SIXTIETH LEGISLATIVE DAY

St. Paul, Minnesota, Monday, April 20, 2026

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator Murphy imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Pastor David Sorn.

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

The roll was called, and the following Senators were present:

Abeler	Farnsworth	Jasinski	Marty	Rarick
Bahr	Fateh	Johnson	Mathews	Rasmusson
Boldon	Frentz	Johnson Stewart	Maye Quade	Rest
Carlson	Green	Klein	McEwen	Seeberger
Champion	Gruenhagen	Koran	Miller	Utke
Clark	Gustafson	Kreun	Mohamed	Weber
Coleman	Hauschild	Kunesh	Murphy	Wesenberg
Cwodzinski	Hawj	Kupec	Nelson	Westlin
Dahms	Heintzeman	Lang	Oumou Verbeten	Westrom
Dibble	Hemmingsen-Jaeger	Latz	Pappas	Wiklund
Dornink	Hoffman	Lieske	Pha	Xiong
Draheim	Holmstrom	Limmer	Port	
Drazkowski	Housley	Lucero	Pratt	
Duckworth	Howe	Mann	Putnam	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

REPORTS OF COMMITTEES

Senator Murphy moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 4640, 3720, 4073, 4051, and 1119. The motion prevailed.

Senator Kunesh from the Committee on Education Finance, to which was referred

S.F. No. 3551: A bill for an act relating to education finance; modifying a general education aid deduction by correcting an obsolete apportionment reference; amending Minnesota Statutes 2024, section 126C.21, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2024, section 123B.63, subdivision 3, is amended to read:

Subd. 3. **Capital project levy referendum.** (a) A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date authorized by section 205A.05, subdivision 1a. A district must meet the requirements of section 123B.71 for projects funded under this section. If a review and comment is required under section 123B.71, subdivision 8, a referendum for a project not receiving a positive review and comment by the commissioner must be approved by at least 60 percent of the voters at the election.

(b) The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the capital project levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

(c) The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner, state the maximum amount of the capital project levy as a percentage of net tax capacity, state the amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

The ballot must contain a textual portion with the information required in this section and a question stating substantially the following:

"Shall the capital project levy proposed by the board of ..... School District No. ..... be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years, not to exceed ten, approved.

(d) If the district proposes a new capital project to begin at the time the existing capital project expires and at the same maximum tax rate, the general description on the ballot may state that the capital project levy is being renewed and that the tax rate is not being increased from the previous year's rate. An election to renew authority under this paragraph may be called at any time that is otherwise authorized by this subdivision. ~~The ballot notice required under section 275.60 may be modified to read:~~

~~"BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE VOTING TO RENEW AN EXISTING CAPITAL PROJECTS REFERENDUM THAT IS SCHEDULED TO EXPIRE."~~

(e) In the event a conjunctive question proposes to authorize both the capital project levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

(f) The district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to elections held on or after September 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 124D.65, is amended by adding a subdivision to read:

Subd. 12. **Reserve account.** English learner revenue under subdivisions 5 and 5a must be maintained in a reserve account within the general fund.

Sec. 3. Minnesota Statutes 2025 Supplement, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **Compensatory education revenue.** (a) A district's compensatory revenue equals the sum of its compensatory revenue for each building in the district and the amounts designated under Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 8, for fiscal year 2017. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) For fiscal years 2024, 2025, and 2026, the compensatory education revenue for each building in the district equals the formula allowance minus $839 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3.

(c) For fiscal year 2027 and later, the compensatory education revenue for each building in the district equals its compensatory pupils multiplied by the building compensatory allowance.

(d) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(e) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

(f) Notwithstanding paragraph ~~(e)~~ (b), for fiscal year 2026, if the sum of the amounts calculated under paragraph ~~(e)~~ (b) is less than $838,947,000, the commissioner must proportionately increase the revenue to each building until the total statewide revenue calculated for each building equals $838,947,000.

(g) Notwithstanding paragraph (c), for fiscal year 2027 and later, if the sum of the amounts calculated under paragraph (c) is less than $857,152,000, the commissioner must proportionately increase the revenue to each building until the total statewide revenue calculated for each building equals $857,152,000.

(h) Notwithstanding paragraph (c), for fiscal year 2027 only, the compensatory education revenue for each building equals the greater of:

(1) the amount calculated for the building under paragraphs (c) and (g); or

(2) the building minimum amount calculated under paragraph (i).

(i) For purposes of paragraph (h), the building minimum amount equals the product of:

(1) the compensatory education revenue for the building for fiscal year 2026;

(2) the lesser of one or the ratio of the number of pupils enrolled in the building on October 1, 2025, to the number of pupils enrolled in the building on October 1, 2024; and

(3) 0.823.

Sec. 4. Minnesota Statutes 2024, section 126C.10, subdivision 14, is amended to read:

Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers and gender-neutral single-user restrooms, locker room privacy stalls, or other spaces with privacy features, including single-user shower stalls, changing stalls, or other single-user facilities;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the State Fire Code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust Fund Act according to sections 298.292 to 298.297;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related hardware, software, and annual licensing fees, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks as defined in section 123B.41, subdivision 2;

(21) to purchase new and replacement library media resources or technology;

(22) to lease or purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individualized education programs; and

(iii) other classroom information management needs;

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software;

(25) to pay the costs directly associated with closing a school facility, including moving and storage costs;

(26) to pay the costs of supplies and equipment necessary to provide access to menstrual products at no charge to students in restrooms and as otherwise needed in school facilities; ~~and~~

(27) to pay the costs of the opiate antagonists required under section 121A.224~~.~~; and

(28) to pay utility service costs.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2027 and later.

Sec. 5. Minnesota Statutes 2024, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** (a) The ~~basic skills~~ compensatory revenue under section 126C.10, ~~subdivision 4~~ subdivision 3, must be reserved and used 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~~ Compensatory 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.

~~(b) For fiscal years prior to fiscal year 2024, any of the following may be provided to meet these learners' needs:~~

~~(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) early education programs, parent-training programs, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section 142D.10, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;~~

~~(11) extended school day and extended school year programs; and~~

~~(12) 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.~~

~~(c) For fiscal year 2024 and later,~~ (b) A district's ~~basic skills~~ compensatory revenue must be used for:

(1) remedial instruction and necessary materials in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(2) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(3) 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;

(4) programs to reduce truancy; provide counseling services, guidance services, and social work services; and provide coordination for pupils receiving services from other governmental agencies;

(5) bilingual programs, bicultural programs, and programs for English learners;

(6) early education programs, parent-training programs, early childhood special education, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section 142D.10, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;

(7) transition programs operated by school districts for special education students until the age of 22;

(8) 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

(9) professional development for teachers on meeting the needs of English learners, using assessment tools and data to monitor student progress, and reducing the use of exclusionary discipline, and training for tutors and staff in extended day programs to enhance staff's knowledge in content areas.

Sec. 6. Minnesota Statutes 2025 Supplement, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate at least 80 percent of 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) A district or cooperative may allocate no more than 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).

(f) For fiscal years 2026 ~~and~~, 2027, and 2028 only, notwithstanding the percentages specified in paragraphs (a) and (b), a district may allocate up to 40 percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board, consistent with the purposes listed in subdivision 1.

Sec. 7. Minnesota Statutes 2024, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only

one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per adjusted pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per adjusted pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per adjusted pupil unit" as "per pupil." ~~The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:~~

~~"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."~~

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of ....., School District No. .., be approved?"

