124E.25, subdivision 1a, is amended to read:

Subd. 1a. **School closures; payments.** (a) Notwithstanding subdivision 1 and section 127A.45, for a charter school ceasing operation on or before June 30, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the commissioner a closure plan under chapter ~~308A or~~ 317A~~,~~ and financial information about the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, and documented lease expenditures from the charter school and monitoring special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment.

(b) For a charter school ceasing operations before or at the end of a school year, notwithstanding section 127A.45, subdivision 3, the commissioner may make preliminary final payments after the school submits the closure plan, an audit of pupil counts, documented lease expenditures, and Uniform Financial Accounting and Reporting Standards (UFARS) financial data and the commissioner monitors special education expenditures for the final year of operation. The commissioner may make the final payment after receiving audited financial statements under section 123B.77, subdivision 3.

(c) Notwithstanding sections 317A.701 to 317A.791, after closing a charter school and satisfying creditors, remaining cash and investment balances shall be returned by the commissioner to the state general fund.

ARTICLE 5
SPECIAL EDUCATION

Section 1. Minnesota Statutes 2020, section 124E.21, subdivision 1, is amended to read:

Subdivision 1. **Special education aid.** (a) Except as provided in section 124E.23, special education aid, excluding cross subsidy reduction aid under section 125A.76, subdivision 2e, must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) ~~For fiscal year 2020 and later,~~ The special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to section 124E.20, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to section 124E.20, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraphs (b) to (e), and if the tuition adjustment is computed under section 127A.47, subdivision 7, paragraph (c), it shall also receive an adjustment equal to ~~five percent for fiscal year 2020 or~~ ten percent for fiscal year 2021 and later of the unreimbursed cost of providing special education and services for the student and the amount in paragraph (c).

(c) A charter school special education tuition adjustment aid equals the difference between the charter school's unreimbursed costs without a rate cap and the district's unreimbursed costs with the rate cap, times the adjustment factor for that year. For fiscal years 2021, 2022, and 2023, the adjustment factor equals 100 percent. For fiscal year 2024, the adjustment factor equals 75 percent. For fiscal year 2025, the adjustment factor equals 50 percent. For fiscal year 2026 and later, the adjustment factor equals 25 percent.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 2. Minnesota Statutes 2020, section 125A.21, subdivision 1, is amended to read:

Subdivision 1. **Obligation to pay.** (a) Nothing in sections 125A.03 to 125A.24 and 125A.65 relieves an insurer or similar third party from an otherwise valid obligation to pay, or changes the validity of an obligation to pay, for services rendered to a child with a disability, and the child's family.

(b) For purposes of this section, "school district" and "district" mean a school district, charter school, or cooperative unit defined under section 123A.24, subdivision 2, providing direct special education services to students.

(c) A school district shall pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26. Eligible expenditures must not be made from federal funds or funds used to match other federal funds. Any federal disallowances are the responsibility of the school district. A school district may pay or reimburse co-payments, coinsurance, deductibles, and other enrollee cost-sharing amounts, on behalf of the student or family, in connection with health and related services provided under an individual educational plan or individualized family service plan.

Sec. 3. Minnesota Statutes 2020, section 125A.21, subdivision 2, is amended to read:

Subd. 2. **Third-party reimbursement.** (a) ~~Beginning July 1, 2000,~~ Districts shall seek reimbursement from insurers and similar third parties for the cost of services provided by the district whenever the services provided by the district are otherwise covered by the child's health coverage. Districts shall request, but may not require, the child's family to provide information about the child's health coverage when a child with a disability begins to receive services from the district of a type that may be reimbursable, and shall request, but may not require, updated information after that as needed.

(b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health coverage, a district shall provide an initial and annual written notice to the enrolled child's parent or legal representative of its intent to seek reimbursement from medical assistance or MinnesotaCare for:

(1) the evaluations required as part of the individualized education program process or individualized family service plan process; and

(2) health-related services provided by the district according to the individualized education program or individualized family service plan.

The initial notice must give the child's parent or legal representative the right to request a copy of the child's education records on the health-related services that the district provided to the child and disclosed to a third-party payer.

(c) The district shall give the parent or legal representative annual written notice of:

(1) the district's intent to seek reimbursement from medical assistance or MinnesotaCare for evaluations required as part of the individualized education program process or individualized family service plan process, and for health-related services provided by the district according to the individualized education program or individualized family service plan;

(2) the right of the parent or legal representative to request a copy of all records concerning individualized education program or individualized family service plan health-related services disclosed by the district to any third party; and

(3) the right of the parent or legal representative to withdraw consent for disclosure of a child's records at any time without consequence.

The written notice shall be provided as part of the written notice required by Code of Federal Regulations, title 34, section 300.504 or 303.520. The district must ensure that the parent of a child with a disability is given notice, in understandable language, of federal and state procedural safeguards available to the parent under this paragraph and paragraph (b).

(d) In order to access the private health care coverage of a child who is covered by private health care coverage in whole or in part, a district must:

(1) obtain annual written informed consent from the parent or legal representative, in compliance with subdivision 5; and

(2) inform the parent or legal representative that a refusal to permit the district or state Medicaid agency to access their private health care coverage does not relieve the district of its responsibility to provide all services necessary to provide free and appropriate public education at no cost to the parent or legal representative.

(e) If the commissioner of human services obtains federal approval to exempt covered individualized education program or individualized family service plan health-related services from the requirement that private health care coverage refuse payment before medical assistance may be billed, paragraphs (b), (c), and (d) shall also apply to students with a combination of private health care coverage and health care coverage through medical assistance or MinnesotaCare.

(f) In the event that Congress or any federal agency or the Minnesota legislature or any state agency establishes lifetime limits, limits for any health care services, cost-sharing provisions, or otherwise provides that individualized education program or individualized family service plan health-related services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the amendments to this subdivision adopted in 2002 are repealed on the effective date of any federal or state law or regulation that imposes the limits. In that event, districts must obtain informed consent consistent with this subdivision as it existed prior to the 2002 amendments and subdivision 5, before seeking reimbursement for children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health care coverage.

(g) To the extent practicable, a charter school must seek reimbursements under this section in the same manner as school districts. The commissioner may provide training and technical assistance to a charter school seeking third-party reimbursement.

Sec. 4. Minnesota Statutes 2020, section 125A.76, subdivision 2e, is amended to read:

Subd. 2e. **Cross subsidy reduction aid.** (a) A school district's annual cross subsidy reduction aid equals the school district's initial special education cross subsidy for the previous fiscal year times the cross subsidy aid factor for that fiscal year.

(b) The cross subsidy aid factor equals ~~2.6 percent for fiscal year 2020 and~~ 6.43 percent for fiscal year 2021 ~~and later~~. The cross subsidy aid factor equals 9.33 percent for fiscal year 2022 and 12.11 percent for fiscal year 2023 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 5. Minnesota Statutes 2020, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, ~~the~~ "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services~~, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education,~~ for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) ~~if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day,~~ the amount of general education revenue, if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, excluding local optional revenue, plus local optional aid and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (d), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76, excluding cross subsidy reduction aid under section 125A.76, subdivision 2e, attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) ~~For fiscal year 2020, special education aid paid to a resident district must be reduced by an amount equal to 85 percent of the unreimbursed cost of providing special education and services. For fiscal year 2021 and later,~~ Special education aid paid to a resident district must be reduced by an amount equal to 80 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of providing special education and services ~~provided~~ to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124E.21, subdivision 3, calculated as if the charter school received special education aid under section 124E.21, subdivision 1.

(f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124E.20, subdivision 1, paragraph (c), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124E.20, subdivision 1, paragraph (c), and the general education aid that the student would have generated for the charter school under section 124E.20, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(h) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

(i) For a charter school located outside of Minneapolis or St. Paul, notwithstanding paragraph (b), unreimbursed tuition reimbursement amounts for a charter school, not including a charter school for which the tuition adjustment is calculated under paragraph (d) or (e), must be computed according to this paragraph. For purposes of this paragraph:

(1) "regular school year statewide district cap rate" means the unreimbursed regular school year cost per service hour, calculated statewide for all districts and averaged across the current year;

(2) "extended school year statewide district cap rate" means the unreimbursed extended school year cost per service hour, calculated statewide for all districts and averaged across the current year;

(3) "special education one-to-one paraprofessional statewide district cap rate" means the unreimbursed special education one-to-one paraprofessional cost per hour, calculated statewide for all districts and averaged across the current year; and

(4) "unreimbursed cost of providing special education and services" means the lesser of (i) the amount calculated under paragraph (b), or (ii) the regular school year statewide district cap rate multiplied by the regular school year service hours, plus the extended school year statewide district cap rate multiplied by the extended school year service hours, plus the special education one-to-one paraprofessional statewide district cap rate times instructional hours.

(j) For a charter school located in the city of Minneapolis, the commissioner must substitute the Minneapolis school district's cap rates for the statewide cap rates for that year. For a charter school located in the city of St. Paul, the commissioner must substitute the St. Paul school district's cap rates for the statewide cap rates for that year.

(k) For purposes of paragraphs (i) and (j), for each capped rate, the unreimbursed cap rate for the charter school must not exceed 200 percent of the capped rate for fiscal year 2024, 175 percent of the capped rate for fiscal year 2025, 150 percent of the capped rate for fiscal year 2026, and 125 percent of the capped rate for fiscal year 2027 and later.

(l) Notwithstanding paragraph (b), the department may disallow tuition expenses for a charter school if the department determines that the charter school failed to pursue third-party billing for qualifying special education services.

EFFECTIVE DATE. This section is effective for fiscal year 2023 and later.

Sec. 6. **SPECIAL EDUCATION RECOVERY SERVICES AND SUPPORTS.**

Subdivision 1. **Special education recovery.** The commissioner of education, school districts, and charter schools must collaborate with families of students with disabilities as provided in this section to address the impact of disruptions to in-person instruction on students' access to a free appropriate public education related to the COVID-19 pandemic.

Subd. 2. **Special education services and supports.** (a) A school district or charter school that serves one or more students with disabilities must invite the parents of a student with a disability to a meeting of each individualized education program (IEP) team as soon as practicable but no later than December 1, 2021, to determine whether special education services and supports are necessary to address lack of progress on IEP goals or in the general education curriculum or loss of learning or skills due to disruptions related to the COVID-19 pandemic. The services and supports may include but are not limited to extended school year services, additional IEP services, compensatory services, or other appropriate services. This meeting may occur in an annual or other regularly scheduled IEP meeting. If the IEP team determines that the services and supports are necessary, the team shall determine what services and supports are appropriate for the student and when and how those services should be provided, in accordance with relevant guidance from the Minnesota Department of Education and the United States Department of Education. The services and supports must be included in the IEP of the student. A district or charter school must report to the commissioner, in the form and manner determined by the commissioner, the services and supports provided to students with disabilities under this section, including the cost of providing the services.

(b) In determining whether a student is eligible for services and supports described in paragraph (a), and what services and supports are appropriate for the student, the IEP team must consider, in conjunction with any other considerations advised by guidance from the Minnesota Department of Education or the United States Department of Education:

(1) services and supports provided to the student before the disruptions to in-person instruction related to the COVID-19 pandemic;

(2) the ability of the student to access services and supports;

(3) the student's progress toward IEP goals, including the goals in the IEP in effect before disruptions to in-person instruction related to the COVID-19 pandemic, and progress in the general education curriculum;

(4) the student's regression or lost skills resulting from disruptions to instruction;

(5) other significant influences on the student's ability to participate in and benefit from instruction related to the COVID-19 pandemic, including family loss, changed family circumstances, other trauma, and illness; and

(6) the types of services and supports that would benefit the student and improve the student's ability to benefit from school, including academic supports, behavioral supports, mental health supports, related services, and other services and supports.

(c) When considering how and when the services and supports described in paragraph (a) should be provided, the IEP team must take into account the timing and delivery method most appropriate for the student, such as time of day, day of the week, or time of year, and the availability of other services accessible to the student to address learning loss. The IEP team may determine that providers in addition to school district or charter school staff are most appropriate to provide the services and supports described in paragraph (a).

(d) A school district or charter school must make available the services and supports included in an IEP, as described in paragraph (a), until the IEP team determines that services and supports are no longer necessary to address lack of progress on IEP goals or in the general education curriculum or loss of learning or skills due to disruptions related to the COVID-19 pandemic.

(e) A school district providing special education services on a shared time basis to a student enrolled in a nonpublic school must offer the student special education services and supports in accordance with this section.

(f) The commissioner may identify school district, charter school, and cooperative unit pandemic-related expenses incurred under this section, and if the commissioner determines the costs are eligible for funding using the additional funds set aside under the American Rescue Plan Act, section 2014, for the Individuals with Disabilities Education Act, the commissioner may allocate the federal funds for 100 percent of the costs of the services provided under this section and exclude these expenses from state special education aid under Minnesota Statutes, sections 125A.76 and 125A.79.

Sec. 7. **THIRD-PARTY REIMBURSEMENT.**

The commissioner of education and commissioner of human services must consult with stakeholders to identify strategies to streamline access and reimbursement for behavioral health services for children who are enrolled in medical assistance and have individualized education programs or individualized family services plans, and to avoid duplication of services and procedures to the extent practicable. The commissioners must review models used in other states and identify strategies to reduce administrative burdens for schools while ensuring continuity of care for students accessing services when not in school. By November 1, 2021, the commissioners must report their findings and recommendations for statutory changes to the chairs and ranking members of the committees with jurisdiction over early learning through grade 12 education and human services in accordance with Minnesota Statutes, section 3.195.

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

Sec. 8. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$1,844,261,000	. . . . .	2022
$1,994,392,000	. . . . .	2023

The 2022 appropriation includes $215,125,000 for 2021 and $1,629,136,000 for 2022.

The 2023 appropriation includes $229,335,000 for 2022 and $1,765,057,000 for 2023.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$1,818,000	. . . . .	2022
$2,010,000	. . . . .	2023

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

$465,000	. . . . .	2022
$512,000	. . . . .	2023

The 2022 appropriation includes $23,000 for 2021 and $442,000 for 2022.

The 2023 appropriation includes $49,000 for 2022 and $463,000 for 2023.

Subd. 5. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

$24,000	. . . . .	2022
$25,000	. . . . .	2023

Subd. 6. **Special education out-of-state tuition.** For special education out-of-state tuition under Minnesota Statutes, section 125A.79, subdivision 8:

$250,000	. . . . .	2022
$250,000	. . . . .	2023

ARTICLE 6
HEALTH AND SAFETY

Section 1. Minnesota Statutes 2020, section 120B.21, is amended to read:

120B.21 MENTAL HEALTH EDUCATION.

School districts and charter schools ~~are encouraged to~~ must provide mental health instruction for students in grades 4 through 12 aligned with local health education standards and integrated into existing programs, curriculum, or the general school environment activities of a district or charter school. The commissioner, in consultation with the commissioner of human services, commissioner of health, and mental health organizations, must~~, by July 1, 2020, and July 1 of each even-numbered year thereafter,~~ provide districts and charter schools with resources gathered by Minnesota mental health advocates, including:

(1) age-appropriate model learning activities for grades 4 through 12 that encompass the mental health components of the National Health Education Standards and the benchmarks developed by the department's quality teaching network in health and best practices in mental health education; and

(2) a directory of resources for planning and implementing age-appropriate mental health curriculum and instruction in grades 4 through 12 that includes resources on suicide and self-harm prevention. A district or charter school providing instruction or presentations on preventing suicide or self-harm must use either the resources provided by the commissioner or other evidence-based instruction.

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

Sec. 2. Minnesota Statutes 2020, section 121A.031, subdivision 5, is amended to read:

Subd. 5. **Safe and supportive schools programming.** (a) Districts and schools ~~are encouraged to~~ must provide developmentally appropriate programmatic instruction to help students identify, prevent, and reduce prohibited conduct~~; value diversity in school and society; develop and improve students' knowledge and skills for solving problems, managing conflict, engaging in civil discourse, and recognizing, responding to, and reporting prohibited conduct; and make effective prevention and intervention programs available to students. Upon request, the school safety technical assistance center under section 127A.052 must assist a district or school in helping students understand social media and cyberbullying. Districts and schools must establish~~ by establishing strategies for creating a positive school climate and use evidence-based social-emotional learning to prevent and reduce discrimination and other improper conduct.

(b) Districts and schools ~~are encouraged to~~ must:

(1) engage all students in creating a safe and supportive school environment;

(2) partner with parents and other community members to develop and implement prevention and intervention programs;

(3) engage all students and adults in integrating education, intervention, and other remedial responses into the school environment;

(4) train student bystanders to intervene in and report incidents of prohibited conduct to the school's primary contact person;

(5) teach students to advocate for themselves and others;

(6) prevent inappropriate referrals to special education of students who may engage in prohibited conduct; and

(7) foster student collaborations that foster a safe and supportive school climate.

Sec. 3. Minnesota Statutes 2020, section 121A.031, subdivision 6, is amended to read:

Subd. 6. **State model policy.** (a) The commissioner, in consultation with the commissioner of human rights, shall develop and maintain a state model policy. A district or school that does not adopt and implement a local policy under subdivisions 3 to 5 must implement and may supplement the provisions of the state model policy. The commissioner must assist districts and schools under this subdivision to implement the state policy. The state model policy must:

(1) define prohibited conduct, consistent with this section;

(2) apply the prohibited conduct policy components in this section;

(3) for a child with a disability, whenever an evaluation by an individualized education program team or a section 504 team indicates that the child's disability affects the child's social skills development or the child is vulnerable to prohibited conduct because of the child's disability, the child's individualized education program or section 504 plan may address the skills and proficiencies the child needs to not engage in and respond to such conduct; and

(4) encourage violence prevention and character development education programs under section 120B.232, subdivision 1.

(b) The commissioner shall develop and post departmental procedures for:

(1) periodically reviewing district and school programs and policies for compliance with this section;

(2) investigating, reporting, and responding to noncompliance with this section, which may include an annual review of plans to improve and provide a safe and supportive school climate; and

(3) allowing students, parents, and educators to file a complaint about noncompliance with the commissioner.

(c) The commissioner must post on the department's website information indicating that when districts and schools allow non-curriculum-related student groups access to school facilities, the district or school must give all student groups equal access to the school facilities regardless of the content of the group members' speech.

(d) The commissioner must develop and maintain resources to assist a district or school in implementing strategies for creating a positive school climate and use evidence-based social-emotional learning to prevent and reduce discrimination and other improper conduct.

(e) The commissioner must develop and adopt state-level social-emotional learning standards.

Sec. 4. **[121A.20] SCHOOL MENTAL HEALTH SYSTEMS.**

Mental health is defined as the social, emotional, and behavioral well-being of students. Comprehensive school mental health systems provide an array of supports and services that promote positive school climate, social-emotional learning, and mental health and well-being, while reducing the prevalence and severity of mental illness. School mental health systems are built on a strong foundation of district and school professionals, including administrators, educators, and specialized instructional support personnel including school psychologists, school social workers, school counselors, school nurses, and other school health professionals, all in strategic partnership with students and families, as well as community health and mental health partners. School mental health systems also assess and address the social and environmental factors that impact mental health, including public policies and social norms that shape mental health outcomes.

Sec. 5. **[121A.201] MULTI-TIERED SYSTEM OF SUPPORTS.**

The Minnesota Multi-Tiered System of Supports is a systemic, continuous improvement framework for ensuring positive social, emotional, behavioral, developmental, and academic outcomes for every student. The Multi-Tiered System of Supports provides access to layered tiers of culturally and linguistically responsive, evidence-based practices. The Multi-Tiered System of Supports framework relies on the understanding and belief that every student can learn and thrive, and it engages an anti-racist approach to examining policies and practices and ensuring equitable distribution of resources and opportunity. This systemic framework requires:

(1) design and delivery of culturally and linguistically responsive, effective, standards-based core instruction in safe, supportive environments inclusive of every student as a necessary foundation for tiered supports;

(2) layered tiers of culturally and linguistically responsive supplemental and intensive supports to meet each student's needs;

(3) developing collective knowledge and experience through engagement in representative partnerships with students, education professionals, families, and communities;

(4) multidisciplinary teams of education professionals that review and use data to prevent and solve problems, inform instruction and supports, and ensure effective implementation in partnership with students and families;

(5) effective and timely use of meaningful, culturally relevant data disaggregated by student groups identified in section 121A.031 that includes but is not limited to universal screening, frequent progress monitoring, implementation fidelity, and multiple qualitative and quantitative sources; and

(6) ongoing professional learning on the Multi-Tiered System of Supports systemic framework using anti-racist approaches to training and coaching.

Sec. 6. **[121A.24] SEIZURE TRAINING AND ACTION PLAN.**

Subdivision 1. **Seizure action plan.** (a) For purposes of this section, "seizure action plan" means a written individualized health plan designed to acknowledge and prepare for the health care needs of a student with a seizure disorder diagnosed by the student's treating licensed health care provider.

(b) The requirements of this subdivision apply to a school district or charter school where an enrolled student's parent or guardian has notified the school district or charter school that the student has a diagnosed seizure disorder and has seizure rescue medication or medication prescribed by the student's licensed health care provider to treat seizure disorder symptoms approved by the United States Food and Drug Administration. The parent or guardian of a student with a diagnosed seizure disorder must collaborate with school personnel to implement the seizure action plan.

(c) A seizure action plan must:

(1) identify a school nurse or a designated individual at each school site who is on duty during the regular school day and can administer or assist with the administration of seizure rescue medication or medication prescribed to treat seizure disorder symptoms approved by the United States Food and Drug Administration;

(2) require training on seizure medications for an employee identified under clause (1), recognition of signs and symptoms of seizures, and appropriate steps to respond to seizures;

(3) be provided to the person identified under clause (1); and

(4) be filed in the office of the school principal or licensed school nurse or, in the absence of a licensed school nurse, a professional nurse or designated individual.

(d) A school district or charter school employee or volunteer responsible for the supervision or care of a student with a diagnosed seizure disorder must be given notice and a copy of the seizure action plan, the name or position of the employee identified under paragraph (c), clause (1), and the method by which the trained school employee may be contacted in an emergency.

Subd. 2. **Training requirements.** A school district or charter school must provide all licensed school nurses or, in the absence of a licensed school nurse, a professional nurse or designated individual, and other school staff working with students with self-study materials on seizure disorder signs, symptoms, medications, and appropriate responses.

EFFECTIVE DATE. This section is effective for the 2022-2023 school year and later.

Sec. 7. **[124D.901] STUDENT SUPPORT PERSONNEL AID.**

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

(1) "new position" means a student support services personnel full-time or part-time position not under contract by a school district, charter school, or cooperative unit at the start of the 2021-2022 school year; and

(2) "student support services personnel" means an individual licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota.

Subd. 2. **Purpose.** The purpose of student support personnel aid is to:

(1) address shortages of student support services personnel within Minnesota schools;

(2) decrease caseloads for existing student support services personnel to ensure effective services;

(3) ensure that students receive effective academic guidance and integrated and comprehensive services to improve prekindergarten through grade 12 school outcomes and career and college readiness;

(4) ensure that student support services personnel serve within the scope and practice of their training and licensure;

(5) fully integrate learning supports, instruction, and school management within a comprehensive approach that facilitates interdisciplinary collaboration; and

(6) improve school safety and school climate to support academic success and career and college readiness.

Subd. 3. **Aid eligibility and application.** A school district, charter school, intermediate school district, or other cooperative unit is eligible to apply for student support personnel aid under this section. The commissioner must prescribe the form and manner of the application, which must include a plan describing how the aid will be used.

Subd. 4. **Student support personnel aid.** (a) The initial student support personnel aid for a school district equals the greater of $20 times the number of pupils enrolled at the district on October 1 of the previous fiscal year or $31,500. The initial student support personnel aid for a charter school equals $20 times the number of pupils enrolled at the charter school on October 1 of the previous fiscal year.

(b) The cooperative student support personnel aid for a school district that is a member of an intermediate school district or other cooperative unit that enrolls students equals $6 times the number of pupils enrolled at the district on October 1 of the previous fiscal year. If a district is a member of more than one cooperative unit that enrolls students, the revenue must be allocated among the cooperative units.

(c) Notwithstanding paragraphs (a) and (b), the student support personnel aid must not exceed the district or cooperative unit's actual expenditure according to the approved plan under subdivision 3.

Subd. 5. **Allowed uses; match requirements.** (a) Aid under this section must be used to hire new positions for student support services personnel.

(b) Cooperative student support personnel aid must be transferred to the intermediate district or other cooperative unit of which the district is a member and used to hire new positions for student support services personnel at the intermediate district or cooperative unit.

(c) If a school district, charter school, or cooperative unit is not able to hire a new full-time equivalent position with student support personnel aid, the aid may be used for contracted services from individuals licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota.

(d) Student support personnel hired or contracted before the start of the 2021-2022 school year with federal funding related to COVID-19, including the American Rescue Plan, Public Law 117-2, is considered personnel hired for new positions.

Subd. 6. **Report required.** By February 1 following any fiscal year in which student support personnel aid was received, a school district, charter school, or cooperative unit must submit a written report to the commissioner indicating how the new position affected two or more of the following measures:

(1) school climate;

(2) attendance rates;

(3) academic achievement;

(4) career and college readiness;

(5) postsecondary completion rates; and

(6) student health.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2023 and later.

Sec. 8. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education in the fiscal years designated.

Subd. 2. **Student support personnel aid.** For aid to support schools in addressing students' social, emotional, and physical health under Minnesota Statutes, section 124D.901:

$17,223,000	. . . . .	2023

Subd. 3. **Suicide prevention training for teachers.** (a) For transfer to the commissioner of health for a grant to a nationally recognized provider of evidence-based online training on suicide prevention and engagement of students experiencing mental distress:

$265,000	. . . . .	2022

(b) Training funded by the grant must be accessible to teachers in every school district, charter school, intermediate school district, service cooperative, and Tribal school in Minnesota.

(c) The grant recipient must report to the commissioner of health the number of teachers completing the online training, average length of time to complete training, and length of average stay using the online training. The commissioner must survey online training users to determine their perception of the online training. By January 8, 2023, the commissioner must report the grant recipient's information and the survey results to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education and suicide prevention.

(d) This is a onetime appropriation and is available until June 30, 2023.

Subd. 4. **Equity diversity and inclusion trauma-informed grants.** (a) For grants to districts and charter schools to implement professional development for staff focused on trauma-informed practices:

$6,000,000	. . . . .	2022
$6,000,000	. . . . .	2023

(b) The department must develop best practices and other resources for trauma-informed practices.

(c) Eligible grantees include school districts, charter schools, intermediate school districts, and cooperative units as defined in Minnesota Statutes, section 123A.24, subdivision 2.

(d) The department may retain up to five percent of the appropriation for the administration of the program and grants.

(e) This is a onetime appropriation.

(f) Any balance in the first year does not cancel but is available in the second year.

ARTICLE 7
FACILITIES

Section 1. **[121A.336] NOTIFICATION OF ENVIRONMENTAL HAZARDS.**

Upon notification by the Department of Health or Pollution Control Agency to a school district, charter school, or nonpublic school of environmental hazards that may affect the health of students or school staff, the school must notify school staff, students, and parents of the hazards as soon as practicable. The notice must include direction on how to obtain additional information about the hazard, including any actions that may reduce potential harm to those affected by the hazard.

Sec. 2. Minnesota Statutes 2020, section 123B.595, subdivision 3, is amended to read:

Subd. 3. **Intermediate districts and other cooperative units.** (a) Upon approval through the adoption of a resolution by each member district school board of an intermediate district or other cooperative ~~units~~ unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59, and the approval of the commissioner of education, a school district may include in its authority under this section a proportionate share of the long-term maintenance costs of the intermediate district ~~or,~~ cooperative unit, or joint powers district. The cooperative unit or joint powers district may issue bonds to finance the project costs or levy for the costs~~,~~ using long-term maintenance revenue transferred from member districts to make debt service payments or pay project costs or, for leased facilities, pay the portion of lease costs attributable to the amortized cost of long-term facilities maintenance projects completed by the landlord. Authority under this subdivision is in addition to the authority for individual district projects under subdivision 1.

(b) The resolution adopted under paragraph (a) may specify which member districts will share the project costs under this subdivision, except that debt service payments for bonds issued by a cooperative unit or joint powers district to finance long-term maintenance project costs must be the responsibility of all member districts.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2023 and later.

Sec. 3. Minnesota Statutes 2020, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed $212 times the adjusted pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes colocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district or other cooperative unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59 may include in its authority under this section the costs associated with leases of administrative and classroom space for ~~intermediate school district~~ programs of the intermediate school district or other cooperative unit under section 123A.24, subdivision 2, or joint powers district under section 471.59. This authority must not exceed $65 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. The intermediate school district, other cooperative unit, or joint powers district may specify which member districts will levy for lease costs under this paragraph.

~~(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012 to 2023, a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease agreement to finance improvements to a building and land for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The total levy authority under this paragraph shall not exceed $632,000.~~

~~(j)~~ (i) Notwithstanding paragraph (a), a district may levy under this subdivision for the purpose of leasing administrative space if the district can demonstrate to the satisfaction of the commissioner that the lease cost for the administrative space is no greater than the lease cost for instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under this section if the commissioner does not grant authority under this paragraph. The resolution must also certify that the lease cost for administrative space under this paragraph is no greater than the lease cost for the district's proposed instructional lease.

(j) Notwithstanding paragraph (a), a district may levy under this subdivision for the district's proportionate share of deferred maintenance expenditures for a district-owned building or site leased to a cooperative unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59 for any instructional purposes or for school storage.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2023 and later.

Sec. 4. Minnesota Statutes 2020, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to $36 multiplied by the district's adjusted pupil units for the school year.

(b) The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate; or

(9) to pay costs for colocating and collaborating with mental health professionals who are not district employees or contractors.

~~(b)~~ (c) For expenditures under paragraph ~~(a)~~ (b), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

~~(c)~~ (d) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph ~~(a)~~ (b) for intermediate school district programs. This authority must not exceed $15 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

(e) A school district or charter school receiving revenue under this section must annually report safe schools expenditures to the commissioner, in the form and manner specified by the commissioner. The report must conform to uniform financial and reporting standards established for this purpose and provide a breakdown by functional area.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 5. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Debt service equalization aid.** For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

$25,001,000	. . . . .	2022
$24,286,000	. . . . .	2023

The 2022 appropriation includes $2,588,000 for 2021 and $22,413,000 for 2022.

The 2023 appropriation includes $2,371,000 for 2022 and $21,915,000 for 2023.

Subd. 3. **Long-term facilities maintenance equalized aid.** For long-term facilities maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

$108,582,000	. . . . .	2022
$111,077,000	. . . . .	2023

The 2022 appropriation includes $10,660,000 for 2021 and $97,922,000 for 2022.

The 2023 appropriation includes $10,880,000 for 2022 and $100,197,000 for 2023.

Subd. 4. **Equity in telecommunications access.** (a) For equity in telecommunications access:

$3,750,000	. . . . .	2022
$3,750,000	. . . . .	2023

(b) If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2022 and 2023 shall be prorated.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 5. **Maximum effort loan aid.** For aid payments to schools under Minnesota Statutes, section 477A.09.

$3,288,000	. . . . .	2022
$0	. . . . .	2023

The base for fiscal year 2024 is $0.

ARTICLE 8
NUTRITION AND LIBRARIES

Section 1. Minnesota Statutes 2020, section 124D.111, is amended to read:

124D.111 SCHOOL MEAL POLICY; LUNCH AID; FOOD SERVICE ACCOUNTING.

Subdivision 1. **School ~~lunch aid computation~~ meal policy.** (a) Each Minnesota sponsor of the national school lunch program or school breakfast program must adopt and post to its website, or the website of the organization where the meal is served, a school meal policy. The policy must:

(1) be in writing, accessible in multiple languages, and clearly communicate student meal charges when payment cannot be collected at the point of service;

(2) be reasonable and well-defined and maintain the dignity of students by prohibiting lunch shaming or otherwise ostracizing any student;

(3) address whether the sponsor uses a collection agency to collect unpaid school meal debt;

(4) require any communication to collect unpaid school meal debt be done by school staff trained on the school district's policy on collecting student meal debt;

(5) require that all communication relating to school meal debt be delivered only to a student's parent or guardian and not directly to the student;

(6) ensure that once a sponsor has placed a meal on a tray or otherwise served a reimbursable meal to a student, the meal may not be subsequently withdrawn from the student by the cashier or other school official because the student has outstanding meal debt;

(7) ensure that a student who has been determined eligible for free and reduced-price lunch must always be served a reimbursable meal even if the student has outstanding debt;

(8) provide the third-party provider with its school meal policy if the school contracts with a third-party provider for its meal services; and

(9) require school nutrition staff be trained on the policy.

(b) Any contract between a school and a third-party provider of meal services entered into or modified on or after July 1, 2021, must ensure that the third-party provider adheres to the sponsor's school meal policy.

Subd. 1a. **School lunch aid amounts.** Each school year, the state must pay ~~participants~~ sponsors in the national school lunch program the amount of 12.5 cents for each full paid and free student lunch and 52.5 cents for each reduced-price lunch served to students.

Subd. 2. **Application.** A school district, charter school, nonpublic school, or other ~~participant~~ sponsor in the national school lunch program shall apply to the department for this payment on forms provided by the department.

Subd. 2a. **Federal Child and Adult Care Food Program; criteria and notice.** The commissioner must post on the department's website eligibility criteria and application information for nonprofit organizations interested in applying to the commissioner for approval as a multisite sponsoring organization under the federal Child and Adult Care Food Program. The posted criteria and information must inform interested nonprofit organizations about:

(1) the criteria the commissioner uses to approve or disapprove an application, including how an applicant demonstrates financial viability for the Minnesota program, among other criteria;

(2) the commissioner's process and time line for notifying an applicant when its application is approved or disapproved and, if the application is disapproved, the explanation the commissioner provides to the applicant; and

(3) any appeal or other recourse available to a disapproved applicant.

Subd. 3. **School food service fund.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department.

(d) Capital expenditures for the purchase of food service equipment must be made from the general fund and not the food service fund, unless the restricted balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased.

(e) If the condition set out in paragraph (d) applies, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

Subd. 4. **No fees.** A ~~participant~~ sponsor that receives school lunch aid under this section must make ~~lunch~~ meals available without charge and must not deny a school lunch or breakfast to all participating students who qualify for free or reduced-price meals, whether or not the student has an outstanding balance in the student's meal account attributable to a la carte purchases or for any other reason. The ~~participant~~ sponsor must also ensure that any reminders for payment of outstanding student meal balances do not demean or stigmatize any child participating in the school lunch program or school breakfast program.

Subd. 5. **Respectful treatment.** (a) The sponsor must also provide meals to students in a respectful manner according to the policy adopted under subdivision 1. The sponsor must ensure respectful treatment of students, including but not limited to ensuring that: a meal is not dumped in the trash; no meal that has been served is withdrawn from a student; and no students with outstanding meals balances have their names announced or listed in a public manner nor receive a sticker, stamp, or pinned note reminding the students of the outstanding meals balance. The sponsor must not impose any other restriction prohibited under section 123B.37 due to unpaid student meal debt. The sponsor must not limit a student's participation in any school activities, graduation ceremonies, field trips, athletics, activity clubs, or other extracurricular activities or access to materials, technology, or other items provided to students due to an unpaid student meal debt.

(b) If the commissioner or the commissioner's designee determines a sponsor has violated the requirement to provide meals to participating students in a respectful manner, the commissioner or the commissioner's designee must send a letter of noncompliance to the sponsor. The sponsor is required to respond and, if applicable, remedy the practice within 60 days.

Subd. 6. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "A la carte" means a food item ordered separately from the school meal.

(c) "School meal" means a meal provided to students during the school day.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 2. Minnesota Statutes 2020, section 124D.1158, is amended to read:

124D.1158 SCHOOL BREAKFAST PROGRAM.

Subdivision 1. **Purpose.** The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn. Public and nonpublic schools that participate in the federal school breakfast program may receive state breakfast aid. Schools shall encourage all children to eat a nutritious breakfast, either at home or at school, and shall work to eliminate barriers to breakfast participation at school such as inadequate facilities and transportation.

Subd. 2. **Program; eligibility.** Each school year, public and nonpublic schools that participate in the federal school breakfast program are eligible for the state breakfast program.

Subd. 3. **Program reimbursement.** Each school year, the state must reimburse each participating school 30 cents for each reduced-price breakfast, 55 cents for each fully paid breakfast served to students in grades 1 to 12, and $1.30 for each fully paid breakfast served to a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151, early childhood special education students participating in a program authorized under section 124D.151, or a kindergarten student.

Subd. 4. **No fees.** A school that receives school breakfast aid under this section must make breakfast available without charge to all participating students in grades 1 to 12 who qualify for free or reduced-price meals and to all prekindergarten students enrolled in an approved voluntary prekindergarten program under section 124D.151, early childhood special education students participating in a program authorized under section 124D.151, and all kindergarten students.

Sec. 3. **[124D.901] SCHOOL LIBRARIES AND MEDIA CENTERS.**

A school district or charter school library or school library media center provides equitable and free access to students, teachers, and administrators. A school library or school library media center is defined as having the following characteristics:

(1) ensures every student has equitable access to resources and is able to locate, access, and use on-site resources that are organized and cataloged;

(2) has a collection development policy that includes but is not limited to materials selection and de-selection, a challenged materials procedure, and an intellectual and academic freedom statement;

(3) is housed in a central location that provides an environment for expanded learning to meet the unique needs and interests of individual students;

(4) has technology tools and broadband access; and

(5) employs a licensed school library media specialist or licensed school librarian.

Sec. 4. Minnesota Statutes 2020, section 134.34, subdivision 1, is amended to read:

Subdivision 1. **Local support levels.** (a) Regional library basic system support aid shall be provided to any regional public library system where there are at least three participating counties and where each participating city and county is providing for public library service support the lesser of (a) an amount equivalent to .82 percent of the average of the adjusted net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second, third, and fourth year preceding that calendar year or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1993 as $7.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted net tax capacity for the third year preceding that calendar year.

(b) The minimum level of support specified under this subdivision or subdivision 4 shall be certified annually to the participating cities and counties by the Department of Education. If a city or county chooses to reduce its local support in accordance with subdivision 4, paragraph (b) or (c), it shall notify its regional public library system. The regional public library system shall notify the Department of Education that a revised certification is required. The revised minimum level of support shall be certified to the city or county by the Department of Education.

(c) A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the Department of Education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for regional library basic system support aid. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

(d) The amounts required to be expended under this section are subject to the reduced maintenance of effort requirements in section 275.761.

Sec. 5. Minnesota Statutes 2020, section 134.355, subdivision 5, is amended to read:

Subd. 5. **Base aid distribution.** ~~Five~~ Fifteen percent of the available aid funds shall be paid to each system as base aid for basic system services.