If approved, an amount equal to the approved revenue per adjusted pupil unit times the adjusted pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must deliver by mail at least 15 days but no more than 45 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

~~The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum extends an existing operating referendum at the same amount per pupil as in the previous year."~~

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke or reduce the revenue amount must state the amount per adjusted pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to elections held on or after September 1, 2026.

Sec. 8. Minnesota Statutes 2024, section 275.60, is amended to read:

275.60 LEVY OR BOND REFERENDUM; BALLOT NOTICE.

(a) Notwithstanding any general or special law or any charter provisions, ~~but subject to section 126C.17, subdivision 9,~~ any question submitted to the voters by any local governmental subdivision at a general or special election ~~after June 8, 1995,~~ authorizing a property tax levy or tax rate increase, including the issuance of debt obligations payable in whole or in part from property taxes, must include on the ballot the following notice in boldface type:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE."

(b) For purposes of this section and section 275.61, "local governmental subdivision" includes counties, home rule and statutory cities, towns, ~~school districts,~~ and all special taxing districts. This statement is in addition to any general or special laws or any charter provisions that govern the contents of a ballot question and, in the case of a question on the issuance of debt obligations, may be supplemented by a description of revenues pledged to payment of the obligations that are intended as the primary source of payment.

~~(c) This section does not apply to a school district bond election if the debt service payments are to be made entirely from transfers of revenue from the capital fund to the debt service fund.~~

EFFECTIVE DATE. This section is effective the day following final enactment and applies to elections held on or after September 1, 2026.

Sec. 9. Laws 2024, chapter 115, article 1, section 22, subdivision 2, is amended to read:

Subd. 2. **Attendance pilot program.** (a) For attendance pilot program aid:

$ 4,687,000 2025

(b) Of the amount in paragraph (a), the department must provide aid to the participating districts in the following amounts:

(1) $1,022,000 for Special School District No. 1, Minneapolis;

(2) $253,000 for Independent School District No. 13, Columbia Heights;

(3) $196,000 for Independent School District No. 38, Red Lake;

(4) $281,000 for Independent School District No. 47, Sauk Rapids-Rice;

(5) $398,000 for Independent School District No. 77, Mankato;

(6) $374,000 for Independent School District No. 152, Moorhead;

(7) $164,000 for Independent School District No. 166, Cook County;

(8) $185,000 for Independent School District No. 177, Windom;

(9) $378,000 for Independent School District No. 191, Burnsville;

(10) $670,000 for Independent School District No. 535, Rochester;

(11) $266,000 for Independent School District No. 659, Northfield; and

(12) $170,000 for Independent School District No. 695, Chisholm.

(c) Up to $330,000 is available for the department to administer the pilot program and to support attendance data analysis and use.

(d) Aid payments to school districts must be paid 100 percent in fiscal year 2025. Districts may use the aid in the 2024-2025, 2025-2026, and 2026-2027 school years. If a school district withdraws from the student attendance pilot program prior to the completion of the pilot project, the commissioner must proportionately reduce the district's aid amount and reduce the school district's other aid amounts by that same amount.

(e) This is a onetime appropriation and is available until June 30, ~~2026~~ 2027.

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

Sec. 10. **SCHOOL DISTRICT FUND TRANSFERS.**

Subdivision 1. **Ivanhoe Public Schools.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 142D.11, subdivision 9, on June 30, 2026, Independent School District No. 403, Ivanhoe, may permanently transfer up to $68,000 from its early childhood family education reserve balance in the community service fund to its undesignated balance in the general fund, provided that the school board approves the transfer.

Subd. 2. **Maple Lake Public Schools.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, on June 30, 2026, Independent School District No. 881, Maple Lake Public Schools, may permanently transfer up to $1,800,000 from its building construction fund to the reserved account for operating capital in the general fund without making a levy reduction, provided that the school board approves the transfer.

Subd. 3. **Moorhead Area Public Schools.** (a) Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2026, Independent School District No. 152, Moorhead Area Public Schools, may permanently transfer up to $80,114 from its restricted fund balance in the community service fund to its undesignated balance in the general fund, provided that the school board approves the transfer.

(b) Notwithstanding Minnesota Statutes, section 123B.595, subdivisions 10, 11, and 12; 123B.79; or 123B.80, on June 30, 2026, Independent School District No. 152, Moorhead Area Public Schools, may permanently transfer up to $150,388 from its long-term facilities maintenance reserve account in the general fund to its undesignated balance in the general fund, provided that the school board approves the transfer.

Subd. 4. **West St. Paul-Mendota Heights-Eagan.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, on June 30, 2026, Independent School District No. 197, West St. Paul-Mendota Heights-Eagan, may permanently transfer up to $4,500,000 from its building construction fund to the reserve account for operating capital in the general fund without making a levy reduction, provided that the school board approves the transfer.

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

Sec. 11. **APPROPRIATION.**

$34,879,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of education for additional general education aid.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2024, section 124D.094, subdivision 2, is amended to read:

Subd. 2. **Digital instruction.** (a) An enrolling district may provide digital instruction, including blended instruction and online instruction, to the district's own enrolled students. Enrolling districts may establish agreements to provide digital instruction, including blended instruction and online instruction, to students enrolled in the cooperating schools.

(b) When online instruction is provided, an online teacher as defined under subdivision 1, paragraph (h), shall perform all duties of teacher of record under Minnesota Rules, part 8710.0310. Unless the commissioner grants a waiver, a teacher providing online instruction shall not instruct more than 40 students in any one online learning course or section.

(c) Students receiving online instruction full time shall be reported as enrolled in an online instructional site under subdivision 1, paragraph (g).

(d) Curriculum used for digital instruction shall be aligned with Minnesota's current academic standards and benchmarks.

(e) Digital instruction shall be accessible to students under sections 504 and 508 of the federal Rehabilitation Act and Title II of the federal Americans with Disabilities Act.

(f) An enrolling district providing digital instruction and a supplemental online course provider shall assist an enrolled student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software so they may participate in digital instruction. Funds provided to a family to support digital instruction or supplemental online courses may only be used for qualifying expenses as determined by the provider. Nonconsumable materials purchased with public education funds remain the property of the provider. Records for any funds provided must be available for review by the public or the department.

(g) An enrolling district providing digital instruction shall establish and document procedures for determining attendance for membership and keep accurate records of daily attendance under section 120A.21.

(h) A joint powers cooperative or an intermediate district may provide online instruction to students from its member districts as authorized under the joint powers cooperative or intermediate district's board policy. The joint powers cooperative or intermediate district must notify the resident member district when a student applies or indicates their intent to enroll in online instruction provided by the joint powers cooperative or intermediate district. Each student shall be reported as enrolled in the joint powers cooperative or intermediate district providing instruction.

Sec. 2. Laws 2025, First Special Session chapter 10, article 2, section 24, subdivision 4, is amended to read:

Subd. 4. **College entrance examination reimbursement.** (a) To reimburse districts for the costs of college entrance examination fees for students who are eligible for free or reduced-price meals who take the ACT or SAT test under Minnesota Statutes, section 120B.30, subdivision 16:

$	1,011,000	.....	2026
$	1,011,000	.....	2027

(b) Up to $800,000 of funds remaining from this appropriation may be used by the commissioner of education for college entrance exam reimbursement system updates and maintenance, provided that districts have been fully reimbursed for college entrance exam fees. The authority provided to the commissioner under this paragraph is onetime.

~~(b)~~ (c) Any balance remaining in fiscal year 2026 is available in fiscal year 2027. Any balance remaining in fiscal year 2027 is available in fiscal year 2028.

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

Sec. 3. **REPEALER.**

(a) Minnesota Statutes 2024, section 120B.30, subdivision 15, is repealed.