EFFECTIVE DATE. This section is effective for state aid for fiscal year 2022 and later.

Sec. 6. Minnesota Statutes 2020, section 134.355, subdivision 6, is amended to read:

Subd. 6. **Adjusted net tax capacity per capita distribution.** ~~Twenty-five~~ Fifteen percent of the available aid funds shall be distributed to regional public library systems based upon the adjusted net tax capacity per capita for each member county or participating portion of a county as calculated for the ~~second~~ third year preceding the fiscal year for which aid is provided. Each system's entitlement shall be calculated as follows:

~~(a)~~ (1) multiply the adjusted net tax capacity per capita for each county or participating portion of a county by .0082~~.~~;

~~(b)~~ (2) add sufficient aid funds that are available under this subdivision to raise the amount of the county or participating portion of a county with the lowest value calculated according to ~~paragraph (a)~~ clause (1) to the amount of the county or participating portion of a county with the next highest value calculated according to ~~paragraph (a)~~ clause (1). Multiply the amount of the additional aid funds by the population of the county or participating portion of a county~~.~~;

~~(c)~~ (3) continue the process described in ~~paragraph (b)~~ clause (2) by adding sufficient aid funds that are available under this subdivision to the amount of a county or participating portion of a county with the next highest value calculated in ~~paragraph (a)~~ clause (1) to raise it and the amount of counties and participating portions of counties with lower values calculated in ~~paragraph (a)~~ clause (1) up to the amount of the county or participating portion of a county with the next highest value, until reaching an amount where funds available under this subdivision are no longer sufficient to raise the amount of a county or participating portion of a county and the amount of counties and participating portions of counties with lower values up to the amount of the next highest county or participating portion of a county~~.~~; and

~~(d)~~ (4) if the point is reached using the process in ~~paragraphs (b) and (c)~~ clauses (2) and (3) at which the remaining aid funds under this subdivision are not adequate for raising the amount of a county or participating portion of a county and all counties and participating portions of counties with amounts of lower value to the amount of the county or participating portion of a county with the next highest value, those funds are to be divided on a per capita basis for all counties or participating portions of counties that received aid funds under the calculation in ~~paragraphs (b) and (c)~~ clauses (2) and (3).

EFFECTIVE DATE. This section is effective for state aid for fiscal year 2022 and later.

Sec. 7. Minnesota Statutes 2020, section 134.355, subdivision 7, is amended to read:

Subd. 7. **Population determination.** A regional public library system's population ~~shall be determined according to~~ must be calculated using the most recent estimate available under section 477A.011, subdivision 3, at the time the aid amounts are calculated, which must be by April 1 in the year the calculation is made.

EFFECTIVE DATE. This section is effective for state aid for fiscal year 2022 and later.

Sec. 8. **COMMUNITY ELIGIBILITY PROVISION SCHOOL SITES; SUPPLEMENTAL STATE FUNDING.**

(a) For fiscal year 2023 only, a school site that participates in the federal community eligibility provision program is eligible for aid under this section.

(b) A district's community eligibility provision aid equals the greater of zero or the difference between the federal funds under the community eligibility provision program for lunch and breakfast for that site and the amount necessary for full reimbursement for breakfast and lunch for that site times the proration factor.

(c) The annual community eligibility provision aid entitlement equals $2,500,000.

(d) If aid under paragraph (c) is insufficient to cover the full cost of paragraph (b), the amount in paragraph (b) must be proportionately reduced for each school site.

Sec. 9. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balance in the first year does not cancel but is available in the second year.

Subd. 2. **School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

$16,661,000	. . . . .	2022
$16,954,000	. . . . .	2023

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

$12,133,000	. . . . .	2022
$12,485,000	. . . . .	2023

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

$656,000	. . . . .	2022
$658,000	. . . . .	2023

Subd. 5. **Summer school food service replacement.** For summer school food service replacement aid under Minnesota Statutes, section 124D.119:

$150,000	. . . . .	2022
$150,000	. . . . .	2023

Subd. 6. **Community eligibility provision aid.** (a) For community eligibility provision aid under section 8:

$2,500,000	. . . . .	2023

(b) This is a onetime appropriation.

Subd. 7. **Basic system support.** For basic system support aid under Minnesota Statutes, section 134.355:

$15,370,000	. . . . .	2022
$15,570,000	. . . . .	2023

The 2022 appropriation includes $1,357,000 for 2021 and $14,013,000 for 2022.

The 2023 appropriation includes $1,557,000 for 2022 and $14,013,000 for 2023.

Subd. 8. **Multicounty, multitype library systems.** For aid under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$1,300,000	. . . . .	2022
$1,300,000	. . . . .	2023

The 2022 appropriation includes $130,000 for 2021 and $1,170,000 for 2022.

The 2023 appropriation includes $130,000 for 2022 and $1,170,000 for 2023.

Subd. 9. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

$900,000	. . . . .	2022
$900,000	. . . . .	2023

Subd. 10. **Regional library telecommunications.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

$2,300,000	. . . . .	2022
$2,300,000	. . . . .	2023

The 2022 appropriation includes $230,000 for 2021 and $2,070,000 for 2022.

The 2023 appropriation includes $230,000 for 2022 and $2,070,000 for 2023.

ARTICLE 9
EARLY CHILDHOOD

Section 1. Minnesota Statutes 2020, section 119A.52, is amended to read:

119A.52 DISTRIBUTION OF APPROPRIATION.

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children~~. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds.~~ in the following order: (1) 10.72 percent of the total Head Start appropriation shall be allocated to federally designated Tribal Head Start programs; (2) the Tribal Head Start portion of the appropriation shall be allocated to Tribal Head Start programs based on the programs' share of federal funds; and (3) migrant programs must then be initially allocated funding based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible

children in the agencies' service area who are not currently being served. A Head Start program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. For all agencies without a federal Early Head Start rate, the state average federal cost per child for Early Head Start applies. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation and how the money must be used. Each program must present a plan under section 119A.535. For any program that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible programs.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

(c) Programs with approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters and transitional housing, are exempt from the procedures in paragraph (b). This exemption does not apply to entire programs. The exemption applies only to approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters, transitional housing, and permanent supportive housing.

Sec. 2. **[122A.261] PREKINDERGARTEN, SCHOOL READINESS, PRESCHOOL, AND EARLY EDUCATION PROGRAMS; LICENSURE REQUIREMENT.**

Subdivision 1. **Licensure requirement.** A school district or charter school must employ a qualified teacher, as defined in section 122A.16, to provide instruction in a preschool, school readiness, school readiness plus, prekindergarten, or other school district or charter school-based early education program.

Subd. 2. **Exemptions.** A person employed by a school district or charter school as a teacher in an early education program during the 2020-2021 school year who does not have a Minnesota teaching license is exempt from the licensure requirement until July 1, 2026, or until such time as the teacher is able to obtain a Minnesota teaching license, whichever occurs first. Notwithstanding this exemption from the licensure requirement, these individuals are teachers under section 179A.03, subdivision 18.

Sec. 3. Minnesota Statutes 2020, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** (a) Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, ~~and~~ for expectant parents, and for alloparents. To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for a child from birth to age three and encourage parents and other relatives to involve four- and five-year-old children in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs must provide:

(1) programs to educate parents and other relatives about the physical, cognitive, social, and emotional development of children and to enhance the skills of parents and other relatives in providing for their children's learning and development;

(2) structured learning activities requiring interaction between children and their parents or relatives;

(3) structured learning activities for children that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes;

(4) information on related community resources;

(5) information, materials, and activities that support the safety of children, including prevention of child abuse and neglect;

(6) a community needs assessment that identifies new and underserved populations, identifies child and family risk factors, particularly those that impact children's learning and development, and assesses family and parenting education needs in the community;

(7) programming and services that are tailored to the needs of families and parents prioritized in the community needs assessment; and

(8) information about and, if needed, assist in making arrangements for an early childhood health and developmental screening under sections 121A.16 and 121A.17, when the child nears the third birthday.

Early childhood family education programs should prioritize programming and services for families and parents identified in the community needs assessment, particularly those families and parents with children with the most risk factors birth to age three.

Early childhood family education programs are encouraged to provide parents of English learners with translated oral and written information to monitor the program's impact on their children's English language development, to know whether their children are progressing in developing their English and native language proficiency, and to actively engage with and support their children in developing their English and native language proficiency.

The programs must include learning experiences for children, parents, and other relatives that promote children's early literacy and, where practicable, their native language skills and activities for children that require substantial involvement of the children's parents or other relatives. The program may provide parenting education programming or services to anyone identified in the community needs assessment. Providers must review the program periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children.

(b) For the purposes of this section, "relative" or "relatives" means noncustodial grandparents or other persons related to a child by blood, marriage, adoption, or foster placement, excluding parents.

Sec. 4. Minnesota Statutes 2020, section 124D.142, is amended to read:

124D.142 QUALITY RATING AND IMPROVEMENT SYSTEM.

Subdivision 1. **System established.** ~~(a)~~ There is established a quality rating and improvement system (QRIS) framework, known as Parent Aware, to ensure that Minnesota's children have access to high-quality early learning and care programs in a range of settings so that they are fully ready for kindergarten ~~by 2020~~. ~~Creation of a standards-based voluntary quality rating and improvement system includes:~~

Subd. 2. **System components.** The standards-based, voluntary quality rating and improvement system includes:

(1) quality opportunities in order to improve the educational outcomes of children so that they are ready for school~~. The~~;

(2) a framework ~~shall be~~ based on the Minnesota quality rating system rating tool and a common set of child outcome and program standards and informed by evaluation results;

~~(2)~~ (3) a tool to increase the number of publicly funded and regulated early learning and care services in both public and private market programs that are high quality~~.~~;

(4) voluntary participation that ensures that if a program or provider chooses to participate, the program or provider will be rated and may receive public funding associated with the rating~~. The state shall develop a plan to link future early learning and care state funding to the framework in a manner that complies with federal requirements~~; and

~~(3)~~ (5) tracking progress toward statewide access to high-quality early learning and care programs, progress toward the number of low-income children whose parents can access quality programs, and progress toward increasing the number of children who are fully prepared to enter kindergarten.

~~(b) In planning a statewide quality rating and improvement system framework in paragraph (a), the state shall use evaluation results of the Minnesota quality rating system rating tool in use in fiscal year 2008 to recommend:~~

~~(1) a framework of a common set of child outcome and program standards for a voluntary statewide quality rating and improvement system;~~

~~(2) a plan to link future funding to the framework described in paragraph (a), clause (2); and~~

~~(3) a plan for how the state will realign existing state and federal administrative resources to implement the voluntary quality rating and improvement system framework. The state shall provide the recommendation in this paragraph to the early childhood education finance committees of the legislature by March 15, 2011.~~

~~(c) Prior to the creation of a statewide quality rating and improvement system in paragraph (a), the state shall employ the Minnesota quality rating system rating tool in use in fiscal year 2008 in the original Minnesota Early Learning Foundation pilot areas and additional pilot areas supported by private or public funds with its modification as a result of the evaluation results of the pilot project.~~

Subd. 3. **Evaluation.** (a) By February 1, 2022, the commissioner of human services must arrange an independent evaluation of the quality rating and improvement system's effectiveness and impact on:

(1) children's progress toward school readiness;

(2) the quality of the early learning and care system supply and workforce;

(3) parents' ability to access and use meaningful information about early learning and care program quality; and

(4) providers' ability to serve children and families, particularly those from racially, ethnically, or culturally diverse backgrounds.

(b) The evaluation must be performed by a staff member from another agency or a consultant. An evaluator must have experience in program evaluation and must not be regularly involved in implementation of the quality rating and improvement system.

(c) The evaluation findings, along with the commissioner's recommendations for revisions, potential future evaluations, and plans for continuous improvement, must be reported to the chairs and ranking members of the legislative committees with jurisdiction over early childhood programs by December 31, 2024.

(d) At a minimum, the evaluation must:

(1) analyze the effectiveness of the quality rating and improvement system, including but not limited to reviewing:

(i) whether quality indicators and measures used in the quality rating and improvement system are consistent with evidence and research findings on early learning and care program quality; and

(ii) patterns or differences in observed quality of participating early learning and care programs in comparison to programs at other quality rating and improvement system star rating levels and accounting for other factors;

(2) perform evidence-based assessments of children's developmental gains in ways that are appropriate for children's linguistic and cultural backgrounds and are aligned with the state early childhood indicators of progress;

(3) analyze the extent to which differences in developmental gains among children correspond to the star ratings of the early learning and care programs, providing disaggregated findings by:

(i) children's demographic factors, including geographic area, family income level, and racial and ethnic groups;

(ii) type of provider, including family child care providers, child care centers, Head Start and Early Head Start, and school-based early childhood providers; and

(iii) any other categories identified by the commissioner, in consultation with the commissioners of health and education or entity performing the evaluation;

(4) analyze the accessibility for providers to participate in the quality rating and improvement system, including ease of application and supports for a provider to receive or improve a rating, and provide disaggregated findings by children's demographic factors and type of provider, as each is defined in clause (3);

(5) analyze the availability of providers participating in the quality rating and improvement system to families, and provide disaggregated findings by children's demographic factors and type of provider, as each is defined in clause (3);

(6) analyze the degree to which the quality rating and improvement system does or does not account for racial, cultural, linguistic, and ethnic diversity when measuring quality; and

(7) analyze the impact of financial or administrative requirements of the quality rating and improvement system on family child care providers and child care providers serving racially, ethnically, and culturally diverse communities.

(e) The evaluation must include a comparison of the quality rating and improvement system with at least three other quality metric systems used in other states. The other metric systems chosen must incorporate methods of assessing and monitoring developmental and achievement benchmarks in early care and education settings to assess kindergarten readiness, including for racially, ethnically, and culturally diverse populations.

Subd. 4. **Equity report.** The Department of Human Services shall conduct outreach to a racially, ethnically, and geographically diverse group of early learning and care providers to identify any barriers that prevent them from pursuing a Parent Aware rating. The department shall summarize and submit the results of the outreach, along with a plan for reducing those barriers, to the legislative committees with jurisdiction over early learning and care programs by February 1, 2022.

Sec. 5. Minnesota Statutes 2020, section 124D.151, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** (a) A voluntary prekindergarten program provider must:

(1) provide instruction through play-based learning to foster children's social and emotional development, cognitive development, physical and motor development, and language and literacy skills, including the native language and literacy skills of English learners, to the extent practicable;

(2) measure each child's cognitive and social skills using a formative measure aligned to the state's early learning standards when the child enters and again before the child leaves the program, screening and progress monitoring measures, and other age-appropriate versions from the state-approved menu of kindergarten entry profile measures;

(3) provide comprehensive program content including the implementation of curriculum, assessment, and instructional strategies aligned with the state early learning standards, and kindergarten through grade 3 academic standards;

(4) provide instructional content and activities that are of sufficient length and intensity to address learning needs including offering a program with at least 350 hours of instruction per school year for a prekindergarten student;

(5) provide voluntary prekindergarten instructional staff salaries comparable to the salaries of local kindergarten through grade 12 instructional staff;

(6) coordinate appropriate kindergarten transition with families, community-based prekindergarten programs, and school district kindergarten programs;

(7) involve parents in program planning and transition planning by implementing parent engagement strategies that include culturally and linguistically responsive activities in prekindergarten through third grade that are aligned with early childhood family education under section 124D.13;

(8) coordinate with relevant community-based services, including health and social service agencies, to ensure children have access to comprehensive services;

(9) coordinate with all relevant school district programs and services including early childhood special education, homeless students, and English learners;

(10) ensure staff-to-child ratios of one-to-ten and a maximum group size of 20 children <u>with at least one licensed teacher</u>;

(11) provide high-quality coordinated professional development, training, and coaching for both school district and community-based early learning providers that is informed by a measure of adult-child interactions and enables teachers to be highly knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction; and

(12) implement strategies that support the alignment of professional development, instruction, assessments, and prekindergarten through grade 3 curricula.

(b) A voluntary prekindergarten program must have teachers knowledgeable in early childhood curriculum content, assessment, native and English language programs, and instruction.

(c) Districts and charter schools must include their strategy for implementing and measuring the impact of their voluntary prekindergarten program under section 120B.11 and provide results in their world's best workforce annual summary to the commissioner of education.

Sec. 6. Minnesota Statutes 2020, section 124D.151, subdivision 5, is amended to read:

Subd. 5. **Application process; priority for high poverty schools.** (a) ~~To qualify for program approval for fiscal year 2017, a district or charter school must submit an application to the commissioner by July 1, 2016.~~ To qualify for program approval ~~for fiscal year 2018 and later,~~ a district or charter school must submit an application to the commissioner by January 30 of the fiscal year prior to the fiscal year in which the program will be implemented. The application must include:

(1) a description of the proposed program, including the number of hours per week the program will be offered at each school site or mixed-delivery location;

(2) an estimate of the number of eligible children to be served in the program at each school site or mixed-delivery location; and

(3) a statement of assurances signed by the superintendent or charter school director that the proposed program meets the requirements of subdivision 2.

(b) The commissioner ~~must review all applications submitted for fiscal year 2017 by August 1, 2016, and~~ must review all applications ~~submitted for fiscal year 2018 and later~~ by March 1 of the fiscal year in which the applications are received and determine whether each application meets the requirements of paragraph (a).

(c) The commissioner must divide all applications for new or expanded voluntary prekindergarten programs under this section meeting the requirements of paragraph (a) ~~and school readiness plus programs~~ into four groups as follows: the Minneapolis and St. Paul school districts; other school districts located in the metropolitan equity region as defined in section 126C.10, subdivision 28; school districts located in the rural equity region as defined in section 126C.10, subdivision 28; and charter schools. Within each group, the applications must be ordered by rank using a sliding scale based on the following criteria:

(1) concentration of kindergarten students eligible for free or reduced-price lunches by school site on October 1 of the previous school year. A school site may contract to partner with a community-based provider or Head Start under subdivision 3 or establish an early childhood center and use the concentration of kindergarten students eligible for free or reduced-price meals from a specific school site as long as those eligible children are prioritized and guaranteed services at the mixed-delivery site or early education center. For school district programs to be operated at locations that do not have free and reduced-price lunch concentration data for kindergarten programs for October 1 of the previous school year, including mixed-delivery programs, the school district average concentration of kindergarten students eligible for free or reduced-price lunches must be used for the rank ordering;

(2) presence or absence of a three- or four-star Parent Aware rated program within the school district or close proximity of the district. School sites with the highest concentration of kindergarten students eligible for free or reduced-price lunches that do not have a three- or four-star Parent Aware program within the district or close proximity of the district shall receive the highest priority, and school sites with the lowest concentration of kindergarten students eligible for free or reduced-price lunches that have a three- or four-star Parent Aware rated program within the district or close proximity of the district shall receive the lowest priority; and

(3) whether the district has implemented a mixed delivery system.

(d) The limit on participation for the programs as specified in subdivision 6 must initially be allocated among the four groups based on each group's percentage share of the statewide kindergarten enrollment on October 1 of the previous school year. Within each group, the participation limit for fiscal years 2018 and 2019 must first be allocated to school sites approved for aid in the previous year to ensure that those sites are funded for the same number of participants as approved for the previous year. The remainder of the participation limit for each group

must be allocated among school sites in priority order until that region's share of the participation limit is reached. If the participation limit is not reached for all groups, the remaining amount must be allocated to the highest priority school sites, as designated under this section, not funded in the initial allocation on a statewide basis. For fiscal year 2020 and later, the participation limit must first be allocated to school sites approved for aid in fiscal year 2017, and then to school sites approved for aid in fiscal year 2018 based on the statewide rankings under paragraph (c).

(e) ~~Once~~ A school site or a mixed delivery site under subdivision 3 ~~is~~ offering a voluntary prekindergarten or a school readiness plus program approved for aid under this subdivision~~, it~~ in fiscal year 2021 shall remain eligible for aid if it continues to meet program requirements, regardless of changes in the concentration of students eligible for free or reduced-price lunches.

(f) If the total number of participants approved based on applications submitted under paragraph (a) is less than the participation limit under subdivision 6, the commissioner must notify all school districts and charter schools of the amount that remains available within 30 days of the initial application deadline under paragraph (a), and complete a second round of allocations based on applications received within 60 days of the initial application deadline.

(g) Procedures for approving applications submitted under paragraph (f) shall be the same as specified in paragraphs (a) to (d), except that the allocations shall be made to the highest priority school sites not funded in the initial allocation on a statewide basis.

Sec. 7. Minnesota Statutes 2020, section 124D.151, subdivision 6, is amended to read:

Subd. 6. **Participation limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (e).

(b) In reviewing applications under subdivision 5, the commissioner must limit the total number of participants in the voluntary prekindergarten ~~and school readiness plus programs under Laws 2017, First Special Session chapter 5, article 8, section 9,~~ program to not more than 7,160 participants ~~for fiscal years 2019, 2020, and 2021, and 3,160 participants for fiscal years 2022 and later~~.

Sec. 8. Minnesota Statutes 2020, section 124D.162, is amended to read:

124D.162 KINDERGARTEN READINESS ASSESSMENT.

Subdivision 1. **Implementation.** (a) The commissioner of education ~~may~~ must implement a kindergarten readiness assessment ~~representative~~ of incoming kindergartners~~.~~ to:

(1) identify preparedness of a child for success in school;

(2) inform instructional decision making;

(3) improve understanding of connections between kindergarten readiness and later academic achievement; and

(4) produce data that can assist in evaluation of the effectiveness of early childhood programs.

(b) The commissioner must provide districts and charter schools with a process for measuring the kindergarten readiness of incoming kindergartners on a comparable basis. The commissioner must approve one or more measurement tools for district and charter school use.

Subd. 2. **Assessment development.** The measurement tools used for assessment must be ~~based on the Department of Education Kindergarten Readiness Assessment at kindergarten entrance study~~ research-based, developmentally appropriate, valid and reliable, and aligned to the state early childhood indicators of progress and kindergarten academic standards.

Subd. 3. **Reporting.** Beginning in the 2022-2023 school year, every district and charter school must use the commissioner-provided process. Every district and charter school must annually report kindergarten readiness results under this section to the department in the form and manner determined by the commissioner concurrent with the district's and charter school's world's best workforce report under section 120B.11. The commissioner must publicly report kindergarten readiness results as part of the performance reports required under section 120B.36 and consistent with section 120B.35, subdivision 3, paragraph (a), clause (2).

Subd. 4. **Longitudinal data system.** Beginning with data reported on incoming kindergartners in the 2022-2023 school year, the commissioner must integrate kindergarten readiness data under this section into statewide longitudinal educational data systems.

Sec. 9. Minnesota Statutes 2020, section 124D.165, subdivision 2, is amended to read:

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

(1) have an eligible child; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child's current participation in the free and reduced-price lunch program or Child and Adult Care Food Program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212.

(b) An "eligible child" means a child who has not yet enrolled in kindergarten and is~~:~~ not yet five years of age on September 1 of the current school year.

~~(1) at least three but not yet five years of age on September 1 of the current school year;~~

~~(2) a sibling from birth to age five of a child who has been awarded a scholarship under this section provided the sibling attends the same program as long as funds are available;~~

~~(3) the child of a parent under age 21 who is pursuing a high school degree or a course of study for a high school equivalency test; or~~

~~(4) homeless, in foster care, or in need of child protective services.~~

(c) Notwithstanding the priorities outlined in subdivision 3 of this section, a child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available.

(d) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(e) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

Sec. 10. Minnesota Statutes 2020, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner must ~~give highest priority to~~ prioritize applications from children ~~who~~ as follows:

(1) first priority is children who have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test, are in foster care or otherwise in need of protection or services, or have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a;

(2) ~~are in foster care or otherwise in need of protection or services; or~~ second priority is children who are from birth through age two; and

(3) ~~have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a~~ third priority is children who are age three or four.

The commissioner may prioritize applications on additional factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) The commissioner shall establish a target for the average scholarship amount per child based on the results of the rate survey conducted under section 119B.02.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. ~~For fiscal year 2018 and later, the statewide amount of funding directly designated by the commissioner must not exceed the funding directly designated for fiscal year 2017. Beginning July 1, 2016,~~ A school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ~~ten~~ three months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. If a family is unable to enroll in an eligible program within three months, they may request an extension based on an established set of criteria that would be developed under the commissioner's authority. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program or within 90 days after the child's third birthday if awarded a scholarship under the age of three.

(f) For fiscal year 2017 and later, a school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner.

Sec. 11. **[124D.166] LIMIT ON SCREEN TIME FOR CHILDREN IN PRESCHOOL AND KINDERGARTEN.**

A child in a publicly funded preschool or kindergarten program may not use an individual-use screen, such as a tablet, smartphone, or other digital media, without engagement from a teacher or other students. This section does not apply to a child for whom the school has in effect an individualized family service plan or an individualized education program.

Sec. 12. Minnesota Statutes 2020, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times 1.0 with a minimum average daily membership of 0.28, but not more than 1.0 pupil unit.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.0.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individualized education program to 875, but not more than one.

(d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled in an approved voluntary prekindergarten program under section 124D.151 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units.

(e) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil unit if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school that meets the minimum hours requirement in section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school.

(f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.2 pupil units.

~~(i) For fiscal years 2018 through 2021, A prekindergarten pupil who:~~

~~(1) is not included in paragraph (a), (b), or (d);~~

~~(2) is enrolled in a school readiness plus program under Laws 2017, First Special Session chapter 5, article 8, section 9; and~~

~~(3) has one or more of the risk factors specified by the eligibility requirements for a school readiness plus program,~~

~~is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units. A pupil qualifying under this paragraph must be counted in the same manner as a voluntary prekindergarten student for all general education and other school funding formulas.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 13. Minnesota Statutes 2020, section 126C.05, subdivision 3, is amended to read:

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under section 124D.151, charter schools, and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

~~(e) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten seats discontinued in fiscal year 2022 due to the reduction in the participation limit under section 124D.151, subdivision 6, those discontinued seats must not be used to calculate compensation revenue pupil units for fiscal year 2022.~~

~~(f)~~ (e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 14. **AFFORDABLE, HIGH-QUALITY EARLY CARE AND EDUCATION FOR ALL FAMILIES.**

It is the goal of the state for all families to have access to affordable, high-quality early care and education, for children from birth up to age five, that enriches, nurtures, and supports children and their families. The goal will be achieved by:

(1) creating a system under which no family pays more than seven percent of its income for early care and education;

(2) ensuring that a child's access to high-quality early care and education is not determined by the child's race, income, or zip code; and

(3) increasing compensation, credentials, and professional development opportunities for the early care and education workforce.

Sec. 15. **GREAT START FOR ALL MINNESOTA CHILDREN TASK FORCE.**

Subdivision 1. **Establishment.** The Great Start for All Minnesota Children Task Force is established to develop strategies that will meet the goal of all families in the state having access to affordable, high-quality early care and education, for children from birth up to age five, that enriches, nurtures, and supports children and their families.

Subd. 2. **Membership.** (a) The task force shall consist of the following 21 voting members, appointed by the governor or governor's designee, except as otherwise specified:

(1) two members of the house of representatives, appointed first from the majority party by the speaker of the house and second from the minority party by the minority leader. One of the members must represent a district outside of the seven-county metropolitan area, and one member must represent a district that includes the seven-county metropolitan area. The appointment by the minority leader must ensure that the requirement for geographic diversity in appointments is met;

(2) two members of the senate, appointed first from the majority party by the majority leader and second from the minority party by the minority leader. One of the members must represent a district outside of the seven-county metropolitan area, and one member must represent a district that includes the seven-county metropolitan area. The appointment by the minority leader must ensure that the requirement for geographic diversity in appointments is met;

(3) one individual who is the director of a licensed child care center with at least 50 percent of its enrolled children eligible for or currently receiving public assistance for early care and education;

(4) two individuals who are license holders of family child care programs, one from greater Minnesota and one from the seven-county metropolitan area;

(5) one individual who is both a licensed early childhood teacher and a member of a licensed early childhood educator union;

(6) two parents of children under the age of five who are enrolled in early care and education programs, one parent from greater Minnesota and one parent from the seven-county metropolitan area;

(7) one representative of an organization that organizes licensed child care centers and employees;

(8) one representative from the statewide child care resource and referral network, known as Child Care Aware;

(9) one representative of a trade organization representing the interests of licensed child care centers;

(10) one representative of a federally recognized Tribe;

(11) one representative from the Minnesota Association of County Social Service Administrators;

(12) one nationally recognized expert in early care and education financing;

(13) one representative from an association representing small business interests;

(14) one representative of a statewide advocacy organization that supports and promotes early childhood education and welfare;

(15) one representative from the Minnesota Head Start Association;

(16) one representative from an organization representing community education directors; and

(17) one representative from the Children's Cabinet.

(b) One representative from each of the following state agencies shall serve as a nonvoting member of the task force who participates in meetings and provides data and information to the task force upon request:

(1) the Department of Education;

(2) the Department of Employment and Economic Development;

(3) the Department of Health;

(4) the Department of Human Services;

(5) the Department of Labor and Industry;

(6) the Department of Management and Budget; and

(7) the Department of Revenue.

Subd. 3. **Administration.** (a) The governor must select a chair or cochairs for the task force from among the voting members. The first task force meeting shall be convened by the chair or cochairs and held no later than September 1, 2021. Thereafter, the chair or cochairs shall convene the task force at least monthly and may convene other meetings as necessary. The chair or cochairs shall convene meetings in a manner to allow for access from diverse geographic locations in Minnesota.

(b) Members of the task force shall serve without compensation.

(c) The commissioner of management and budget shall provide staff and administrative services for the task force.

(d) The task force shall expire upon submission of the final report required under subdivision 8.

(e) The duties of the task force in this section shall be transferred to an applicable state agency if specifically authorized under law to carry out such duties.

(f) The task force is subject to Minnesota Statutes, chapter 13D.

Subd. 4. **Plan development.** (a) The task force must develop a plan to achieve the goal outlined in subdivision 1 by 2031. The plan must incorporate strategies that:

(1) create a system under which no family pays more than seven percent of its income for early care and education;

(2) ensure that a child's access to high-quality early care and education is not determined by the child's race, income, or zip code; and

(3) increase compensation to at least a livable wage and increase professional development and credentialing opportunities for the early care and education workforce, which includes but is not limited to early educators working in Head Start, family child care programs, child care centers, school-based programs, and early childhood special education.

(b) Development of the strategies must incorporate or otherwise take into account the factors identified in subdivisions 5 and 6.

Subd. 5. **Affordable, high-quality early care and education.** In developing the plan under subdivision 4, the task force must:

(1) identify the benefit mechanisms, financing mechanisms, and infrastructure under which families will access financial assistance so early care and education is affordable;

(2) describe how the plan will be administered, including the roles for state agencies, local government agencies, and community-based organizations;

(3) describe how the plan will maintain and encourage the further development of Minnesota's mixed-delivery system for early care and education;

(4) consider the recommendations from previous work including the Transforming Minnesota's Early Childhood Workforce project;

(5) consider how provider payment rates will be determined and updated under a seven percent cap; and

(6) consider how the state can develop and implement diverse methods of assessing and monitoring developmental and achievement benchmarks in early care and education settings to assess kindergarten readiness.

Subd. 6. **Workforce compensation.** In developing the plan under subdivision 4, the task force must:

(1) endeavor to preserve and increase racial and ethnic equity and diversity in the early care and education workforce and recognize the value of cultural competency and multilingualism;

(2) include a salary floor that supports recruitment and retention of a qualified workforce in every early care and education setting;

(3) consider the need for and development of a mechanism that ties provider reimbursement rates to employee compensation;

(4) consider how compensation standards for early educators will apply at both child care centers and family child care programs;

(5) increase compensation to incentivize advancements in relevant higher education credentials, training, years of experience, and credential equivalencies, including certified demonstrations of competencies developed through apprenticeships, peer learning models, and community-based training; and

(6) set compensation for the early care and education workforce by reference to compensation for licensed elementary school teachers, and consider differentiating base compensation for:

(i) varying levels of responsibility, including but not limited to center directors, assistant directors, lead teachers, assistant teachers, paraprofessionals, family child care license holders, second adult caregivers, substitutes, and helpers; and

(ii) different geographic areas of the state.

Subd. 7. **Implementation timeline.** The task force must develop an implementation timeline for the plan developed under subdivision 4 that phases in the plan over a period of no more than six years, beginning in July 2025 and finishing no later than July 2031. In developing the implementation timeline, the task force must consider:

(1) how to simultaneously apply the seven percent cap to as many families as possible while minimizing disruptions in the availability and cost of currently available early care and education arrangements;

(2) the capacity for the state to increase the availability of different types of early care and education settings from which a family may choose;

(3) how the inability to afford and access early care and education settings disproportionately affects certain populations; and

(4) how to provide additional targeted investments for early care and education providers serving a high proportion of families currently eligible for or receiving public assistance for early care and education.

Subd. 8. **Required reports.** By July 1, 2022, the task force must submit to the governor and legislative committees with jurisdiction over early childhood programs preliminary findings and draft implementation plans pursuant to the plan required under subdivision 4. By February 1, 2023, the task force must submit to the governor and legislative committees with jurisdiction over early childhood programs final recommendations and implementation plans pursuant to subdivision 4.

Sec. 16. **DIRECTION TO THE CHILDREN'S CABINET; EARLY CHILDHOOD GOVERNANCE REPORT.**

Subdivision 1. **Recommendations.** The Children's Cabinet shall develop recommendations on the governance of programs relating to early childhood development, care, and learning, including how such programs could be consolidated into an existing state agency or a new state Department of Early Childhood. The recommendations shall address the impact of such a consolidation on:

(1) state efforts to ensure that all Minnesota children are kindergarten-ready, with race, income, and zip code no longer predictors of school readiness;

(2) coordination and alignment among programs;

(3) the effort required of families to receive services to which they are entitled;

(4) the effort required of service providers to participate in childhood programs; and

(5) the articulation between early care and education programs and the kindergarten through grade 12 system.

Subd. 2. **Public input.** In developing the recommendations required under subdivision 1, the Children's Cabinet must provide for a community engagement process to seek input from the public and stakeholders.

Subd. 3. **Report.** (a) The Children's Cabinet shall produce a report that includes:

(1) the recommendations required under subdivision 1;

(2) the explanations and reasoning behind such recommendations;

(3) a description of the community engagement process required under subdivision 2; and

(4) a summary of the feedback received from the public and early care and education stakeholders through the community engagement process.

(b) The Children's Cabinet may arrange for consultants to assist with the development of the report.

(c) By February 1, 2022, the Children's Cabinet shall submit the report to the governor and the legislative committees with jurisdiction over early childhood programs.

Sec. 17. **DIRECTION TO THE CHILDREN'S CABINET; EVALUATION OF THE USE OF FEDERAL MONEY.**

(a) The Children's Cabinet, with the assistance of the commissioners of human services, education, and employment and economic development, shall conduct an evaluation of the use of federal money received pursuant to the American Rescue Plan Act of 2021 (Public Law 117-2), the Coronavirus Response and Relief Supplemental Appropriations Act of 2020 (Public Law 116-260), and the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) to address the state's needs in the area of early care and education. The Children's Cabinet may arrange for consultants to assist with the evaluation.

(b) The evaluation shall address at least the following topics with results disaggregated, to the extent practicable, by age, race, ethnicity, and geographic areas of the state:

(1) changes in the number of children who are able to access early care and education programs, including children from the following categories: those from low-income families; those who have disabilities or developmental delays; those who are English language learners; those who are members of American Indian Tribes; and those who are migrant, homeless, in foster care, or are in need of child protective services;

(2) changes in the supply of early care and education, particularly in areas of the state with shortages of early care and education;

(3) changes in the quality of early care and education programs, as measured pursuant to the state's quality rating and improvement system under Minnesota Statutes, section 124D.142; and

(4) changes in the average compensation and credentials of the early care and education workforce.

(c) The Children's Cabinet shall submit interim findings of the evaluation to the governor and the legislative committees with jurisdiction over early childhood programs by February 1 in each of calendar years 2022, 2023, and 2024. The Children's Cabinet shall submit a final report to the governor and the legislative committees with jurisdiction over early childhood programs by February 1, 2025.

Sec. 18. **APPROPRIATIONS; MINNESOTA MANAGEMENT AND BUDGET.**

(a) $500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of management and budget for the Great Start for All Minnesota Children Task Force. This is a onetime appropriation.

(b) $250,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of management budget for the early childhood governance report. This is a onetime appropriation.

Sec. 19. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School readiness.** (a) For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

$33,683,000	. . . . .	2022
$33,683,000	. . . . .	2023

(b) The 2022 appropriation includes $3,368,000 for fiscal year 2021 and $30,315,000 for fiscal year 2022.

(c) The 2023 appropriation includes $3,368,000 for fiscal year 2022 and $30,315,000 for fiscal year 2023.

Subd. 3. **Early learning scholarships.** (a) For the early learning scholarship program under Minnesota Statutes, section 124D.165:

$88,949,000	. . . . .	2022
$88,949,000	. . . . .	2023

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 124D.165, subdivision 6.

(c) The base for each of fiscal years 2024 and 2025 is $89,997,000.

Subd. 4. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

$25,100,000	. . . . .	2022
$25,100,000	. . . . .	2023

Subd. 5. **Early childhood family education aid.** (a) For early childhood family education aid under Minnesota Statutes, section 124D.135:

$34,380,000	. . . . .	2022
$35,349,000	. . . . .	2023

(b) The 2022 appropriation includes $3,341,000 for fiscal year 2021 and $31,039,000 for fiscal year 2022.

(c) The 2023 appropriation includes $3,448,000 for fiscal year 2022 and $31,901,000 for fiscal year 2023.

Subd. 6. **Developmental screening aid.** (a) For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

$3,582,000	. . . . .	2022
$3,476,000	. . . . .	2023

(b) The 2022 appropriation includes $360,000 for fiscal year 2021 and $3,222,000 for fiscal year 2022.

(c) The 2023 appropriation includes $358,000 for fiscal year 2022 and $3,118,000 for fiscal year 2023.

Subd. 7. **ParentChild+ program.** (a) For a grant to the ParentChild+ program:

$1,500,000	. . . . .	2022
$1,500,000	. . . . .	2023

(b) The ParentChild+ program must use the grant to implement its evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years. The program must be implemented at existing ParentChild+ program locations, including Cass County, Hennepin County, and Rice County, and the cities of Rochester and St. Cloud, or at any new rural, suburban, or urban locations.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 8. **Kindergarten readiness assessment.** (a) For the kindergarten readiness assessment under Minnesota Statutes, section 124D.162:

$2,516,000	. . . . .	2022
$2,285,000	. . . . .	2023

(b) The base for fiscal year 2024 is $2,204,000. The base for fiscal year 2025 is $2,004,000.