(b) Minnesota Statutes 2025 Supplement, section 124F.01, is repealed.

ARTICLE 3

TEACHERS

Section 1. Minnesota Statutes 2024, section 471.6161, is amended by adding a subdivision to read:

Subd. 9. **School districts and charter schools; reports.** (a) For purposes of this subdivision, an entity offering or providing group health insurance includes both health plan companies and third-party administrators of health plans.

(b) By July 15, 2026, and July 1 each year thereafter, the Legislative Budget Office must send an annual survey regarding health insurance costs to all school districts and charter schools in this state.

(c) The annual survey must be completed by the school district or charter school using data from its most recent plan year, be returned to the Legislative Budget Office by September 1 of each year, and provide the following information about school employees who meet the definition of public employee under section 179A.03, subdivision 14:

(1) the total number of salaried employees;

(2) the total number of nonsalaried or hourly employees;

(3) for those participating in the group health insurance offered by the school district or charter school, the total number of people, as of May 1, in each of the following categories:

(i) salaried employees;

(ii) nonsalaried or hourly employees; and

(iii) retirees and any other persons who continue to receive coverage through the school district's or charter school's health plan after separation from employment;

(4) the total number of employees not participating in the health plan;

(5) the total number of insured persons covered by the health plan;

(6) the total dollar amount the school district or charter school paid in health insurance premiums on behalf of all employees, not including employee contributions transmitted to an entity providing group health insurance coverage or payments made on behalf of former employees;

(7) if a school district or charter school funds an individual coverage health reimbursement arrangement, the total amount contributed by the school district or charter school;

(8) the total amount employees paid in health insurance premiums;

(9) an accounting of all forms of compensation, either direct or indirect, including but not limited to fees, commissions, incentives, or rewards of any kind paid to a broker or agent, regardless of whether it was billed as a flat fee, or percentage of premium and whether paid directly by the school district or charter school or through the entity offering group health insurance;

(10) the name of any entity providing group health insurance the school district or charter school has contracted with and the expiration date of the contract;

(11) the date range of the most recent plan year;

(12) for each type of health plan offered to employees of a school district or charter school:

(i) the name of the plan and its actuarial value, using the minimum value calculator information required in bid proposals under section 471.6161, subdivision 8, paragraph (d), clause (2), and described in the Code of Federal Regulations, title 45, section 156.145. The plan data must also delineate amounts for single, family, and two-party plans, if offered;

(ii) the monthly contribution by the school district or charter school for each employee group per plan, including contributions to individual coverage health reimbursement arrangements;

(iii) the amount per month an employee must pay in health insurance premiums for the plan; and

(iv) the plan design for each type of plan including:

(A) in-network deductibles;

(B) in-network out-of-pocket limits;

(C) out-of-network limits;

(D) co-payment;

(E) the employee's share of coinsurance; and

(F) the prescription annual out of pocket maximum, if separate from subitem (B);

(13) the dollar or percentage cost for all prescription levels, commonly generic or tier 1, formulary or tier 2, and nonformulary or tier 3;

(14) the total amount of annual contributions, per employee, paid by the school district or charter school to an individual coverage health reimbursement arrangement or health savings account, excluding amounts contributed solely to a health care retirement account;

(15) the total amount assessed by the entity providing group health insurance as an administrative fee and the rate of the fee assessed;

(16) if a school district is self-insured, the total amount that is in a district set aside health insurance reserve account; and

(17) any additional items as determined by the Legislative Budget Office.

(d) The Legislative Budget Office must compile information from the surveys described above and provide a report by December 1 of each year to the chairs and ranking minority members of the legislative committees with jurisdiction over education and health insurance. The Legislative Budget Office must post the report, including the executive summary and all underlying data received from school districts and charter schools, on its public website. Data posted on the Legislative Budget Office's website must be in a standardized format.

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

Sec. 2. Laws 2024, chapter 115, article 10, section 5, subdivision 2, is amended to read:

Subd. 2. **Information technology costs.** (a) For information technology costs of the Professional Educator Licensing and Standards Board:

$ 2,767,000 2025

(b) This is a onetime appropriation and is available until June 30, ~~2027~~ 2029.

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

Sec. 3. Laws 2025, First Special Session chapter 10, article 3, section 15, subdivision 6, is amended to read:

Subd. 6. **Educator tuition assistance program.** (a) For the educator tuition assistance program under Minnesota Statutes, section 122A.635:

$ 4,440,000 2026
$ 4,440,000 2027

(b) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, up to $100,000 of the appropriation in each year is available for grant administration.

(c) Any balance remaining in fiscal year 2026 is available in fiscal year 2027.

(d) These appropriations are available until June 30, 2031.

(e) Grant awards must be made by fiscal year 2027.

Sec. 4. **FUNDING TRANSFER FROM GROW YOUR OWN TO SPECIAL EDUCATION PATHWAY GRANT.**

In fiscal year 2027 only, up to $20,000,000 may be transferred from the Grow Your Own new teacher program account under Minnesota Statutes, section 122A.73, in the special revenue fund to the special education teacher pathway program account under Minnesota Statutes, section 122A.77, in the special revenue fund.

Sec. 5. **ONETIME FUND TRANSFER; PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD.**

(a) Notwithstanding any law to the contrary, on June 30, 2026, the Professional Educator Licensing and Standards Board may permanently transfer any unexpended amount remaining in the background studies account in the special revenue fund, estimated to be $150,000, to the board's operating appropriation in the general fund. This is a onetime transfer.

(b) The amount transferred under paragraph (a) is appropriated in fiscal year 2026 to the Professional Educator Licensing and Standards Board for the board's online educator licensing system.

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

Sec. 6. **APPROPRIATION; LEGISLATIVE COORDINATING COMMISSION.**

$18,000 in fiscal year 2026 and $74,000 in fiscal year 2027 are appropriated from the general fund to the Legislative Coordinating Commission for the Legislative Budget Office to complete the annual report required by Minnesota Statutes, section 471.6161, subdivision 9. The base for this appropriation is $36,000 in fiscal year 2028 and later.

Sec. 7. **APPROPRIATION; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Paraprofessional supports specialist.** For a paraprofessional supports specialist at the Department of Education to provide resources, technical assistance, and training for paraprofessionals, school districts, and charter schools and to monitor implementation of paraprofessional requirements:

$ 186,000 2027

ARTICLE 4

SCHOOL FACILITIES AND STUDENT SAFETY

Section 1. **[121A.036] ANONYMOUS THREAT REPORTING SYSTEM.**

Subdivision 1. **Definition; evidence-based.** For purposes of this section, "evidence-based" means a program or practice that:

(1) demonstrates a statistically significant effect on relevant outcomes based on:

(i) strong evidence from at least one well-designed and well-implemented experimental study;

(ii) moderate evidence from at least one well-designed and well-implemented quasi-experimental study; or

(iii) promising evidence from at least one well-designed and well-implemented correlational study with statistical controls for selection bias; or

(2) demonstrates a rationale based on high-quality research findings or positive evaluation that the program or practice is likely to improve relevant outcomes, and includes ongoing efforts to examine the effects of the program or practice.