Subd. 9. **Quality rating and improvement system.** (a) For transfer to the commissioner of human services for the purposes of expanding the quality rating and improvement system under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the quality rating and improvement system:

$1,750,000	. . . . .	2022
$1,750,000	. . . . .	2023

(b) The amounts in paragraph (a) must be in addition to any federal funding under the child care and development block grant authorized under Public Law 101-508 in that year for the system under Minnesota Statutes, section 124D.142.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 10. **Early childhood programs at Tribal contract schools.** For early childhood family education programs at Tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

$68,000	. . . . .	2022
$68,000	. . . . .	2023

Subd. 11. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

$49,000	. . . . .	2022
$49,000	. . . . .	2023

Subd. 12. **Home visiting aid.** (a) For home visiting aid under Minnesota Statutes, section 124D.135:

$462,000	. . . . .	2022
$444,000	. . . . .	2023

(b) The 2022 appropriation includes $47,000 for fiscal year 2021 and $415,000 for fiscal year 2022.

(c) The 2023 appropriation includes $46,000 for fiscal year 2022 and $398,000 for fiscal year 2023.

Subd. 13. **Reach Out and Read Minnesota.** (a) For a grant to support Reach Out and Read Minnesota to expand its statewide program that encourages early childhood development through a network of health care clinics:

$150,000	. . . . .	2022
$150,000	. . . . .	2023

(b) The grant recipient must implement a plan that includes:

(1) integrating children's books and parent education into well-child visits;

(2) creating literacy-rich environments at clinics, including books for visits outside of Reach Out and Read Minnesota parameters or for waiting room use or volunteer readers to model read-aloud techniques for parents where possible;

(3) working with public health clinics, federally qualified health centers, Tribal sites, community health centers, and clinics that belong to health care systems, as well as independent clinics in underserved areas; and

(4) training medical professionals on speaking with parents of infants, toddlers, and preschoolers on the importance of early literacy.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 14. **Early childhood Tribal education and engagement grants.** (a) For grants to the 11 Tribal Nations located in Minnesota to provide programming and services for parents and children who are enrolled or eligible for enrollment in a federally recognized Tribe. Admission may not be limited to those enrolled or eligible for enrollment in a federally recognized Tribe:

$3,300,000	. . . . .	2022
$3,300,000	. . . . .	2023

(b) Grant funds must be used to support programming and services in one or more of three focus areas:

(1) implementing strategies to support comprehensive, authentic family engagement and education;

(2) implementing strategies to increase language and literacy outcomes through language revitalization efforts; or

(3) implementing strategies supporting the recruitment and retention of prospective American Indian teachers and enhancing the practice of current American Indian teachers and adults who work in Tribal communities through deep pedagogical professional development.

(c) Each Tribal Nation may apply to the department for grants of up to $100,000 per focus area for a maximum amount of $285,000. Each Tribal Nation grant recipient must submit an annual proposal to the commissioner that outlines specific strategies for providing early childhood family engagement and education programs and outreach.

(d) The department will provide technical assistance to the grant recipients by designing, in collaboration with the 11 Tribal Nations, guidance that includes potential strategies and examples of comprehensive, coherent approaches.

(e) Each Tribe awarded a grant will submit an annual report to the commissioner on July 1 on the numbers of families and children participating and measurable outcomes on engagement, language revitalization, and supporting American Indian teachers in Tribal communities.

(f) Up to five percent is reserved to the department for program and grant administration.

(g) Any balance in the first year does not cancel but is available in the second year.

Sec. 20. **REPEALER.**

Laws 2017, First Special Session chapter 5, article 8, section 9, is repealed.

ARTICLE 10
COMMUNITY EDUCATION AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2020, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year ~~2011~~ 2022 equals ~~$44,419,000~~ $51,781,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of 1.03, or the greater of:

(i) ~~1.03~~ one plus the percent change in the formula allowance under section 126C.10, subdivision 2, from the previous fiscal year to the current fiscal year; or

(ii) the average growth in state total contact hours over the prior ten program years.

Three percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2022 and later.

Sec. 2. Minnesota Statutes 2020, section 124D.55, is amended to read:

124D.55 COMMISSIONER-SELECTED HIGH SCHOOL EQUIVALENCY TEST FEES.

~~(a) The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of the commissioner-selected high school equivalency tests, but not more than $40 for an eligible individual.~~

~~(b) Notwithstanding paragraph (a), for fiscal years 2020 and 2021 only,~~ The commissioner shall pay 100 percent of the fee charged to an eligible individual for the full battery of the commissioner-selected high school equivalency tests, but not more than the cost of one full battery of tests per year for any individual.

Sec. 3. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balances in the first year do not cancel but are available in the second year.

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$180,000	. . . . .	2022
$155,000	. . . . .	2023

The 2022 appropriation includes $22,000 for 2021 and $158,000 for 2022.

The 2023 appropriation includes $17,000 for 2022 and $138,000 for 2023.

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

$710,000	. . . . .	2022
$710,000	. . . . .	2023

The 2022 appropriation includes $71,000 for 2021 and $639,000 for 2022.

The 2023 appropriation includes $71,000 for 2022 and $639,000 for 2023.

Subd. 4. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

$70,000	. . . . .	2022
$70,000	. . . . .	2023

Subd. 5. **School-age care aid.** For school-age care aid under Minnesota Statutes, section 124D.22:

$1,000	. . . . .	2022
$1,000	. . . . .	2023

The 2022 appropriation includes $0 for 2021 and $1,000 for 2022.

The 2023 appropriation includes $0 for 2022 and $1,000 for 2023.

Subd. 6. **Tier 1 grants.** (a) For education partnership program Tier 1 sustaining grants under Minnesota Statutes, section 124D.99:

$3,580,000	. . . . .	2022
$3,580,000	. . . . .	2023

(b) Of the amounts in paragraph (a), $1,790,000 each year is for the Northside Achievement Zone and $1,790,000 each year is for the St. Paul Promise Neighborhood.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 7. **Tier 2 implementing grants.** (a) For Tier 2 implementing grants under Minnesota Statutes, section 124D.99:

$1,500,000	. . . . .	2022
$1,500,000	. . . . .	2023

(b) Of the amounts in paragraph (a), $250,000 each year is for each of the following programs:

(1) the Northfield Healthy Community Initiative in Northfield;

(2) the Jones Family Foundation for the Every Hand Joined program in Red Wing;

(3) the United Way of Central Minnesota for the Partners for Student Success program;

(4) Austin Aspires;

(5) Rochester Area Foundation as fiscal host for the Cradle 2 Career program; and

(6) Generation Next.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The 2024 base amount for each recipient listed in paragraph (b) is $250,000.

Subd. 8. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

$53,191,000	. . . . .	2022
$54,768,000	. . . . .	2023

The 2022 appropriation includes $5,177,000 for 2021 and $48,014,000 for 2022.

The 2023 appropriation includes $5,334,000 for 2022 and $49,434,000 for 2023.

Subd. 9. **High school equivalency tests.** For payment of the costs of the commissioner-selected high school equivalency tests under Minnesota Statutes, section 124D.55:

$250,000	. . . . .	2022
$250,000	. . . . .	2023

ARTICLE 11
STATE AGENCIES

Section 1. Minnesota Statutes 2020, section 122A.07, subdivision 1, is amended to read:

Subdivision 1. **Appointment of members.** The Professional Educator Licensing and Standards Board consists of ~~11~~ 13 members appointed by the governor, with the advice and consent of the senate. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements are as provided in sections 214.07 to 214.09. ~~No member may be reappointed for more than one additional term~~ A member must not serve more than two consecutive terms.

Sec. 2. Minnesota Statutes 2020, section 122A.07, subdivision 2, is amended to read:

Subd. 2. **Eligibility; board composition.** Each ~~nominee~~ appointee, other than a public nominee, must be selected on the basis of professional experience and knowledge of teacher education, accreditation, and licensure. The board must be composed of:

(1) ~~six~~ seven teachers who are currently teaching in a Minnesota school ~~or who were teaching at the time of the appointment~~, have at least five years of teaching experience, and ~~were~~ are not serving in ~~an administrative function at a school district or school when appointed~~ a position requiring an administrative license, pursuant to section 122A.14. The ~~six~~ seven teachers must include the following:

(i) one teacher in a charter school;

(ii) one teacher from a school located in the seven-county metropolitan area, as defined in section 473.121, subdivision 2;

(iii) one teacher from a school located outside the seven-county metropolitan area;

(iv) one teacher from a related service category licensed by the board;

(v) one special education teacher; and

(vi) ~~one teacher from a teacher preparation program~~ two teachers licensed in licensure areas that represent current or emerging trends in education;

(2) one educator currently teaching in a Minnesota-approved teacher preparation program;

~~(2)~~ (3) one superintendent ~~that alternates~~, alternating each term between a superintendent from a school district in the seven-county metropolitan area, as defined in section 473.121, subdivision 2, and a superintendent from a school district outside the metropolitan area;

~~(3)~~ (4) one school district human resources director;

~~(4)~~ (5) one administrator ~~of a cooperative unit under section 123A.24, subdivision 2,~~ who oversees a special education program and who works closely with a cooperative unit under section 123A.24, subdivision 2;

~~(5)~~ (6) one principal ~~that alternates~~, alternating each term between an elementary and a secondary school principal; and

~~(6)~~ (7) one member of the public that may be a current or former school board member.

Sec. 3. Minnesota Statutes 2020, section 122A.07, subdivision 4a, is amended to read:

Subd. 4a. **Administration.** (a) The executive director of the board shall be the chief administrative officer for the board but shall not be a member of the board. The executive director shall maintain the records of the board, account for all fees received by the board, supervise and direct employees servicing the board, and perform other services as directed by the board.

(b) The Department of Administration must provide administrative support in accordance with section 16B.371. The commissioner of administration must assess the board for services it provides under this section.

~~(c) The Department of Education must provide suitable offices and other space to the board at reasonable cost until January 1, 2020. Thereafter, the board may contract with either the Department of Education or the Department of Administration for the provision of suitable offices and other space, joint conference and hearing facilities, and examination rooms.~~

Sec. 4. Minnesota Statutes 2020, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **Licensing.** (a) The Professional Educator Licensing and Standards Board must license teachers, as defined in section 122A.15, subdivision 1, except for supervisory personnel, as defined in section 122A.15, subdivision 2. The board must not delegate its authority to make all licensing decisions with respect to candidates for teacher licensure. The board must evaluate candidates for compliance with statutory or rule requirements for licensure and develop licensure verification requirements.

(b) The Professional Educator Licensing and Standards Board must approve teacher preparation providers seeking to prepare candidates for teacher licensure in Minnesota.

Sec. 5. Minnesota Statutes 2020, section 122A.09, subdivision 6, is amended to read:

Subd. 6. **Register of persons licensed.** The ~~executive director of the~~ Professional Educator Licensing and Standards Board must keep a record of the proceedings of and a register of all persons licensed pursuant to the provisions of this chapter. The register must show the name, ~~address,~~ licenses and permissions held including renewals, and license number ~~and the renewal of the license~~. ~~The board must on July 1, of each year or as soon thereafter as is practicable, compile a list of such duly licensed teachers. A copy of the register~~ This list must be available ~~during business hours at the office of the board to any interested person~~ on the board's website.

Sec. 6. Minnesota Statutes 2020, section 122A.09, subdivision 9, is amended to read:

Subd. 9. **Professional Educator Licensing and Standards Board must adopt and revise rules.** (a) The Professional Educator Licensing and Standards Board must adopt and revise rules subject to the provisions of chapter 14 to implement sections 120B.363, 122A.05 to 122A.09, ~~122A.092~~ 122A.094, 122A.16, 122A.17, 122A.18, 122A.181, 122A.182, 122A.183, 122A.184, 122A.185, 122A.187, 122A.188, 122A.19, 122A.20, 122A.21, 122A.23, 122A.26, 122A.28, and 122A.29.

(b) The board must adopt and revise rules relating to fields of licensure and grade levels that a licensed teacher may teach, including a process for granting permission to a licensed teacher to teach in a field that is different from the teacher's field of licensure without change to the teacher's license tier level.

~~(c) The board must adopt rules relating to the grade levels that a licensed teacher may teach.~~

~~(d)~~ (c) If a rule adopted by the board is in conflict with a session law or statute, the law or statute prevails. Terms adopted in rule must be clearly defined and must not be construed to conflict with terms adopted in statute or session law.

~~(e)~~ (d) The board must include a description of a proposed rule's probable effect on teacher supply and demand in the board's statement of need and reasonableness under section 14.131.

~~(f)~~ (e) The board must adopt rules only under the specific statutory authority.

Sec. 7. Minnesota Statutes 2020, section 122A.09, subdivision 10, is amended to read:

Subd. 10. **Permissions.** (a) Notwithstanding subdivision 9 and sections 14.055 and 14.056, the Professional Educator Licensing and Standards Board may grant waivers to its rules upon application by a school district or a charter school for purposes of implementing experimental programs in learning or management.

(b) To enable a school district or a charter school to meet the needs of students enrolled in an alternative education program and to enable licensed teachers instructing those students to satisfy content area licensure requirements, the Professional Educator Licensing and Standards Board ~~annually~~ may permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed, consistent with paragraph (a).

(c) A special education license permission issued by the Professional Educator Licensing and Standards Board for a primary employer's low-incidence region is valid in all low-incidence regions.

(d) A candidate that has obtained career and technical education certification may apply for a Tier 1 license under section 122A.181. Consistent with section 136F.361, the Professional Educator Licensing and Standards Board must strongly encourage approved college or university-based teacher preparation programs throughout Minnesota to develop alternative pathways for certifying and licensing high school career and technical education instructors and teachers, allowing such candidates to meet certification and licensure standards that demonstrate their content knowledge, classroom experience, and pedagogical practices and their qualifications based on a combination of occupational testing, professional certification or licensure, and long-standing work experience.

Sec. 8. Minnesota Statutes 2020, section 122A.091, subdivision 1, is amended to read:

Subdivision 1. **Teacher and administrator preparation and performance data; report.** (a) The Professional Educator Licensing and Standards Board and the Board of School Administrators, in cooperation with ~~board-adopted~~ board-approved teacher or administrator preparation programs, annually must collect and report summary data on teacher and administrator preparation and performance outcomes, consistent with this subdivision. The Professional Educator Licensing and Standards Board and the Board of School Administrators annually by ~~June~~ July 1 must update and post the reported summary preparation and performance data on teachers and administrators from the preceding school years on ~~a website hosted jointly by the boards~~ their respective websites.

(b) Publicly reported summary data on teacher preparation ~~programs~~ providers must include:

~~(1) student entrance requirements for each Professional Educator Licensing and Standards Board approved program, including grade point average for enrolling students in the preceding year;~~

~~(2) the average board-adopted skills examination or ACT or SAT scores of students entering the program in the preceding year;~~

~~(3)~~ (1) summary data on ~~faculty~~ all full-time, part-time, and adjunct teacher educator qualifications, including at least the content areas of ~~faculty~~ teacher educator undergraduate and graduate degrees and their years of experience either as ~~kindergarten~~ birth through grade 12 classroom teachers or school administrators;

~~(4) the average time resident and nonresident program graduates in the preceding year needed to complete the program;~~

(2) the current number and percentage of enrolled candidates who entered the program through a transfer pathway disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

~~(5)~~ (3) the current number and percentage of ~~students~~ program completers by program who ~~graduated,~~ received a ~~standard Minnesota teaching license, and~~ Tier 3 or Tier 4 license disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(4) the current number and percentage of program completers who entered the program through a transfer pathway and received a Tier 3 or Tier 4 license disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(5) the current number and percentage of program completers who were hired to teach full time in their licensure field in a Minnesota district or school in the preceding year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(6) ~~the number of content area credits and other credits by undergraduate program that students in the preceding school year needed to complete to graduate;~~ the current number and percentage of program completers who entered the program through a transfer pathway and who were hired to teach full time in their licensure field in a Minnesota district or school in the preceding year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(7) ~~students'~~ pass rates on ~~skills~~ pedagogy and subject matter exams required ~~for graduation~~ in each ~~program and~~ licensure area for program completers in the preceding school year;

(8) survey results measuring ~~student and graduate satisfaction with the program~~ how prepared program completers felt during their first year of teaching in the preceding school year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(9) ~~a standard measure of the satisfaction of~~ survey results from school principals or ~~supervising teachers with the student teachers assigned to a school or supervising teacher~~ supervisors on how prepared they felt their first-year teachers were in the preceding school year; and

(10) ~~information under subdivision 3, paragraphs (a) and (b)~~ the number and percentage of program completers who met or exceed the state threshold score on the board-adopted teacher performance assessment.

Program reporting must be consistent with subdivision 2.

(c) Publicly reported summary data on administrator preparation programs approved by the Board of School Administrators must include:

(1) summary data on faculty qualifications, including at least the content areas of faculty undergraduate and graduate degrees and the years of experience either as kindergarten through grade 12 classroom teachers or school administrators;

(2) the average time program graduates in the preceding year needed to complete the program;

(3) the current number and percentage of students who graduated, received a standard Minnesota administrator license, and were employed as an administrator in a Minnesota school district or school in the preceding year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(4) the number of credits by graduate program that students in the preceding school year needed to complete to graduate;

(5) survey results measuring student, graduate, and employer satisfaction with the program in the preceding school year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual; and

(6) information under subdivision 3, paragraphs (c) and (d).

Program reporting must be consistent with section 122A.14, subdivision 10.

Sec. 9. Minnesota Statutes 2020, section 122A.091, subdivision 2, is amended to read:

Subd. 2. **Teacher preparation program reporting.** (a) By December 31, 2018, and annually thereafter, the Professional Educator Licensing and Standards Board shall report and publish on its website the cumulative summary results of at least three consecutive years of data reported to the board under subdivision 1, paragraph (b). Where the data are sufficient to yield statistically reliable information and the results would not reveal personally identifiable information about an individual teacher, the board shall report the data by teacher preparation program.

(b) The Professional Educator Licensing and Standards Board must report annually to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education, the following information:

(1) the total number of teacher candidates during the most recent school year taking a board-adopted skills examination;

(2) the number who achieve a qualifying score on the examination;

(3) the number who do not achieve a qualifying score on the examination; and

(4) the number of candidates who have not passed a content or pedagogy exam.

The information reported under this paragraph must be disaggregated by categories of race, ethnicity, and, if applicable, eligibility for financial aid. The report must be submitted in accordance with section 3.195.

Sec. 10. Minnesota Statutes 2020, section 122A.21, is amended to read:

122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.

Subdivision 1. **Licensure applications.** Each applicant submitting an application to the Professional Educator Licensing and Standards Board to issue, renew, or extend a teaching license, including applications for licensure via portfolio under subdivision 4, must include a processing fee of ~~$57~~ $85. The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive ~~secretary~~ director of the appropriate board and deposited in the state treasury. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, the commissioner of management and budget must refund a fee in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

Subd. 4. **Licensure via portfolio.** ~~A candidate~~ An applicant must pay to the Professional Educator Licensing and Standards Board a $300 fee for ~~the first~~ a pedagogical portfolio submitted for review and a $200 fee for ~~any portfolio submitted subsequently~~ each content portfolio. The Professional Educator Licensing and Standards Board

executive ~~secretary~~ director must deposit the fee in the education licensure portfolio account in the special revenue fund. The fees are nonrefundable for applicants not qualifying for a license. The Professional Educator Licensing and Standards Board may waive or reduce fees for ~~candidates~~ applicants based on financial need.

Subd. 5. **Online licensing system and fees.** (a) The Professional Educator Licensing and Standards Board executive director may charge applicants using the online licensing system an $8 fee per license. The fees are nonrefundable.

(b) An educator licensing technology account is established in the special revenue fund.

(c) The Professional Educator Licensing and Standards Board executive director must deposit the fees for using the online licensing system into the educator licensing technology account in the special revenue fund. Funds do not cancel and are available until spent.

(d) The Professional Educator Licensing and Standards Board executive director may use funds in the educator licensing technology account for information technology projects, services, and support.

Sec. 11. **[127A.20] EVIDENCE-BASED EDUCATION GRANTS.**

Subdivision 1. **Purpose; applicability.** The purpose of this section is to create a process to describe, measure, and report on the effectiveness of any prekindergarten through grade 12 education program funded in whole or in part through funds appropriated by the legislature to the commissioner of education for grants to organizations. The evidence-based evaluation required by this section applies to all grants awarded by the commissioner of education on or after July 1, 2022.

Subd. 2. **Goals.** Each applicant for a grant awarded by the commissioner of education must include in the grant application a statement of the goals of the education program and grant funds. To the extent practicable, the goals must be aligned to the state of Minnesota's world's best workforce and the federally required Every Student Succeeds Act accountability systems.

Subd. 3. **Strategies; data.** Each applicant must include in the grant application a description of the strategies that will be used to meet the goals specified in the application. The applicant must also include a plan to collect data to measure the effectiveness of the strategies outlined in the grant application.

Subd. 4. **Reporting.** Within 180 days of the end of the grant period, each grant recipient must compile a report that describes the data that was collected and evaluate the effectiveness of the strategies. The evidence-based report may identify or propose alternative strategies based on the results of the data. The report must be submitted to the commissioner of education and to the chairs and ranking minority members of the legislative committees with jurisdiction over prekindergarten through grade 12 education. The report must be filed with the Legislative Reference Library according to section 3.195.

Subd. 5. **Grant defined.** For purposes of this section, "grant" means money appropriated from the state general fund to the commissioner of education for distribution to the grant recipients.

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

Sec. 12. Minnesota Statutes 2020, section 609A.03, subdivision 7a, is amended to read:

Subd. 7a. **Limitations of order effective January 1, 2015, and later.** (a) Upon issuance of an expungement order related to a charge supported by probable cause, the DNA samples and DNA records held by the Bureau of Criminal Apprehension and collected under authority other than section 299C.105 shall not be sealed, returned to the subject of the record, or destroyed.

(b) Notwithstanding the issuance of an expungement order:

(1) except as provided in clause (2), an expunged record may be opened, used, or exchanged between criminal justice agencies without a court order for the purposes of initiating, furthering, or completing a criminal investigation or prosecution or for sentencing purposes or providing probation or other correctional services;

(2) when a criminal justice agency seeks access to a record that was sealed under section 609A.02, subdivision 3, paragraph (a), clause (1), after an acquittal or a court order dismissing for lack of probable cause, for purposes of a criminal investigation, prosecution, or sentencing, the requesting agency must obtain an ex parte court order after stating a good-faith basis to believe that opening the record may lead to relevant information;

(3) an expunged record of a conviction may be opened for purposes of evaluating a prospective employee in a criminal justice agency without a court order;

(4) an expunged record of a conviction may be opened for purposes of a background study under section 245C.08 unless the commissioner had been properly served with notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner of human services;

(5) an expunged record of a conviction may be opened for purposes of a background check required under section 122A.18, subdivision 8, unless the court order for expungement is directed specifically to the Professional Educator Licensing and Standards Board ~~or the licensing division of the Department of Education~~; and

(6) the court may order an expunged record opened upon request by the victim of the underlying offense if the court determines that the record is substantially related to a matter for which the victim is before the court.

(c) An agency or jurisdiction subject to an expungement order shall maintain the record in a manner that provides access to the record by a criminal justice agency under paragraph (b), clause (1) or (2), but notifies the recipient that the record has been sealed. The Bureau of Criminal Apprehension shall notify the commissioner of human services~~,~~ or the Professional Educator Licensing and Standards Board~~, or the licensing division of the Department of Education~~ of the existence of a sealed record and of the right to obtain access under paragraph (b), clause (4) or (5). Upon request, the agency or jurisdiction subject to the expungement order shall provide access to the record to the commissioner of human services~~,~~ or the Professional Educator Licensing and Standards Board~~, or the licensing division of the Department of Education~~ under paragraph (b), clause (4) or (5).

(d) An expunged record that is opened or exchanged under this subdivision remains subject to the expungement order in the hands of the person receiving the record.

(e) A criminal justice agency that receives an expunged record under paragraph (b), clause (1) or (2), must maintain and store the record in a manner that restricts the use of the record to the investigation, prosecution, or sentencing for which it was obtained.

(f) For purposes of this section, a "criminal justice agency" means a court or government agency that performs the administration of criminal justice under statutory authority.

(g) This subdivision applies to expungement orders subject to its limitations and effective on or after January 1, 2015.

Sec. 13. Laws 2019, First Special Session chapter 11, article 10, section 5, subdivision 2, as amended by Laws 2020, chapter 116, article 5, section 4, is amended to read:

Subd. 2. **Department.** (a) For the Department of Education:

$29,196,000	. . . . .	2020
$24,911,000	. . . . .	2021

Of these amounts:

(1) $319,000 each year is for the Board of School Administrators;

(2) $1,000,000 each year is for regional centers of excellence under Minnesota Statutes, section 120B.115;

(3) $250,000 each year is for the School Finance Division to enhance financial data analysis;

(4) $720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act under Laws 2014, chapter 272, article 1, as amended;

(5) $123,000 each year is for a dyslexia specialist;

(6) $4,700,000 in fiscal year 2020 only is for legal fees and costs associated with litigation; and

(7) $400,000 in fiscal year 2020 and $480,000 in fiscal year 2021 and later are for the Department of Education's mainframe update.

(b) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(c) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(d) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(e) To account for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (a), the base for fiscal year 2022 is $24,591,000. The base for fiscal year 2023 is $24,611,000. The base for fiscal year 2024 is $24,629,000.

(f) On the effective date of this act, the commissioner of the Department of Education must cancel to the general fund $2,000,000 from the fiscal year 2020 general fund appropriations for legal fees and costs associated with litigation.

(g) On the effective date of this act, the commissioner of the Department of Education must cancel to the general fund $1,252,000 from the fiscal year 2021 general fund appropriations for agency operations.

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

Sec. 14. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balance in the first year does not cancel but is available in the second year.

Subd. 2. **Department.** (a) For the Department of Education:

$36,684,000	. . . . .	2022
$33,099,000	. . . . .	2023

Of these amounts:

(1) $319,000 each year is for the Board of School Administrators;

(2) $1,000,000 each year is for regional centers of excellence under Minnesota Statutes, section 120B.115;

(3) $250,000 each year is for the School Finance Division to enhance financial data analysis;

(4) $720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act under Laws 2014, chapter 272, article 1, as amended;

(5) $123,000 each year is for a dyslexia specialist;

(6) $480,000 each year is for the Department of Education's mainframe update;

(7) $4,500,000 in fiscal year 2022 only is for legal fees and costs associated with litigation;

(8) $455,000 in fiscal year 2022 and $865,000 in fiscal year 2023 are for data analytics for the state count of American Indian children. The base for this program is $510,000 in fiscal year 2024, $355,000 in fiscal year 2025, and $133,000 in fiscal year 2026 and later;

(9) $3,279,000 in fiscal year 2022 and $3,384,000 in fiscal year 2023 are for modernizing district data submission to support students and educators. The base for this program is $3,252,000 in fiscal year 2024 and beyond;

(10) $340,000 in fiscal year 2022 and $340,000 in fiscal year 2023 are for voluntary prekindergarten programs;

(11) $3,000,000 each year is for translation services of which $2,000,000 each year is for grants to support school districts and charter schools with translation services; and

(12) $144,000 in fiscal year 2022 and $148,000 in fiscal year 2023 are for incorporating ethnic studies into the curriculum standards.

(b) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(c) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and must be spent as indicated.

(d) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanisms specified in that agreement.

(e) Eligible grantees for funds for translation services under clause (11) only include school districts, charter schools, intermediate school districts, and cooperative units as defined in Minnesota Statutes, section 123A.24, subdivision 2.

(f) To account for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (a), the base for fiscal year 2024 is $32,630,000 and the base for fiscal year 2025 is $32,475,000.

Sec. 15. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

(a) The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

$14,056,000	. . . . .	2022
$14,317,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

(c) To account for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (b), the base for fiscal year 2024 is $14,323,000.

Sec. 16. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

(a) The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

$7,406,000	. . . . .	2022
$7,527,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

(c) To account for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (c), the base for fiscal year 2024 is $7,532,000.

Sec. 17. **APPROPRIATIONS; PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD.**

Subdivision 1. **Professional Educator Licensing and Standards Board.** (a) The sums indicated in this section are appropriated from the general fund to the Professional Educator Licensing and Standards Board for the fiscal years designated:

$2,856,000	. . . . .	2022
$2,843,000	. . . . .	2023

(b) Any balance in the first year does not cancel but is available in the second year.

(c) This appropriation includes funds for information technology project services and support subject to Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into an interagency agreement and will be paid to the Office of MN.IT Services by the Professional Educator Licensing and Standards Board under the mechanism specified in that agreement.

Subd. 2. **Licensure by portfolio.** For licensure by portfolio:

$34,000	. . . . .	2022
$34,000	. . . . .	2023

This appropriation is from the education licensure portfolio account in the special revenue fund.

ARTICLE 12
FORECAST ADJUSTMENTS

Section 1. Laws 2019, First Special Session chapter 11, article 1, section 25, subdivision 3, as amended by Laws 2020, chapter 116, article 6, section 2, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

$19,000	. . . . .	2020
$ ~~20,000~~ 11,000	. . . . .	2021

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

Sec. 2. Laws 2019, First Special Session chapter 11, article 1, section 25, subdivision 4, as amended by Laws 2020, chapter 116, article 6, section 3, is amended to read:

Subd. 4. **Abatement aid.** For abatement aid under Minnesota Statutes, section 127A.49:

$1,770,000	. . . . .	2020
$ ~~2,827,000~~ 2,595,000	. . . . .	2021

The 2020 appropriation includes $274,000 for 2019 and $1,496,000 for 2020.

The 2021 appropriation includes $166,000 for 2020 and ~~$2,661,000~~ $2,429,000 for 2021.

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

Sec. 3. Laws 2019, First Special Session chapter 11, article 1, section 25, subdivision 6, as amended by Laws 2020, chapter 116, article 6, section 4, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

$17,925,000	. . . . .	2020
$ ~~18,917,000~~ 18,918,000	. . . . .	2021

The 2020 appropriation includes $1,806,000 for 2019 and $16,119,000 for 2020.

The 2021 appropriation includes $1,790,000 for 2020 and ~~$17,127,000~~ $17,128,000 for 2021.

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

Sec. 4. Laws 2019, First Special Session chapter 11, article 1, section 25, subdivision 7, as amended by Laws 2020, chapter 116, article 6, section 5, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

$19,168,000	. . . . .	2020
$ ~~20,100,000~~ 19,106,000	. . . . .	2021

The 2020 appropriation includes $1,961,000 for 2019 and $17,207,000 for 2020.

The 2021 appropriation includes $1,911,000 for 2020 and ~~$18,189,000~~ $17,195,000 for 2021.

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

Sec. 5. Laws 2019, First Special Session chapter 11, article 1, section 25, subdivision 9, as amended by Laws 2020, chapter 116, article 6, section 6, is amended to read:

Subd. 9. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

$3,857,000	. . . . .	2020
$ ~~3,433,000~~ 3,288,000	. . . . .	2021

The 2020 appropriation includes $422,000 for 2019 and $3,435,000 for 2020.

The 2021 appropriation includes $378,000 for 2020 and ~~$3,055,000~~ $2,910,000 for 2021.

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

Sec. 6. Laws 2019, First Special Session chapter 11, article 2, section 33, subdivision 2, as amended by Laws 2020, chapter 116, article 3, section 2, is amended to read:

Subd. 2. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

$77,247,000	. . . . .	2020
$ ~~81,233,000~~ 87,574,000	. . . . .	2021

The 2020 appropriation includes $7,058,000 for 2019 and $70,189,000 for 2020.

The 2021 appropriation includes $7,763,000 for 2020 and ~~$73,470,000~~ $79,811,000 for 2021.

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

Sec. 7. Laws 2019, First Special Session chapter 11, article 2, section 33, subdivision 3, as amended by Laws 2020, chapter 116, article 6, section 7, is amended to read:

Subd. 3. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

$14,231,000	. . . . .	2020
$ ~~14,962,000~~ 15,670,000	. . . . .	2021

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

Sec. 8. Laws 2019, First Special Session chapter 11, article 2, section 33, subdivision 6, as amended by Laws 2020, chapter 116, article 6, section 10, is amended to read:

Subd. 6. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

$10,113,000	. . . . .	2020
$ ~~10,696,000~~ 10,939,000	. . . . .	2021

The 2020 appropriation includes $960,000 for 2019 and $9,153,000 for 2020.

The 2021 appropriation includes $1,016,000 for 2020 and ~~$9,680,000~~ $9,923,000 for 2021.

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

Sec. 9. Laws 2019, First Special Session chapter 11, article 2, section 33, subdivision 16, as amended by Laws 2020, chapter 116, article 6, section 11, is amended to read:

Subd. 16. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124E.22:

$83,214,000	. . . . .	2020
$ ~~88,454,000~~ 85,916,000	. . . . .	2021

The 2020 appropriation includes $8,021,000 for 2019 and $75,193,000 for 2020.

The 2021 appropriation includes $8,354,000 for 2020 and ~~$80,100,000~~ $77,562,000 for 2021.

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

Sec. 10. Laws 2019, First Special Session chapter 11, article 3, section 23, subdivision 3, as amended by Laws 2020, chapter 116, article 6, section 12, is amended to read:

Subd. 3. **Alternative teacher compensation aid.** (a) For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

$89,166,000	. . . . .	2020
$ ~~88,851,000~~ 88,788,000	. . . . .	2021

(b) The 2020 appropriation includes $8,974,000 for 2019 and $80,192,000 for 2020.

(c) The 2021 appropriation includes $8,887,000 for 2020 and ~~$79,964,000~~ $79,901,000 for 2021.

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

Sec. 11. Laws 2019, First Special Session chapter 11, article 4, section 11, subdivision 2, as amended by Laws 2020, chapter 116, article 6, section 13, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$1,600,889,000	. . . . .	2020
$ ~~1,747,701,000~~ 1,727,596,000	. . . . .	2021

The 2020 appropriation includes $184,363,000 for 2019 and $1,416,526,000 for 2020.

The 2021 appropriation includes $199,406,000 for 2020 and ~~$1,548,295,000~~ $1,528,190,000 for 2021.

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

Sec. 12. Laws 2019, First Special Session chapter 11, article 4, section 11, subdivision 3, as amended by Laws 2020, chapter 116, article 6, section 14, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$1,109,000	. . . . .	2020
$ ~~1,267,000~~ 1,644,000	. . . . .	2021

If the appropriation for either year is insufficient, the appropriation for the other year is available.

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

Sec. 13. Laws 2019, First Special Session chapter 11, article 4, section 11, subdivision 4, as amended by Laws 2020, chapter 116, article 6, section 15, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

$445,000	. . . . .	2020
$ ~~467,000~~ 254,000	. . . . .	2021

The 2020 appropriation includes $40,000 for 2019 and $405,000 for 2020.

The 2021 appropriation includes $44,000 for 2020 and ~~$423,000~~ $210,000 for 2021.

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

Sec. 14. Laws 2019, First Special Session chapter 11, article 4, section 11, subdivision 5, as amended by Laws 2020, chapter 116, article 6, section 16, is amended to read:

Subd. 5. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

$-0-	. . . . .	2020
$ ~~23,000~~ -0-	. . . . .	2021

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

Sec. 15. Laws 2019, First Special Session chapter 11, article 6, section 7, subdivision 2, as amended by Laws 2020, chapter 116, article 6, section 17, and Laws 2020, Fifth Special Session chapter 3, article 5, section 36, is amended to read:

Subd. 2. **Debt service equalization aid.** For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

$20,684,000	. . . . .	2020
$ ~~25,380,000~~ 25,335,000	. . . . .	2021

The 2020 appropriation includes $2,292,000 for 2019 and $18,392,000 for 2020.

The 2021 appropriation includes $2,043,000 for 2020 and ~~$23,337,000~~ $23,292,000 for 2021.

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

Sec. 16. Laws 2019, First Special Session chapter 11, article 6, section 7, subdivision 3, as amended by Laws 2020, chapter 116, article 6, section 18, is amended to read:

Subd. 3. **Long-term facilities maintenance equalized aid.** For long-term facilities maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

$104,690,000	. . . . .	2020
$ ~~107,820,000~~ 106,356,000	. . . . .	2021

The 2020 appropriation includes $10,464,000 for 2019 and $94,226,000 for 2020.

The 2021 appropriation includes $10,412,000 for 2020 and ~~$97,408,000~~ $95,944,000 for 2021.

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

Sec. 17. Laws 2019, First Special Session chapter 11, article 7, section 1, subdivision 2, as amended by Laws 2020, chapter 116, article 6, section 20, is amended to read:

Subd. 2. **School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

$16,245,000	. . . . .	2020
$ ~~16,514,000~~ 4,796,000	. . . . .	2021

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

Sec. 18. Laws 2019, First Special Session chapter 11, article 7, section 1, subdivision 3, as amended by Laws 2020, chapter 116, article 6, section 21, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

$11,428,000	. . . . .	2020
$ ~~11,846,000~~ 3,242,000	. . . . .	2021

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

Sec. 19. Laws 2019, First Special Session chapter 11, article 7, section 1, subdivision 4, as amended by Laws 2020, chapter 116, article 6, section 22, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

$658,000	. . . . .	2020
$ ~~658,000~~ 494,000	. . . . .	2021

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

Sec. 20. Laws 2019, First Special Session chapter 11, article 8, section 13, subdivision 5, as amended by Laws 2020, chapter 116, article 6, section 23, is amended to read:

Subd. 5. **Early childhood family education aid.** (a) For early childhood family education aid under Minnesota Statutes, section 124D.135:

$32,151,000	. . . . .	2020
$ ~~33,540,000~~ 33,204,000	. . . . .	2021

(b) The 2020 appropriation includes $3,098,000 for 2019 and $29,053,000 for 2020.

(c) The 2021 appropriation includes $3,133,000 for 2020 and ~~$30,407,000~~ $30,071,000 for 2021.

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

Sec. 21. Laws 2019, First Special Session chapter 11, article 8, section 13, subdivision 14, as amended by Laws 2020, chapter 116, article 6, section 24, is amended to read:

Subd. 14. **Home visiting aid.** (a) For home visiting aid under Minnesota Statutes, section 124D.135:

$521,000	. . . . .	2020
$ ~~528,000~~ 481,000	. . . . .	2021

(b) The 2020 appropriation includes $54,000 for 2019 and $467,000 for 2020.

(c) The 2021 appropriation includes $51,000 for 2020 and ~~$477,000~~ $430,000 for 2021.

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

Sec. 22. Laws 2019, First Special Session chapter 11, article 9, section 3, subdivision 2, as amended by Laws 2020, chapter 116, article 6, section 25, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$327,000	. . . . .	2020
$ ~~249,000~~ 236,000	. . . . .	2021

The 2020 appropriation includes $40,000 for 2019 and $287,000 for 2020.

The 2021 appropriation includes $31,000 for 2020 and ~~$218,000~~ $205,000 for 2021.