Subd. 2. **Local anonymous threat reporting system.** (a) A school district or charter school is encouraged to implement a local anonymous threat reporting system. A local anonymous threat reporting system must:

(1) support anonymous reporting 24 hours a day using a mobile application and a multilingual crisis center at a minimum;

(2) include crisis centers staffed by persons with evidence-based counseling and crisis intervention training;

(3) promptly forward reported information to the appropriate school-based team;

(4) support a coordinated response by schools, 911 telecommunicators, and sworn law enforcement to an identified crisis when response by schools and sworn law enforcement is to be reasonably expected to ensure public safety and welfare;

(5) require and certify the training of a school-based team in each school to receive notice of any report submitted through the anonymous threat reporting system concerning the school, school personnel, or an enrolled student;

(6) promote public awareness and education about the anonymous threat reporting system and reporting methods before launching the system;

(7) implement an evidence-based student violence prevention training that teaches students how to identify observable warning signs and signals of an individual who may be at risk of self-harm, the importance of taking threats seriously and seeking help, and how to use the anonymous threat reporting system to report a person who is at risk of self-harm; and

(8) comply with data practices under chapter 13 and the Family Educational Rights and Privacy Act of 1974, United States Code, title 20, section 1232g.

(b) A school that implements its own system may enter into a contract to develop and implement an anonymous threat reporting system that meets the requirements of this subdivision.

(c) In addition to the system requirements under paragraph (a), a third party providing a local anonymous threat reporting system to a school must establish:

(1) a website to educate students on the availability of the anonymous threat reporting system and provide guidance on how and when to use the system; and

(2) a toll-free hotline that can be used to provide anonymous tips regarding dangerous, violent, threatening, harmful, or potentially harmful activity that occurs or is threatened on school property or relates to an enrolled student or school personnel.

(d) A district or charter school that establishes a local anonymous threat reporting system must form a school-based team at each school site comprised of at least three school employees.

(e) A nonpublic school may implement a local anonymous threat reporting system but is not subject to the requirements of this subdivision.

(f) A district or charter school must report the following information to the Department of Education, in the form and manner determined by the commissioner:

(1) whether the district or charter school has implemented a local anonymous threat reporting system, and if so:

(i) the third party that provided the system;

(ii) contact information for each school-based team; and

(iii) the number of reports received through the local anonymous threat reporting system, how the reports were received, and the number of false reports received; and

(2) whether the district or charter school has notified students, families, employees, and community members with information about the statewide anonymous threat reporting system under subdivision 3.

(g) A school district or charter school that issues an identification card to students must provide the contact information for the anonymous threat reporting system on the student identification cards.

Subd. 3. **Statewide anonymous threat reporting system; school requirements.** (a) A district or charter school that does not implement its own local anonymous threat reporting system under subdivision 2 is encouraged to provide to students, families, employees, and community members information about the Department of Public Safety's statewide anonymous threat reporting system and how to use the system by:

(1) posting on the district's or charter school's website information about the Department of Public Safety's statewide anonymous threat reporting system;

(2) including information in the student handbook about the Department of Public Safety's statewide anonymous threat reporting system; and

(3) notifying parents annually of the availability of the Department of Public Safety's statewide anonymous threat reporting system.

(b) A school district or charter school that does not implement its own local anonymous threat reporting system and issues an identification card to its students must provide the contact information for the statewide anonymous threat reporting system on the student identification cards.

Subd. 4. **Department of Education.** (a) By September 1, 2027, the Department of Education must, in collaboration with the Department of Public Safety, provide a list of third parties that provide anonymous threat reporting systems that meet the requirements under this section to all schools where a Minnesota resident may fulfill the compulsory instruction requirements under section 120A.22. The list must include third parties that offer free or low-cost anonymous threat reporting systems.

(b) By January 15, 2029, and each year thereafter, the commissioner of education must submit a report to the chairs and the ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education and public safety that includes the following information:

(1) the total number of schools using a local anonymous threat reporting system or the Department of Public Safety's anonymous threat reporting system;

(2) the total number of reports received through a local anonymous threat reporting system for the preceding school year; and

(3) for all reports received through a local anonymous threat reporting system since July 1, 2026, the following information disaggregated by school site:

(i) the type of reports received;

(ii) the method by which the report was received; and

(iii) the number of false reports received.

Subd. 5. **Funding sources.** (a) A district or charter school may accept funding for an anonymous threat reporting system from public and private sources, including state or federal funding, that is available to increase school safety. Acceptance of funding from a public or private source does not abrogate or modify the anonymous threat reporting system requirements established under this section.

(b) The Department of Education must use existing resources to meet the requirements under this section.

Sec. 2. Minnesota Statutes 2024, section 122A.20, subdivision 1, is amended to read:

Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

(1) immoral character or conduct;

(2) failure, without justifiable cause, to teach for the term of the teacher's contract;

(3) gross inefficiency or willful neglect of duty;

(4) failure to meet licensure requirements; or

(5) fraud or misrepresentation in obtaining a license.

The written complaint must specify the nature and character of the charges.

(b) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, shall refuse to issue, refuse to renew, or automatically revoke a teacher's license to teach without the right to a hearing upon receiving a certified copy of a conviction showing that the teacher has been convicted of child abuse, as defined in section 609.185, sex trafficking in the first degree under section 609.322, subdivision 1, sex trafficking in the second degree under section 609.322, subdivision 1a, engaging in hiring, or agreeing to hire a minor to engage in prostitution under section 609.324, subdivision 1, sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3, solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children, or grooming under section 609.352, interference with privacy under section 609.746 or harassment or stalking under section 609.749 and the victim was a minor, using minors in a sexual performance under section 617.246, possessing pornographic works involving a minor under section 617.247, or any other offense not listed in this paragraph that requires the person to register as a predatory offender under section 243.166, or a crime under a similar law of another state or the United States. The board shall send notice of this licensing action to the district in which the teacher is currently employed.

(c) A person whose license to teach has been revoked, not issued, or not renewed under paragraph (b), may petition the board to reconsider the licensing action if the person's conviction for child abuse or sexual abuse is reversed by a final decision of the court of appeals or the supreme court or if the person has received a pardon for the offense. The petitioner shall attach a certified copy of the appellate court's final decision or the pardon to the petition. Upon receiving the petition and its attachment, the board shall schedule and hold a disciplinary hearing on the matter under section 214.10, subdivision 2, unless the petitioner waives the right to a hearing. If the board finds that, notwithstanding the reversal of the petitioner's criminal conviction or the issuance of a pardon, the petitioner is disqualified from teaching under paragraph (a), clause (1), the board shall affirm its previous licensing action. If the board finds that the petitioner is not disqualified from teaching under paragraph (a), clause (1), it shall reverse its previous licensing action.

(d) For purposes of this subdivision, the Professional Educator Licensing and Standards Board is delegated the authority to suspend or revoke coaching licenses.

Sec. 3. Minnesota Statutes 2024, section 122A.20, subdivision 2, is amended to read:

Subd. 2. **Mandatory reporting.** (a) A school board, superintendent, charter school board, charter school executive director, or charter school authorizer must report to the Professional Educator Licensing and Standards Board, the Board of School Administrators, or the Board of Trustees of the Minnesota State Colleges and Universities, whichever has jurisdiction over the teacher's or administrator's license, when its teacher or administrator is discharged or resigns from employment

after a charge is filed with the school board under section 122A.41, subdivisions 6, paragraph (a), clauses (1), (2), and (3), and 7, or after charges are filed that are grounds for discharge under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5), or when a teacher or administrator is suspended or resigns while an investigation is pending under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5), or chapter 260E; or 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7; or when a teacher or administrator is suspended without an investigation under section 122A.41, subdivisions 6, paragraph (a), clauses (1), (2), and (3), and 7, or chapter 260E. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made must investigate the report for violation of subdivision 1 and the reporting board, administrator, or authorizer must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the license, a board, charter school, authorizer, charter school executive director, or school superintendent shall provide the licensing board with information about the teacher or administrator from the district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a board or school superintendent may, at the discretion of the board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the district. Any data transmitted to any board under this section is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

(b) The licensing board to which a report is made must transmit to the Attorney General's Office any record or data it receives under this subdivision for the sole purpose of having the Attorney General's Office assist that board in its investigation. When the Attorney General's Office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's or administrator's license within 45 days of receiving a stipulation executed by the teacher or administrator under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

(c) The Professional Educator Licensing and Standards Board and Board of School Administrators must report to the appropriate law enforcement authorities a revocation, suspension, or agreement involving a loss of license, relating to a teacher or administrator's inappropriate sexual conduct with a minor. For purposes of this section, "law enforcement authority" means a police department, county sheriff, or Tribal police department. A report by the Professional Educator Licensing and Standards Board to appropriate law enforcement authorities does not diminish, modify, or otherwise affect the responsibilities of a school board or any person mandated to report abuse under chapter 260E.

(d) A police department or county sheriff must notify the appropriate licensing board when a teacher is criminally charged with an offense listed in subdivision 1, paragraph (b), or is charged with any other offense not listed in this section that requires the person to register as a predatory offender under section 243.166.

Sec. 4. Minnesota Statutes 2025 Supplement, section 260E.065, is amended by adding a subdivision to read:

Subd. 4. **Commissioner of children, youth, and families; education-related mandated reporter training module on grooming.** (a) By August 1, 2027, the commissioner of children, youth, and families must update the existing mandated reporter training that is specifically applicable to professionals or professionals' delegates engaged in education, to include but not be limited to:

(1) the requirement to report allegations of maltreatment involving students ages 18 through 21, including students receiving special education services, up to and including graduation and the issuance of a secondary or high school diploma; and

(2) addressing grooming and threatened sexual abuse, including the duty to report grooming as maltreatment under section 260E.06, and how to identify the signs of grooming.

(b) The commissioner must consult with the Department of Education while updating the training.

Sec. 5. Minnesota Statutes 2024, section 260E.15, is amended to read:

260E.15 SCREENING GUIDELINES.

(a) Child protection staff, supervisors, and others involved in child protection screening shall follow the guidance provided in the maltreatment screening guidelines issued by the commissioner and, when notified by the commissioner, shall immediately implement updated procedures and protocols.

(b) Any modification to the screening guidelines must be preapproved by the commissioner and must not be less protective of children than is mandated by statute. The county agency must consult with the county attorney before proposing modifications to the commissioner. The guidelines may provide additional protection for children but must not limit reports that are screened in or provide additional limits on consideration of reports that were screened out in making a screening determination.

(c) The screening guidelines issued by the commissioner must not limit an agency's ability to screen in and investigate a report of alleged maltreatment that occurred more than three years prior to the date of the report.

Sec. 6. Minnesota Statutes 2025 Supplement, section 260E.20, subdivision 1, is amended to read:

Subdivision 1. **General duties.** (a) The local welfare agency shall offer services to prevent future maltreatment, safeguarding and enhancing the welfare of the maltreated child, and supporting and preserving family life whenever possible.

(b) If the report alleges a violation of a criminal statute involving maltreatment or child endangerment under section 609.378, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of the agency's investigation or assessment.

(c) In cases of alleged child maltreatment resulting in death, the local agency may rely on the fact-finding efforts of a law enforcement investigation to make a determination of whether or not maltreatment occurred.

(d) When necessary, the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living.

(e) In performing any of these duties, the local welfare agency shall maintain an appropriate record.

(f) In conducting a family assessment, noncaregiver human trafficking assessment, or investigation, the local welfare agency shall gather information on the existence of substance abuse and domestic violence.

(g) If the family assessment, noncaregiver human trafficking assessment, or investigation indicates there is a potential for abuse of alcohol or other drugs by the parent, guardian, or person responsible for the child's care, the local welfare agency must coordinate a comprehensive assessment pursuant to section 245G.05.

(h) The agency may use either a family assessment or investigation to determine whether the child is safe when responding to a report resulting from birth match data under section 260E.03, subdivision 23, paragraph (c). If the child subject of birth match data is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.503, subdivision 2.

(i) When conducting any family assessment, noncaregiver human trafficking assessment, or investigation, the agency shall ask the child, if age appropriate; parents; extended family; and reporter about the child's heritage, including the child's Tribal lineage pursuant to section 260.761 and the child's race, culture, and ethnicity pursuant to section 260.63, subdivision 10.

(j) Nothing in this chapter shall prevent a local welfare agency or local law enforcement agency from investigating alleged maltreatment that occurred more than three years prior to the date of the maltreatment report.

Sec. 7. Minnesota Statutes 2024, section 260E.28, subdivision 1, is amended to read:

Subdivision 1. **Immediate investigation for alleged maltreatment in a facility.** (a) The commissioner of human services; children, youth, and families; health; or education, whichever is responsible for investigating the report, shall immediately investigate if the report alleges that:

(1) a child who is in the care of a facility as defined in section 260E.03 is the victim of maltreatment in a facility by an individual in that facility or has been the victim of maltreatment in a facility by an individual in that facility within the three years preceding the report; or

(2) a child is the victim of maltreatment in a facility by an individual in a facility defined in section 260E.03, subdivision 6, while in the care of that facility within the three years preceding the report.

(b) The commissioner of the agency responsible for investigating the report shall arrange for the transmittal to the commissioner of reports received by local agencies and may delegate to a local welfare agency the duty to investigate reports. The commissioner of the agency responsible for investigating the report or local welfare agency may interview any children who are or have been in the care of a facility under investigation and the children's parents, guardians, or legal custodians.

(c) In conducting an investigation under this section, the commissioner has the powers and duties specified for a local welfare agency under this chapter.

(d) Nothing in this chapter shall prevent the agency responsible for screening and investigating allegations of maltreatment from investigating alleged maltreatment that occurred more than three years prior to the date of the maltreatment report.

Sec. 8. Minnesota Statutes 2024, section 609.352, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section:

(a) "child" means a person 15 years of age or younger;

(b) "pattern" means two or more instances of conduct;

~~(b)~~ (c) "sexual conduct" means sexual contact of the individual's primary genital area, sexual penetration as defined in section 609.341, or sexual performance as defined in section 617.246; and

~~(c)~~ (d) "solicit" means commanding, entreating, or attempting to persuade a specific person in person, by telephone, by letter, or by computerized or other electronic means.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2024, section 609.352, is amended by adding a subdivision to read:

Subd. 2c. **Grooming.** (a) A person 18 years of age or older commits the felony offense of grooming, and may be sentenced as provided in subdivision 4, if the person:

(1) expresses the desire or intent to engage in sexual conduct with a child; and

(2) engages in a deliberate pattern of conduct to methodically develop a false trusting relationship with the child that is intended to strategically manipulate the child to engage in sexual conduct with the person at a future time, regardless of whether any sexual conduct occurs.