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

Delete the title and insert:

"A bill for an act relating to education finance; providing funding for prekindergarten through grade 12 education; modifying provisions for general education, education excellence, teachers, charter schools, special education, health and safety, facilities, nutrition and libraries, early childhood, community education, and state agencies; making forecast adjustments; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 13.32, subdivision 3; 119A.52; 120A.22, subdivisions 7, 9, 10; 120A.35; 120A.40; 120B.02, subdivision 1; 120B.021, subdivisions 1, 2, 3, 4; 120B.024, subdivision 1; 120B.11, subdivisions 1, 1a, 2, 3; 120B.132; 120B.15; 120B.21; 120B.30, subdivision 1a, by adding subdivisions; 120B.35, subdivisions 3, 4; 121A.031, subdivisions 5, 6; 121A.41, subdivision 10, by adding subdivisions; 121A.425; 121A.45, subdivision 1; 121A.46, subdivision 4, by adding subdivisions; 121A.47, subdivisions 2, 14; 121A.53, subdivision 1; 121A.55; 121A.58; 121A.61; 122A.06, subdivisions 2, 5, 6, 7, 8, by adding a subdivision; 122A.07, subdivisions 1, 2, 4a; 122A.09, subdivisions 4, 6, 9, 10; 122A.091, subdivisions 1, 2; 122A.15, subdivision 1; 122A.16; 122A.18, subdivisions 7a, 8, 10; 122A.181, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 122A.182, subdivisions 1, 2, 3, 4, 7; 122A.183, subdivisions 1, 2, 3, by adding a subdivision; 122A.184, subdivisions 1, 2; 122A.185, subdivisions 1, 4; 122A.187; 122A.19, subdivision 4; 122A.21; 122A.26, subdivision 2; 122A.40, subdivisions 5, 8, 10, by adding a subdivision; 122A.41, subdivisions 2, 5, 14a, by adding a subdivision; 122A.63, subdivisions 6, 9; 122A.635, subdivisions 3, 4; 122A.70; 122A.76; 123B.147, subdivision 3; 123B.595, subdivision 3; 124D.09, subdivisions 3, 7, 8, 13; 124D.095, subdivisions 2, 7; 124D.111; 124D.1158; 124D.128, subdivisions 1, 3; 124D.13, subdivision 2; 124D.142; 124D.151, subdivisions 2, 5, 6; 124D.162; 124D.165, subdivisions 2, 3; 124D.531, subdivision 1; 124D.55; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.74, subdivisions 1, 3; 124D.78, subdivisions 1, 3; 124D.79, subdivision 2; 124D.791, subdivision 4; 124D.81; 124D.861, subdivision 2; 124E.02; 124E.03, subdivision 2, by adding subdivisions; 124E.05, subdivisions 4, 6, 7; 124E.06, subdivisions 1, 4, 5; 124E.11; 124E.12, subdivision 1; 124E.13, subdivision 1; 124E.16, subdivision 1; 124E.21, subdivision 1; 124E.25, subdivision 1a; 125A.08; 125A.094; 125A.0942; 125A.21, subdivisions 1, 2; 125A.76, subdivision 2e; 126C.05, subdivisions 1, 3, 17; 126C.10, subdivisions 2, 2a, 2e, 4, 18a; 126C.15, subdivisions 1, 2, 5; 126C.17, by adding a subdivision; 126C.40, subdivision 1; 126C.44; 127A.47, subdivision 7; 127A.49, subdivision 3; 134.34, subdivision 1; 134.355, subdivisions 5, 6, 7; 144.4165; 179A.03, subdivision 19; 290.0679, subdivision 2; 469.176, subdivision 2; 609A.03, subdivision 7a; Laws 2019, First Special Session chapter 11, article 1, section 25, subdivisions 3, as amended, 4, as amended, 6, as amended, 7, as amended, 9, as amended; article 2, section 33, subdivisions 2, as amended, 3, as amended, 5, as amended, 6, as amended, 16, as amended, 27; article 3, section 23, subdivision 3, as amended; article 4, section 11, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended; article 6, section 7, subdivisions 2, as amended, 3, as amended; article 7, section 1, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 13, subdivisions 5, as amended, 14, as amended; article 9, section 3, subdivision 2, as amended; article 10, section 5, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 124D; 125A; 127A; repealing Minnesota Statutes 2020, sections 120B.35, subdivision 5; 122A.091, subdivisions 3, 6; 122A.092; 122A.18, subdivision 7c; 122A.184, subdivision 3; 122A.23, subdivision 3; 122A.2451; Laws 2017, First Special Session chapter 5, article 8, section 9."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Moran from the Committee on Ways and Means to which was referred:

H. F. No. 1524, A bill for an act relating to agriculture; establishing a budget for the Department of Agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; making policy and technical changes to various agriculture provisions; modifying fees; creating accounts; creating a biofuels program and advisory committee; extending and modifying the Farmer-Lender Mediation Act; appropriating money; amending Minnesota Statutes 2020, sections 15.057; 17.055, subdivision 1, by adding a subdivision; 17.1017, subdivisions 5, 6; 17.116, subdivision 2; 18B.26, subdivision 3; 21.82, subdivision 3; 21.86, subdivision 2; 28A.08, by adding a subdivision; 28A.09, by adding a subdivision; 28A.152, subdivisions 1, 3, 4, 5; 35.02, subdivision 1; 41A.16, subdivisions 2, 5, 6; 41A.17, subdivisions 2, 4, 5; 41A.18, subdivisions 2, 5; 41A.19; 41B.048, subdivisions 2, 4, 6; 583.215; 583.26, subdivisions 4, 5, 8; 583.27, subdivision 3; Laws 2020, chapter 71, article 2, section 19; proposing coding for new law in Minnesota Statutes, chapters 17; 21; 28A; 41A; repealing Minnesota Statutes 2020, section 41B.048, subdivision 8.

Reported the same back with the following amendments:

Page 45, after line 28, insert:

"ARTICLE 3
BROADBAND

Section 1. **BROADBAND DEVELOPMENT APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agency and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**	**$30,350,000**	**$350,000**

(a) $350,000 each year is for the Office of Broadband Development.

(b) $30,000,000 the first year is for transfer to the border-to-border broadband fund account under Minnesota Statutes, section 116J.396. This transfer is onetime."

Amend the title as follows:

Page 1, line 3, delete "and" and after "Institute" insert ", and broadband development"

Page 1, line 6, before "appropriating" insert "transferring money for deposit in the broadband grant program;"

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Stephenson from the Committee on Commerce Finance and Policy to which was referred:

H. F. No. 2366, A bill for an act relating to lawful gambling; clarifying definitions relating to electronic games; amending Minnesota Statutes 2020, sections 349.11; 349.12, subdivisions 12a, 12b, 12c.

Reported the same back with the following amendments:

Page 1, after line 10, insert:

"**EFFECTIVE DATE.** This section is effective September 6, 2022."

Page 2, after line 21, insert:

"**EFFECTIVE DATE.** This section is effective September 6, 2022."

Page 3, after line 28, insert:

"**EFFECTIVE DATE.** This section is effective September 6, 2022."

Page 4, after line 15, insert:

"**EFFECTIVE DATE.** This section is effective September 6, 2022."

With the recommendation that when so amended the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with House Concurrent Resolution No. 4, H. F. No. 2366 was re-referred to the Committee on Rules and Legislative Administration.

Winkler from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 304, A bill for an act relating to public safety; requiring a policy for the use of confidential informants; proposing coding for new law in Minnesota Statutes, chapter 626.

Reported the same back with the recommendation that the bill be placed on the General Register.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1031, 1065 and 1524 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1284, 1315 and 304 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Greenman, Boldon, Reyer and Berg introduced:

H. F. No. 2520, A bill for an act relating to elections; providing principles and procedures related to the redistricting of congressional and legislative districts; amending Minnesota Statutes 2020, sections 2.031, by adding a subdivision; 2.731; proposing coding for new law in Minnesota Statutes, chapter 2.

The bill was read for the first time and referred to the Committee on Redistricting.

Davids introduced:

H. F. No. 2521, A bill for an act relating to natural resources; increasing civil penalties for violations of snowmobile and off-highway vehicle provisions; amending Minnesota Statutes 2020, section 84.775, subdivisions 1, 4.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance and Policy.

Demuth introduced:

H. F. No. 2522, A bill for an act relating to public safety; expanding the right to use deadly force during declared states of emergency; amending Minnesota Statutes 2020, section 609.065; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time and referred to the Committee on Public Safety and Criminal Justice Reform Finance and Policy.

Sundin and Ecklund introduced:

H. F. No. 2523, A bill for an act relating to capital investment; appropriating money for a campground and recreational area in the city of Brookston; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Capital Investment.

Mortensen, Miller, Bahr, Drazkowski and Munson introduced:

H. F. No. 2524, A bill for an act relating to taxation; prohibiting the imposition of certain taxes during a shutdown period; amending Minnesota Statutes 2020, section 290.0131, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 290.

The bill was read for the first time and referred to the Committee on Taxes.

Mortensen and Munson introduced:

H. F. No. 2525, A bill for an act relating to public safety; removing the prohibition on suspending an object between the driver and windshield; amending Minnesota Statutes 2020, section 169.71, subdivision 1.

The bill was read for the first time and referred to the Committee on Public Safety and Criminal Justice Reform Finance and Policy.

Gomez and Hassan introduced:

H. F. No. 2526, A bill for an act relating to capital investment; appropriating money for capital improvements to Mercado Central in the city of Minneapolis.

The bill was read for the first time and referred to the Committee on Workforce and Business Development Finance and Policy.

Poston introduced:

H. F. No. 2527, A bill for an act relating to capital investment; amending a prior appropriation for Eagle Bend High School; amending Laws 2017, First Special Session chapter 8, article 1, section 20, subdivision 8.

The bill was read for the first time and referred to the Committee on Capital Investment.

Agbaje introduced:

H. F. No. 2528, A bill for an act relating to capital investment; appropriating money for a regional apprenticeship training center in the city of Minneapolis.

The bill was read for the first time and referred to the Committee on Workforce and Business Development Finance and Policy.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 958, 972 and 975.

CAL R. LUDEMAN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 958, A bill for an act relating to state government; establishing a budget for the Department of Agriculture, the Board of Animal Health, the Agricultural Utilization Research Institute, and broadband development; making policy and technical changes to various provisions related to agriculture, food, rural development, and broadband development, including provisions related to grants, loans, pesticides, feedlots, bioincentive programs, Cervidae, veterinary services, reports, and mapping; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 3.737, by adding a subdivision; 17.1017, subdivision 6; 18B.33, subdivision 1; 18E.04, subdivision 4; 28A.15, by adding a subdivision; 28A.152, subdivisions 1, 3, 4, 5; 31A.15, subdivision 1; 35.155, subdivisions 5, 11; 41A.16, subdivision 5; 41A.17, subdivision 4; 116.07, subdivision 7; 116J.394; 116J.397; 156.12, subdivision 2; Laws 2020, chapter 101, section 5, subdivisions 2, 7; proposing coding for new law in Minnesota Statutes, chapter 25.

The bill was read for the first time.

Sundin moved that S. F. No. 958 and H. F. No. 1524, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 972, A bill for an act relating to commerce and energy; appropriating money for the Department of Commerce; modifying the evaluation process for mandated health benefit proposals; requiring the commissioner of commerce to apply for continuation of the state innovation waiver; establishing a revolving loan fund for energy conservation improvements in state buildings; establishing the Minnesota efficient technology accelerator; authorizing a power purchase agreement for certain electric cogeneration activities; encouraging natural gas utilities to develop innovative resources; establishing a program to provide financial incentives for the production of wood pellets; extending provision to assess for certain regulatory duties; abolishing prohibition on issuing certificate of need for new nuclear power plant; establishing a program to promote the use of solar energy on school buildings; establishing a process to compensate businesses for loss of business opportunity resulting from sale and closure of a biomass energy plant; authorizing a local exchange carrier to elect competitive market regulation under certain conditions; appropriating money; requiring reports; amending Minnesota Statutes 2020, sections 16B.86; 16B.87; 62J.03, subdivision 4; 62J.26, subdivisions 1, 2, 3, 4, 5; 116C.779, subdivision 1; 116C.7792; 216B.1691, subdivision 2f; 216B.241, by adding a subdivision; 216B.2422, by adding a subdivision; 216B.2424, by adding subdivisions; 216B.243, subdivision 3b; 216B.62, subdivision 3b; 237.025, subdivisions 6, 9; Laws 2017, chapter 13, article 1, section 15, as amended; proposing coding for new law in Minnesota Statutes, chapters 216B; 216C; repealing Minnesota Statutes 2020, sections 115C.13; 216C.417; Laws 2005, chapter 97, article 10, section 3, as amended.

The bill was read for the first time.

Stephenson moved that S. F. No. 972 and H. F. No. 1031, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 975, A bill for an act relating to higher education; providing funding and related policy changes for the Office of Higher Education, Minnesota State Colleges and Universities, the University of Minnesota, and the Mayo Clinic; creating and modifying certain student aid programs; creating a direct admissions pilot program; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 136A.101, subdivision 5a; 136A.121, subdivisions 2, 6, 9; 136A.125, subdivisions 2, 4; 136A.126, subdivisions 1, 4; 136A.1275; 136A.1791; 136A.246,

subdivisions 1, 2, 3, 4, 5, 6, 7, 8, by adding a subdivision; 136A.63, subdivision 2; 136A.645; 136A.653, subdivision 5; 136A.68; 136A.822, subdivision 12; 136A.8225; 136A.823, by adding a subdivision; 136A.827, subdivisions 4, 8; 136F.20, by adding a subdivision; 136F.245, subdivisions 1, 2, by adding a subdivision; 136F.305, subdivisions 2, 3, 4; 136F.38, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 137; repealing Minnesota Statutes 2020, sections 136A.1703; 136A.823, subdivision 2; 136F.245, subdivision 3; Laws 2014, chapter 312, article 1, section 4, subdivision 2; Minnesota Rules, parts 4830.9050; 4830.9060; 4830.9070; 4830.9080; 4830.9090.

The bill was read for the first time.

DECLARATION OF URGENCY

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Winkler moved that the rule therein be suspended and an urgency be declared and that the rules of the House be so far suspended so that S. F. No. 975 be given its second reading and be placed on the General Register.

The question was taken on the Winkler motion and the roll was called. There were 124 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Acomb	Demuth	Hansen, R.	Kresha	Neu Brindley	Sandstede
Agbaje	Dettmer	Hanson, J.	Lee	Noor	Schomacker
Akland	Ecklund	Hassan	Liebling	Novotny	Schultz
Anderson	Edelson	Hausman	Lillie	O'Driscoll	Scott
Backer	Elkins	Heinrich	Lippert	Olson, B.	Stephenson
Bahner	Erickson	Heintzeman	Lislegard	Olson, L.	Sundin
Baker	Feist	Her	Long	O'Neill	Swedzinski
Becker-Finn	Fischer	Hertaus	Lueck	Pelowski	Theis
Bennett	Franke	Hollins	Mariani	Petersburg	Thompson
Berg	Franson	Hornstein	Marquart	Pfarr	Torkelson
Bernardy	Frazier	Howard	Masin	Pierson	Urdahl
Bierman	Frederick	Huot	McDonald	Pinto	Vang
Bliss	Freiberg	Igo	Miller	Poston	Wazlawik
Boldon	Garofalo	Johnson	Moller	Pryor	West
Burkel	Gomez	Jordan	Moran	Quam	Winkler
Carlson	Green	Jurgens	Morrison	Raleigh	Wolgamott
Christensen	Greenman	Keeler	Mueller	Rasmusson	Xiong, J.
Daniels	Grossell	Kiel	Murphy	Reyer	Youakim
Daudt	Gruenhagen	Klevorn	Nash	Richardson	Spk. Hortman
Davids	Haley	Koegel	Nelson, M.	Robbins	
Davnie	Hamilton	Koznick	Nelson, N.	Sandell	

Those who voted in the negative were:

Bahr	Drazkowski	Lucero	Mekeland	Mortensen	Munson

The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. No. 975 was read for the second time.

REPORT FROM THE COMMITTEE ON RULES
AND LEGISLATIVE ADMINISTRATION

Winkler from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Friday, April 16, 2021 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 1684 and 1952.

Winkler moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

CALENDAR FOR THE DAY

H. F. No. 1079 was reported to the House.

Urdahl moved to amend H. F. No. 1079, the second engrossment, as follows:

Page 118, line 35, before the period, insert ", and $25,000 in the first year is for a grant to a federally recognized Tribe, federally recognized Tribal organization, or the member of a federally recognized Tribe for the development of American Indian history curriculum for kindergarten through grade 12 students"

The motion prevailed and the amendment was adopted.

Green moved to amend H. F. No. 1079, the second engrossment, as amended, as follows:

Page 107, line 31, delete "15,606,000" and insert "13,356,000" and delete "17,457,000" and insert "15,207,000"

Page 108, line 27, delete "$5,950,000" and insert "$3,700,000" and delete "$7,000,000" and insert "$4,750,000"

Page 112, line 20, delete "10,650,000" and insert "12,900,000" and delete "10,450,000" and insert "14,200,000"

Page 113, line 23, delete "$4,250,000" and insert "$2,000,000"

Page 114, after line 28, insert:

"(l) **Coalition of Allied Vietnam War Veterans**

$4,500,000 each year is for a grant to the Coalition of Allied Vietnam War Veterans for producing the Minnesota Southeast Asian Vietnam War documentary series."

A roll call was requested and properly seconded.

Pursuant to rule 3.33, paragraph (e), Green moved to amend the Green amendment to H. F. No. 1079, the second engrossment, as amended, as follows:

Page 1, line 7, delete "14,200,000" and insert "12,700,000"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Green amendment, as amended, and the roll was called. There were 62 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Akland	Demuth	Hamilton	Lueck	O'Driscoll	Schomacker
Anderson	Dettmer	Heinrich	McDonald	Olson, B.	Scott
Backer	Drazkowski	Heintzeman	Mekeland	O'Neill	Swedzinski
Bahr	Erickson	Hertaus	Miller	Petersburg	Theis
Baker	Franke	Igo	Mortensen	Pfarr	Torkelson
Bennett	Franson	Johnson	Mueller	Pierson	Urdahl
Bliss	Garofalo	Jurgens	Munson	Poston	West
Burkel	Green	Kiel	Nash	Quam	
Daniels	Grossell	Koznick	Nelson, N.	Raleigh	
Daudt	Gruenhagen	Kresha	Neu Brindley	Rasmusson	
Davids	Haley	Lucero	Novotny	Robbins	

Those who voted in the negative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Thompson
Bahner	Feist	Hollins	Lippert	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Wazlawik
Berg	Frazier	Howard	Long	Pinto	Winkler
Bernardy	Frederick	Huot	Mariani	Pryor	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Gomez	Keeler	Masin	Richardson	Youakim
Carlson	Greenman	Klevorn	Moller	Sandell	Spk. Hortman
Christensen	Hansen, R.	Koegel	Moran	Sandstede	
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

The motion did not prevail and the amendment, as amended, was not adopted.

Green moved to amend H. F. No. 1079, the second engrossment, as amended, as follows:

Page 45, line 12, after the semicolon, insert "monitoring groundwater and surface water for nitrogen on outdoor recreation system lands owned by the state, including the Lost 40 Scientific and Natural Area, Blue Mounds State Park, and Sakatah Lake State Park, and submitting a report with the results to the legislative committees and divisions with jurisdiction over agriculture, environment, and natural resources by February 15, 2024;"

The motion did not prevail and the amendment was not adopted.