(b) For purposes of this subdivision, a deliberate pattern of conduct may include but is not limited to:

(1) communications or conversations sharing desires about sexual intimacy or sexual contact between the person and the child;

(2) normalizing sexualized physical conduct or attempts to initiate such conduct;

(3) watching the child undress or appearing undressed in front of the child; or

(4) use of threats or control in an attempt to ensure secrecy or compliance from the child.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2024, section 609.352, is amended by adding a subdivision to read:

Subd. 2d. **Violations by persons in positions of authority.** A person who commits any of the acts described in subdivisions 2 through 2c is guilty of a felony if:

(1) the person is in a current or recent position of authority, as defined in section 609.341, subdivision 10, over the victim;

(2) the person is more than 36 months older than the victim; and

(3) the victim is under the age of 18 years.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2024, section 609.352, is amended by adding a subdivision to read:

Subd. 2e. **School violations.** A person who commits any of the acts described in subdivisions 2 through 2c is guilty of a felony if:

(1) the person is a licensed educator employed or contracted to provide service for an elementary, middle, or secondary school; and

(2) the victim, regardless of age, is enrolled as a student at the school.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 12. Minnesota Statutes 2024, section 609.352, subdivision 4, is amended to read:

Subd. 4. **Penalty.** A person convicted under subdivision 2 ~~or~~, 2a, 2c, 2d, or 2e is guilty of a felony and may be sentenced to imprisonment for not more than five years, or to payment of a fine of not more than $10,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 13. Laws 2023, chapter 55, article 8, section 19, subdivision 5, as amended by Laws 2024, chapter 115, article 8, section 4, is amended to read:

Subd. 5. **Grants for gender-neutral single-user restrooms.** (a) For grants to school districts for remodeling, constructing, or repurposing space for gender-neutral single-user restrooms:

$	1,000,000	.....	2024
$	1,000,000	.....	2025

(b) A school district or a cooperative unit under Minnesota Statutes, section 123A.24, subdivision 2, may apply for a grant of not more than $75,000 per site under this subdivision in the form and manner specified by the commissioner. The commissioner must award at least one grant under this subdivision to Independent School District No. 709, Duluth, for a demonstration grant for a project awaiting construction.

(c) The commissioner must ensure that grants are awarded to schools to reflect the geographic diversity of the state.

(d) Up to $75,000 each year is available for grant administration and monitoring.

(e) By February 1 of each year, the commissioner must annually report to the committees of the legislature with jurisdiction over education on the number of grants that were awarded each year and the number of grant applications that were unfunded during that year.

(f) Any balance in the first year does not cancel but is available in the second year.

(g) These appropriations are available until June 30, 2029.

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

Sec. 14. Laws 2025, First Special Session chapter 10, article 8, section 18, subdivision 5, is amended to read:

Subd. 5. **Grants for gender-neutral single-user restrooms.** (a) For grants to school districts for remodeling, constructing, or repurposing space for gender-neutral single-user restrooms:

$	1,000,000	.....	2026
$	1,000,000	.....	2027

(b) A school district or a cooperative unit under Minnesota Statutes, section 123A.24, subdivision 2, may apply for a grant of not more than $75,000 per site under this subdivision in the form and manner specified by the commissioner.

(c) The commissioner must ensure that grants are awarded to schools to reflect the geographic diversity of the state.

(d) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, up to $75,000 of the appropriation in each year is available for grant administration.

(e) By February 1 of each even-numbered year, the commissioner must ~~annually~~ report to the legislative committees with jurisdiction over kindergarten through grade 12 education on the number of grants that were awarded each year and the number of grant applications that were unfunded each year.

(f) Any balance remaining in fiscal year 2026 is available in fiscal year 2027.

(g) These appropriations are available until June 30, 2031.

Sec. 15. **APPROPRIATION; SCHOOL SAFETY AID AND GRANT PROGRAM.**

Subdivision 1. **School safety aid.** For fiscal year 2027 only, the school safety aid for a school district, charter school, intermediate district or other cooperative unit, or American Indian Tribal contract school eligible for aid under Minnesota Statutes, section 124D.83, equals $44 times the number of pupils enrolled in the school on October 1, 2025.

Subd. 2. **Nonpublic schools; grants.** (a) A nonpublic school may apply for a school safety grant in the form and manner determined by the commissioner of education. For purposes of this section, "nonpublic school" has the meaning given in Minnesota Statutes, section 123B.41, subdivision 9, excluding a home school.

(b) The commissioner must prioritize grant awards to nonpublic schools with lower fiscal capacity, according to criteria developed by the commissioner.

(c) The commissioner must make grant awards no later than June 30, 2027.

Subd. 3. **Eligible uses.** Aid or grant funds awarded under this section may be used for any purpose authorized for the use of safe schools revenue under Minnesota Statutes, section 126C.44, subdivision 4.

Subd. 4. **Administration.** (a) One hundred percent of the school safety aid must be paid in fiscal year 2027 on a schedule determined by the commissioner.

(b) For a charter school in the first year of operation, the commissioner of education must calculate aid under subdivision 1 using the school's enrollment for the current fiscal year.

Subd. 5. **Report.** (a) By January 15, 2028, the commissioner must make a preliminary report to the legislative committees with jurisdiction over kindergarten through grade 12 education on the grants awarded to nonpublic schools under this section. The report must detail the recipient, amount, and intended use of each grant.

(b) By January 15, 2030, the commissioner must make a final report to the legislative committees with jurisdiction over kindergarten through grade 12 education on the grants awarded to nonpublic schools under this section. The report must detail the recipient, amount, and reported use of each grant.

(c) The reports must be filed according to Minnesota Statutes, section 3.195.

Subd. 6. **Appropriation.** (a) $38,312,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of education for school safety aid under subdivision 1. This is a onetime appropriation.

(b) $1,688,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of education for school safety grants to nonpublic schools under subdivision 2. This is a onetime appropriation and is available until June 30, 2029. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, up to five percent of the appropriation is available for grant administration.

ARTICLE 5

FORECAST ADJUSTMENTS

Section 1. Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 2, is amended to read:

Subd. 2. **General education aid.** (a) For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

	~~8,509,608,000~~		
$	8,550,641,000	.....	2026
	~~8,765,730,000~~		
$	8,774,520,000	.....	2027

(b) The 2026 appropriation includes $783,251,000 for 2025 and ~~$7,726,357,000~~ $7,767,390,000 for 2026.

(c) The 2027 appropriation includes ~~$807,134,000~~ $802,177,000 for 2026 and ~~$7,958,596,000~~ $7,972,343,000 for 2027.

Sec. 2. Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 3, is amended to read:

Subd. 3. **Abatement aid.** (a) For abatement aid under Minnesota Statutes, section 127A.49:

	~~1,929,000~~		
$	1,262,000	.....	2026
	~~2,340,000~~		
$	1,231,000	.....	2027

(b) The 2026 appropriation includes $140,000 for 2025 and ~~$1,789,000~~ $1,122,000 for 2026.

(c) The 2027 appropriation includes ~~$198,000~~ $124,000 for 2026 and ~~$2,142,000~~ $1,107,000 for 2027.

Sec. 3. Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 5, is amended to read:

Subd. 5. **Career and technical aid.** (a) For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

	~~451,000~~		
$	505,000	.....	2026
	~~350,000~~		
$	432,000	.....	2027

(b) The 2026 appropriation includes $85,000 for 2025 and ~~$366,000~~ $420,000 for 2026.

(c) The 2027 appropriation includes ~~$40,000~~ $46,000 for 2026 and ~~$310,000~~ $386,000 for 2027.

Sec. 4. Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 8, is amended to read:

Subd. 8. **Consolidation transition aid.** (a) For consolidation transition aid under Minnesota Statutes, section 123A.485:

	~~572,000~~		
$	-0-	.....	2026
	~~350,000~~		
$	693,000	.....	2027

(b) The 2026 appropriation includes $0 for 2025 and ~~$572,000~~ $0 for 2026.

(c) The 2027 appropriation includes ~~$64,000~~ $0 for 2026 and ~~$286,000~~ $693,000 for 2027.

Sec. 5. Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 10, is amended to read:

Subd. 10. **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:

	~~25,000~~		
$	23,000	.....	2026
	~~27,000~~		
$	24,000	.....	2027

Sec. 6. Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 11, is amended to read:

Subd. 11. **Nonpublic pupil education aid.** (a) For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

	~~25,349,000~~		
$	24,188,000	.....	2026
	~~27,160,000~~		
$	24,879,000	.....	2027

(b) The 2026 appropriation includes $2,355,000 for 2025 and ~~$22,994,000~~ $21,833,000 for 2026.

(c) The 2027 appropriation includes ~~$2,554,000~~ $2,425,000 for 2026 and ~~$24,606,000~~ $22,454,000 for 2027.

Sec. 7. Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 12, is amended to read:

Subd. 12. **Nonpublic pupil transportation aid.** (a) For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

	~~28,123,000~~		
$	28,985,000	.....	2026
	~~29,359,000~~		
$	32,270,000	.....	2027

(b) The 2026 appropriation includes $2,609,000 for 2025 and ~~$25,514,000~~ $26,376,000 for 2026.

(c) The 2027 appropriation includes ~~$2,834,000~~ $2,930,000 for 2026 and ~~$26,525,000~~ $29,340,000 for 2027.

Sec. 8. Laws 2025, First Special Session chapter 10, article 2, section 24, subdivision 2, is amended to read:

Subd. 2. **Achievement and integration aid.** (a) For achievement and integration aid under Minnesota Statutes, section 124D.862:

	~~85,619,000~~		
$	85,232,000	.....	2026
	~~85,222,000~~		
$	87,576,000	.....	2027

(b) The 2026 appropriation includes $8,446,000 for 2025 and ~~$77,173,000~~ $76,786,000 for 2026.

(c) The 2027 appropriation includes ~~$8,575,000~~ $8,690,000 for 2026 and ~~$76,647,000~~ $78,886,000 for 2027.

Sec. 9. Laws 2025, First Special Session chapter 10, article 2, section 24, subdivision 14, is amended to read:

Subd. 14. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	~~16,396,000~~		
$	15,918,000	.....	2026
	~~18,157,000~~		
$	17,628,000	.....	2027

Sec. 10. Laws 2025, First Special Session chapter 10, article 2, section 24, subdivision 15, is amended to read:

Subd. 15. **Literacy aid.** (a) For literacy aid under Minnesota Statutes, section 124D.98:

	~~40,686,000~~		
$	40,106,000	.....	2026
	~~40,897,000~~		
$	40,799,000	.....	2027

(b) The 2026 appropriation includes $4,057,000 for 2025 and ~~$36,629,000~~ $36,049,000 for 2026.

(c) The 2027 appropriation includes ~~$4,069,000~~ $4,005,000 for 2026 and ~~$36,828,000~~ $36,794,000 for 2027.

Sec. 11. Laws 2025, First Special Session chapter 10, article 2, section 24, subdivision 24, is amended to read:

Subd. 24. **Paraprofessional training.** (a) For compensation associated with paid orientation and professional development for paraprofessionals under Minnesota Statutes, section 121A.642:

	~~4,721,000~~		
$	4,141,000	.....	2026
	~~5,000,000~~		
$	4,935,000	.....	2027

(b) The 2026 appropriation includes $221,000 for 2025 and ~~$4,500,000~~ $3,920,000 for 2026.

(c) The 2027 appropriation includes ~~$500,000~~ $435,000 for 2026 and $4,500,000 for 2027.

Sec. 12. Laws 2025, First Special Session chapter 10, article 3, section 15, subdivision 3, is amended to read:

Subd. 3. **Alternative teacher compensation aid.** (a) For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

	~~88,717,000~~		
$	88,756,000	.....	2026
	~~87,942,000~~		
$	88,744,000	.....	2027

(b) The 2026 appropriation includes $8,814,000 for fiscal year 2025 and ~~$79,903,000~~ $79,942,000 for fiscal year 2026.

(c) The 2027 appropriation includes ~~$8,878,000~~ $8,882,000 for fiscal year 2026 and ~~$79,064,000~~ $79,862,000 for fiscal year 2027.

Sec. 13. Laws 2025, First Special Session chapter 10, article 3, section 15, subdivision 13, is amended to read:

Subd. 13. **Student support personnel aid.** (a) For student support personnel aid under Minnesota Statutes, section 124D.901:

	~~44,950,000~~		
$	44,869,000	.....	2026
	~~45,772,000~~		
$	45,806,000	.....	2027

(b) The 2026 appropriation includes $3,655,000 for fiscal year 2025 and ~~$41,295,000~~ $41,214,000 for fiscal year 2026.

(c) The 2027 appropriation includes ~~$4,588,000~~ $4,579,000 for fiscal year 2026 and ~~$41,184,000~~ $41,227,000 for fiscal year 2027.

Sec. 14. Laws 2025, First Special Session chapter 10, article 5, section 19, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** (a) For building lease aid under Minnesota Statutes, section 124E.22:

	~~96,453,000~~		
$	97,089,000	.....	2026
	~~99,135,000~~		
$	99,721,000	.....	2027

(b) The 2026 appropriation includes $9,391,000 for 2025 and ~~$87,062,000~~ $87,698,000 for 2026.

(c) The 2027 appropriation includes ~~$9,673,000~~ $9,744,000 for 2026 and ~~$89,462,000~~ $89,977,000 for 2027.

Sec. 15. Laws 2025, First Special Session chapter 10, article 6, section 6, subdivision 2, is amended to read:

Subd. 2. **American Indian education aid.** (a) For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

	~~20,646,000~~		
$	20,739,000	.....	2026
	~~21,548,000~~		
$	21,593,000	.....	2027

(b) The 2026 appropriation includes $1,973,000 for 2025 and ~~$18,673,000~~ $18,766,000 for 2026.

(c) The 2027 appropriation includes ~~$2,074,000~~ $2,085,000 for 2026 and ~~$19,474,000~~ $19,508,000 for 2027.

Sec. 16. Laws 2025, First Special Session chapter 10, article 6, section 6, subdivision 7, is amended to read:

Subd. 7. **Tribal contract school aid.** (a) For Tribal contract school aid under Minnesota Statutes, section 124D.83:

	~~2,313,000~~		
$	1,415,000	.....	2026
	~~2,554,000~~		
$	1,895,000	.....	2027

(b) The 2026 appropriation includes $221,000 for 2025 and ~~$2,092,000~~ $1,194,000 for 2026.

(c) The 2027 appropriation includes ~~$232,000~~ $132,000 for 2026 and ~~$2,322,000~~ $1,763,000 for 2027.

Sec. 17. Laws 2025, First Special Session chapter 10, article 7, section 11, subdivision 2, is amended to read:

Subd. 2. **Aid for children with disabilities.** (a) For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within district boundaries for whom no district of residence can be determined:

	~~2,240,000~~		
$	1,944,000	.....	2026
	~~2,570,000~~		
$	2,310,000	.....	2027

(b) If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 18. Laws 2025, First Special Session chapter 10, article 7, section 11, subdivision 4, is amended to read:

Subd. 4. **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:

	~~41,000~~		
$	-0-	.....	2026
$	42,000	.....	2027

Sec. 19. Laws 2025, First Special Session chapter 10, article 7, section 11, subdivision 7, is amended to read:

Subd. 7. **Special education; regular.** (a) For special education aid under Minnesota Statutes, section 125A.76:

	~~2,775,484,000~~		
$	2,845,456,000	.....	2026
	~~3,017,316,000~~		
$	3,169,149,000	.....	2027

(b) The 2026 appropriation includes $322,670,000 for 2025 and ~~$2,452,814,000~~ $2,522,786,000 for 2026.