The Speaker called Olson, L., to the Chair.

H. F. No. 1079, A bill for an act relating to state government; appropriating money from outdoor heritage, clean water, parks and trails, and arts and cultural heritage funds; modifying and extending prior appropriations; modifying requirements to use money from legacy funds; modifying trail provisions; modifying provisions for joint exercise of powers; requiring reports and studies; amending Minnesota Statutes 2020, sections 85.015, subdivision 10; 85.53, subdivision 2; 97A.056, subdivisions 9, 11; 114D.50, subdivision 4; 129D.17, subdivision 2; 471.59, subdivision 1; Laws 2017, chapter 91, article 2, sections 3; 5; 6; 8; Laws 2019, First Special Session chapter 2, article 2, sections 3; 4; 5; 6; 7; 8; 9; article 4, section 2, subdivision 6; Laws 2020, chapter 104, article 1, section 2, subdivision 5.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 79 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hassan	Lee	Nelson, M.	Thompson
Agbaje	Elkins	Hausman	Liebling	Noor	Urdahl
Bahner	Feist	Her	Lillie	Olson, L.	Vang
Baker	Fischer	Hollins	Lippert	Pelowski	Wazlawik
Becker-Finn	Franke	Hornstein	Lislegard	Pierson	Winkler
Berg	Franson	Howard	Long	Pinto	Wolgamott
Bernardy	Frazier	Huot	Mariani	Pryor	Xiong, J.
Bierman	Frederick	Jordan	Marquart	Reyer	Youakim
Boldon	Freiberg	Jurgens	Masin	Richardson	Spk. Hortman
Carlson	Gomez	Keeler	Moller	Sandell	
Christensen	Greenman	Klevorn	Moran	Sandstede	
Davids	Hamilton	Koegel	Morrison	Schultz	
Davnie	Hansen, R.	Kotyza-Witthuhn	Mueller	Stephenson	
Ecklund	Hanson, J.	Koznick	Murphy	Sundin	

Those who voted in the negative were:

Akland	Burkel	Erickson	Heinrich	Kresha	Mortensen
Anderson	Daniels	Garofalo	Heintzeman	Lucero	Munson
Backer	Daudt	Green	Hertaus	Lueck	Nash
Bahr	Demuth	Grossell	Igo	McDonald	Nelson, N.
Bennett	Dettmer	Gruenhagen	Johnson	Mekeland	Neu Brindley
Bliss	Drazkowski	Haley	Kiel	Miller	Novotny

O'Driscoll	Petersburg	Quam	Robbins	Swedzinski	West
Olson, B.	Pfarr	Raleigh	Schomacker	Theis	
O'Neill	Poston	Rasmusson	Scott	Torkelson	

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

H. F. No. 1077 was reported to the House.

Lucero moved to amend H. F. No. 1077, the second engrossment, as follows:

Page 31, after line 24, insert:

"Sec. 12. Minnesota Statutes 2020, section 504B.178, subdivision 2, is amended to read:

Subd. 2. ~~**Interest**~~ **Security deposit held during tenancy.** Any deposit of money shall not be considered received in a fiduciary capacity within the meaning of section 82.55, subdivision 26, but shall be held by the landlord for the tenant who is party to the agreement ~~and shall bear simple noncompounded interest at the rate of three percent per annum until August 1, 2003, and one percent per annum thereafter, computed from the first day of the next month following the full payment of the deposit to the last day of the month in which the landlord, in good faith, complies with the requirements of subdivision 3 or to the date upon which judgment is entered in any civil action involving the landlord's liability for the deposit, whichever date is earlier. Any interest amount less than $1 shall be excluded from the provisions of this section~~.

Sec. 13. Minnesota Statutes 2020, section 504B.178, subdivision 3, is amended to read:

Subd. 3. **Return of security deposit.** (a) Every landlord shall:

(1) within three weeks after termination of the tenancy; or

(2) within five days of the date when the tenant leaves the building or dwelling due to the legal condemnation of the building or dwelling in which the tenant lives for reasons not due to willful, malicious, or irresponsible conduct of the tenant,

and after receipt of the tenant's mailing address or delivery instructions, return the deposit to the tenant~~, with interest thereon as provided in subdivision 2,~~ or furnish to the tenant a written statement showing the specific reason for the withholding of the deposit or any portion thereof.

(b) It shall be sufficient compliance with the time requirement of this subdivision if the deposit or written statement required by this subdivision is placed in the United States mail as first class mail, postage prepaid, in an envelope with a proper return address, correctly addressed according to the mailing address or delivery instructions furnished by the tenant, within the time required by this subdivision. The landlord may withhold from the deposit only amounts reasonably necessary:

(1) to remedy tenant defaults in the payment of rent or of other funds due to the landlord pursuant to an agreement; or

(2) to restore the premises to their condition at the commencement of the tenancy, ordinary wear and tear excepted.

(c) In any action concerning the deposit, the burden of proving, by a fair preponderance of the evidence, the reason for withholding all or any portion of the deposit shall be on the landlord.

Sec. 14. Minnesota Statutes 2020, section 504B.178, subdivision 4, is amended to read:

Subd. 4. **Damages.** Any landlord who fails to:

(1) provide a written statement within three weeks of termination of the tenancy;

(2) provide a written statement within five days of the date when the tenant leaves the building or dwelling due to the legal condemnation of the building or dwelling in which the tenant lives for reasons not due to willful, malicious, or irresponsible conduct of the tenant; or

(3) transfer or return a deposit as required by subdivision 5,

after receipt of the tenant's mailing address or delivery instructions, as required in subdivision 3, is liable to the tenant for damages in an amount equal to the portion of the deposit withheld by the landlord ~~and interest thereon as provided in subdivision 2,~~ as a penalty, in addition to the portion of the deposit wrongfully withheld by the landlord ~~and interest thereon~~.

Sec. 15. Minnesota Statutes 2020, section 504B.178, subdivision 5, is amended to read:

Subd. 5. **Return of deposit.** Upon termination of the landlord's interest in the premises, whether by sale, assignment, death, appointment of receiver or otherwise, the landlord or the landlord's agent shall, within 60 days of termination of the interest or when the successor in interest is required to return or otherwise account for the deposit to the tenant, whichever occurs first, do one of the following acts, either of which shall relieve the landlord or agent of further liability with respect to such deposit:

(1) transfer the deposit, or any remainder after any lawful deductions made under subdivision 3, ~~with interest thereon as provided in subdivision 2,~~ to the landlord's successor in interest and thereafter notify the tenant of the transfer and of the transferee's name and address; or

(2) return the deposit, or any remainder after any lawful deductions made under subdivision 3, ~~with interest thereon as provided in subdivision 2,~~ to the tenant.

Sec. 16. Minnesota Statutes 2020, section 504B.178, subdivision 7, is amended to read:

Subd. 7. **Bad faith retention.** The bad faith retention by a landlord of a deposit, ~~the interest thereon,~~ or any portion thereof, in violation of this section shall subject the landlord to punitive damages not to exceed $500 for each deposit in addition to the damages provided in subdivision 4. If the landlord has failed to comply with the provisions of subdivision 3 or 5, retention of a deposit shall be presumed to be in bad faith unless the landlord returns the deposit within two weeks after the commencement of any action for the recovery of the deposit.

Sec. 17. Minnesota Statutes 2020, section 504B.178, subdivision 8, is amended to read:

Subd. 8. **Withholding rent.** No tenant may withhold payment of all or any portion of rent for the last payment period of a residential rental agreement, except an oral or written month to month residential rental agreement concerning which neither the tenant nor landlord has served a notice to quit, or for the last month of a contract for deed cancellation period under section 559.21 or a mortgage foreclosure redemption period under chapter 580, 581, or 582, on the grounds that the deposit should serve as payment for the rent. Withholding all or any portion of rent

for the last payment period of the residential rental agreement creates a rebuttable presumption that the tenant withheld the last payment on the grounds that the deposit should serve as payment for the rent. Any tenant who remains in violation of this subdivision after written demand and notice of this subdivision shall be liable to the landlord for the following:

(1) a penalty in an amount equal to the portion of the deposit which the landlord is entitled to withhold under subdivision 3 other than to remedy the tenant's default in the payment of rent; and

(2) ~~interest on the whole deposit as provided in subdivision 2, in addition to~~ the amount of rent withheld by the tenant in violation of this subdivision."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Lucero amendment and the roll was called. There were 62 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Akland	Demuth	Hamilton	Lueck	O'Driscoll	Schomacker
Anderson	Dettmer	Heinrich	McDonald	Olson, B.	Scott
Backer	Drazkowski	Heintzeman	Mekeland	O'Neill	Swedzinski
Bahr	Erickson	Hertaus	Miller	Petersburg	Theis
Baker	Franke	Igo	Mortensen	Pfarr	Torkelson
Bennett	Franson	Johnson	Mueller	Pierson	Urdahl
Bliss	Garofalo	Jurgens	Munson	Poston	West
Burkel	Green	Kiel	Nash	Quam	
Daniels	Grossell	Koznick	Nelson, N.	Raleigh	
Daudt	Gruenhagen	Kresha	Neu Brindley	Rasmusson	
Davids	Haley	Lucero	Novotny	Robbins	

Those who voted in the negative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Thompson
Bahner	Feist	Hollins	Lippert	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Wazlawik
Berg	Frazier	Howard	Long	Pinto	Winkler
Bernardy	Frederick	Huot	Mariani	Pryor	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Gomez	Keeler	Masin	Richardson	Youakim
Carlson	Greenman	Klevorn	Moller	Sandell	Spk. Hortman
Christensen	Hansen, R.	Koegel	Moran	Sandstede	
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

The motion did not prevail and the amendment was not adopted.

Theis offered an amendment to H. F. No. 1077, the second engrossment.

POINT OF ORDER

Howard raised a point of order pursuant to rule 3.21 that the Theis amendment was not in order. Speaker pro tempore Olson, L., ruled the point of order well taken and the Theis amendment out of order.

Neu Brindley appealed the decision of Speaker pro tempore Olson, L.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of Speaker pro tempore Olson, L., stand as the judgment of the House?" and the roll was called. There were 69 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Thompson
Bahner	Feist	Hollins	Lippert	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Wazlawik
Berg	Frazier	Howard	Long	Pinto	Winkler
Bernardy	Frederick	Huot	Mariani	Pryor	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Gomez	Keeler	Masin	Richardson	Youakim
Carlson	Greenman	Klevorn	Moller	Sandell	Spk. Hortman
Christensen	Hansen, R.	Koegel	Moran	Sandstede	
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

Those who voted in the negative were:

Akland	Demuth	Hamilton	Lueck	Olson, B.	Scott
Anderson	Dettmer	Heinrich	McDonald	O'Neill	Swedzinski
Backer	Drazkowski	Heintzeman	Mekeland	Petersburg	Theis
Bahr	Erickson	Hertaus	Miller	Pfarr	Torkelson
Baker	Franke	Igo	Mortensen	Pierson	Urdahl
Bennett	Franson	Johnson	Mueller	Poston	West
Bliss	Garofalo	Jurgens	Munson	Quam	
Burkel	Green	Kiel	Nash	Raleigh	
Daniels	Grossell	Koznick	Nelson, N.	Rasmusson	
Daudt	Gruenhagen	Kresha	Neu Brindley	Robbins	
Davids	Haley	Lucero	O'Driscoll	Schomacker	

So it was the judgment of the House that the decision of Speaker pro tempore Olson, L., should stand.

The Speaker resumed the Chair.

H. F. No. 1077, A bill for an act relating to housing; establishing a budget for the Minnesota Housing Finance Agency; adopting housing finance agency policy provisions; expanding eligibility requirements for certain affordable housing, workforce housing, and disaster recovery programs; increasing the agency debt limit; increasing the individual and family household income limits under the community land trusts program; expanding requirements and uses and loan amount under the rehabilitation loan program; expanding allowable uses of housing infrastructure bonds; refunding certain deposits to bond issuers; creating the lead safe homes grant program; creating the Naturally Occurring Affordable Housing grant program; establishing a task force on shelter resident rights and shelter provider practices; expanding rental lease covenants and remedies available to tenants; expanding accommodation requirements for service and support animals; expanding procedural and reporting requirements for evictions; limiting public access to pending eviction actions; expanding eligibility for certain expungements of eviction case files; permitting manufactured homes affixed to certain property to be deemed an improvement to real property; providing residents an opportunity to purchase manufactured home parks; making technical and conforming changes; appropriating money; amending Minnesota Statutes 2020, sections 12A.09, subdivision 3; 256C.02; 273.11, subdivision 12; 273.125, subdivision 8; 363A.09, subdivision 5; 462A.05, subdivisions 14, 14a, by adding a subdivision; 462A.07, subdivision 2; 462A.204, subdivision 3; 462A.22, subdivision 1; 462A.30, subdivision 9; 462A.37, subdivisions 1, 2; 462A.38, subdivision 1; 462A.39, subdivisions 2, 5; 474A.21; 484.014, subdivisions 2, 3; 504B.001, subdivision 4; 504B.135; 504B.161, subdivision 1; 504B.211, subdivisions 2, 6; 504B.241, subdivision 4; 504B.245; 504B.321; 504B.331; 504B.335; 504B.345, subdivision 1, by adding a subdivision; 504B.361, subdivision 1; 504B.371, subdivisions 4, 5, 7; 504B.375, subdivision 1; 504B.381, subdivisions 1, 5, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 168A; 327C; 462A; 504B; repealing Minnesota Statutes 2020, sections 168A.141; 327C.096; 504B.341.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 69 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Thompson
Bahner	Feist	Hollins	Lippert	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Wazlawik
Berg	Frazier	Howard	Long	Pinto	Winkler
Bernardy	Frederick	Huot	Mariani	Pryor	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Gomez	Keeler	Masin	Richardson	Youakim
Carlson	Greenman	Klevorn	Moller	Sandell	Spk. Hortman
Christensen	Hansen, R.	Koegel	Moran	Sandstede	
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

Those who voted in the negative were:

Akland	Demuth	Hamilton	Lueck	O'Driscoll	Schomacker
Anderson	Dettmer	Heinrich	McDonald	Olson, B.	Scott
Backer	Drazkowski	Heintzeman	Mekeland	O'Neill	Swedzinski
Bahr	Erickson	Hertaus	Miller	Petersburg	Theis
Baker	Franke	Igo	Mortensen	Pfarr	Torkelson
Bennett	Franson	Johnson	Mueller	Pierson	Urdahl
Bliss	Garofalo	Jurgens	Munson	Poston	West
Burkel	Green	Kiel	Nash	Quam	
Daniels	Grossell	Koznick	Nelson, N.	Raleigh	
Daudt	Gruenhagen	Kresha	Neu Brindley	Rasmusson	
Davids	Haley	Lucero	Novotny	Robbins	

The bill was passed and its title agreed to.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1098.

CAL R. LUDEMAN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1098, A bill for an act relating to economic development; labor and industry; appropriating money for jobs and economic growth finance; classifying apprenticeship data on minors; modifying employee notice requirements; requiring a written warning upon the first finding of a violation determined not to be of a serious nature; modifying state building code applicability and fire sprinkler requirements for public places of accommodation; delaying implementation of the Public Employment Relations Board; authorizing the continued operation of businesses during the COVID-19 pandemic with the use of a COVID-19 safety plan; modifying the Minnesota business development public infrastructure grant program; extending certain job creation goals for Minnesota investment fund grants during the COVID-19 pandemic; modifying certain unemployment benefits provisions; amending Minnesota Statutes 2020, sections 12.32; 13.7905, by adding a subdivision; 116J.431, subdivisions 2, 3, by adding a subdivision; 178.012, subdivision 1; 181.032; 181.101; 181.939; 182.666, subdivision 3; 268.035, subdivision 21c; 268.085, subdivisions 2, 4a; 268.133; 268.136, subdivision 1; 326B.07, subdivision 1; 326B.106, subdivision 4; 326B.108, subdivisions 1, 3, by adding a subdivision; 326B.121, subdivision 2; 326B.133, subdivision 8; 326B.89, subdivision 4; Laws 2014, chapter 211, section 13, as amended; Laws 2017, chapter 94, article 1, section 2, subdivision 2, as amended; Laws 2019, First Special Session chapter 7, article 1, sections 2, subdivision 2, as amended; 3, subdivision 4; Laws 2020, chapter 71, article 2, sections 20; 22; 23; proposing coding for new law in Minnesota Statutes, chapters 12; 181A; repealing Minnesota Statutes 2020, sections 181.9414; 268.085, subdivision 4.

The bill was read for the first time.

Noor moved that S. F. No. 1098 and H. F. No. 1342, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

MOTIONS AND RESOLUTIONS

Youakim moved that the name of Bernardy be added as an author on H. F. No. 28. The motion prevailed.

Hollins moved that the name of Her be added as an author on H. F. No. 440. The motion prevailed.

Feist moved that the name of Bahner be added as an author on H. F. No. 478. The motion prevailed.

Igo moved that the name of Raleigh be added as an author on H. F. No. 515. The motion prevailed.

Frazier moved that the name of Bernardy be added as an author on H. F. No. 593. The motion prevailed.

Gomez moved that the names of Keeler, Becker-Finn, Long and Her be added as authors on H. F. No. 640. The motion prevailed.

Lippert moved that the name of Edelson be added as an author on H. F. No. 701. The motion prevailed.

Vang moved that the name of Her be added as an author on H. F. No. 717. The motion prevailed.

Winkler moved that the name of Bahner be added as an author on H. F. No. 792. The motion prevailed.

Thompson moved that the names of Bernardy and Her be added as authors on H. F. No. 1103. The motion prevailed.

Thompson moved that the name of Her be added as an author on H. F. No. 1104. The motion prevailed.

Rasmusson moved that the names of Franson, Ecklund, Igo and Lislegard be added as authors on H. F. No. 1305. The motion prevailed.

Frazier moved that the name of Bernardy be added as an author on H. F. No. 1374. The motion prevailed.

Richardson moved that the name of Bernardy be added as an author on H. F. No. 1589. The motion prevailed.

Keeler moved that the name of Bahner be added as an author on H. F. No. 1615. The motion prevailed.

Hanson, J., moved that the name of Her be added as an author on H. F. No. 1686. The motion prevailed.

Heinrich moved that the name of Koznick be added as an author on H. F. No. 1720. The motion prevailed.

Hollins moved that the names of Bernardy and Her be added as authors on H. F. No. 1762. The motion prevailed.

Gomez moved that the name of Edelson be added as an author on H. F. No. 1919. The motion prevailed.

Keeler moved that the name of Bahner be added as an author on H. F. No. 2124. The motion prevailed.

Agbaje moved that the name of Her be added as an author on H. F. No. 2201. The motion prevailed.

Backer moved that his name be stricken as an author on H. F. No. 2366. The motion prevailed.

Mariani moved that the name of Bernardy be added as an author on H. F. No. 2433. The motion prevailed.

Baker moved that the names of Long and Olson, L., be added as authors on H. F. No. 2448. The motion prevailed.

Albright moved that the names of Dettmer and Lueck be added as authors on H. F. No. 2511. The motion prevailed.

Keeler moved that the names of Nelson, N., and Lillie be added as authors on H. F. No. 2519. The motion prevailed.

ADJOURNMENT

Winkler moved that when the House adjourns today it adjourn until 9:30 a.m., Friday, April 16, 2021. The motion prevailed.

Winkler moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:30 a.m., Friday, April 16, 2021.

PATRICK D. MURPHY, Chief Clerk, House of Representatives