(c) The 2027 appropriation includes ~~$345,285,000~~ $355,135,000 for 2026 and ~~$2,672,031,000~~ $2,814,014,000 for 2027.

Sec. 20. Laws 2025, First Special Session chapter 10, article 7, section 11, subdivision 8, is amended to read:

Subd. 8. **Special education separate sites and programs.** (a) For aid for special education separate sites and programs under Minnesota Statutes, section 125A.81, subdivision 4:

	~~4,470,000~~		
$	4,542,000	.....	2026
	~~4,695,000~~		
$	4,778,000	.....	2027

(b) The 2026 appropriation includes $427,000 for 2025 and ~~$4,043,000~~ $4,115,000 for 2026.

(c) The 2027 appropriation includes ~~$449,000~~ $457,000 for 2026 and ~~$4,246,000~~ $4,321,000 for 2027.

Sec. 21. Laws 2025, First Special Session chapter 10, article 7, section 11, subdivision 9, is amended to read:

Subd. 9. **Travel for home-based services.** (a) For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

	~~488,000~~		
$	439,000	.....	2026
	~~538,000~~		
$	477,000	.....	2027

(b) The 2026 appropriation includes $44,000 for 2025 and ~~$444,000~~ $395,000 for 2026.

(c) The 2027 appropriation includes ~~$49,000~~ $43,000 for 2026 and ~~$489,000~~ $434,000 for 2027.

Sec. 22. Laws 2025, First Special Session chapter 10, article 8, section 18, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization aid.** (a) For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

$	16,218,000	.....	2026
	~~14,327,000~~		
$	16,034,000	.....	2027

(b) The 2026 appropriation includes $1,986,000 for 2025 and $14,232,000 for 2026.

(c) The 2027 appropriation includes $1,581,000 for 2026 and ~~$12,746,000~~ $14,453,000 for 2027.

Sec. 23. Laws 2025, First Special Session chapter 10, article 8, section 18, subdivision 6, is amended to read:

Subd. 6. **Long-term facilities maintenance equalized aid.** (a) For long-term facilities maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

~~97,104,000~~
$ 97,124,000 2026
~~97,910,000~~
$ 97,373,000 2027

(b) The 2026 appropriation includes $10,719,000 for 2025 and ~~$86,385,000~~ $86,405,000 for 2026.

(c) The 2027 appropriation includes ~~$9,597,000~~ $9,600,000 for 2026 and ~~$88,313,000~~ $87,773,000 for 2027.

Sec. 24. Laws 2025, First Special Session chapter 10, article 9, section 11, subdivision 2, is amended to read:

Subd. 2. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

~~387,000~~
$ 335,000 2026
~~387,000~~
$ 335,000 2027

Sec. 25. Laws 2025, First Special Session chapter 10, article 9, section 11, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For school breakfast aid under Minnesota Statutes, section 124D.1158:

~~57,642,000~~
$ 55,535,000 2026
~~60,413,000~~
$ 58,520,000 2027

Sec. 26. Laws 2025, First Special Session chapter 10, article 9, section 11, subdivision 4, is amended to read:

Subd. 4. **School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111, including the amounts for the free school meals program:

~~264,162,000~~
$ 254,884,000 2026
~~276,392,000~~
$ 268,160,000 2027

Sec. 27. Laws 2025, First Special Session chapter 10, article 9, section 11, subdivision 6, is amended to read:

Subd. 6. **Basic system support.** (a) For basic system support aid under Minnesota Statutes, section 134.355:

	~~17,995,000~~		
$	17,954,000	.....	2026
	~~18,372,000~~		
$	18,438,000	.....	2027

(b) The 2026 appropriation includes $1,752,000 for 2025 and ~~$16,243,000~~ $16,202,000 for 2026.

(c) The 2027 appropriation includes ~~$1,804,000~~ $1,800,000 for 2026 and ~~$16,568,000~~ $16,638,000 for 2027.

Sec. 28. Laws 2025, First Special Session chapter 10, article 9, section 11, subdivision 10, is amended to read:

Subd. 10. **School library aid.** (a) For school library aid under Minnesota Statutes, section 124D.992:

	~~14,394,000~~		
$	14,413,000	.....	2026
	~~13,321,000~~		
$	13,307,000	.....	2027

(b) The 2026 appropriation includes $2,376,000 for 2025 and ~~$12,018,000~~ $12,037,000 for 2026.

(c) The 2027 appropriation includes ~~$1,336,000~~ $1,337,000 for 2026 and ~~$11,985,000~~ $11,970,000 for 2027.

Sec. 29. Laws 2025, First Special Session chapter 10, article 10, section 10, subdivision 3, is amended to read:

Subd. 3. **Developmental screening aid.** (a) For transfer to the Department of Education for developmental screening aid under Minnesota Statutes, sections 142D.091 and 142D.093:

	~~4,127,000~~		
$	4,103,000	.....	2026
	~~4,083,000~~		
$	4,056,000	.....	2027

(b) The 2026 appropriation includes $414,000 for 2025 and ~~$3,713,000~~ $3,689,000 for 2026.

(c) The 2027 appropriation includes ~~$412,000~~ $410,000 for 2026 and ~~$3,671,000~~ $3,646,000 for 2027.

Sec. 30. Laws 2025, First Special Session chapter 10, article 10, section 10, subdivision 4, is amended to read:

Subd. 4. **Early childhood family education aid.** (a) For transfer to the Department of Education for early childhood family education aid under Minnesota Statutes, section 142D.11:

	~~39,365,000~~		
$	39,139,000	.....	2026
	~~41,300,000~~		
$	39,710,000	.....	2027

(b) The 2026 appropriation includes $3,792,000 for 2025 and ~~$35,573,000~~ $35,347,000 for 2026.

(c) The 2027 appropriation includes ~~$3,952,000~~ $3,926,000 for 2026 and ~~$37,348,000~~ $35,784,000 for 2027.

Sec. 31. Laws 2025, First Special Session chapter 10, article 10, section 10, subdivision 6, is amended to read:

Subd. 6. **Home visiting aid.** (a) For transfer to the Department of Education for home visiting aid under Minnesota Statutes, section 142D.11:

	~~245,000~~		
$	234,000	.....	2026
	~~222,000~~		
$	224,000	.....	2027

(b) The 2026 appropriation includes $28,000 for 2025 and ~~$217,000~~ $206,000 for 2026.

(c) The 2027 appropriation includes ~~$24,000~~ $23,000 for 2026 and ~~$198,000~~ $201,000 for 2027.

Sec. 32. Laws 2025, First Special Session chapter 10, article 11, section 2, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** (a) For adult basic education aid under Minnesota Statutes, section 124D.531:

	~~55,281,000~~		
$	55,380,000	.....	2026
	~~56,919,000~~		
$	56,794,000	.....	2027

(b) The 2026 appropriation includes $5,401,000 for 2025 and ~~$49,880,000~~ $49,979,000 for 2026.

(c) The 2027 appropriation includes ~~$5,542,000~~ $5,553,000 for 2026 and ~~$51,377,000~~ $51,241,000 for 2027.

Sec. 33. Laws 2025, First Special Session chapter 10, article 11, section 2, subdivision 4, is amended to read:

Subd. 4. **Community education aid.** (a) For community education aid under Minnesota Statutes, section 124D.20:

	~~10,080,000~~		
$	9,926,000	.....	2026
	~~11,815,000~~		
$	11,673,000	.....	2027

(b) The 2026 appropriation includes $871,000 for 2025 and ~~$9,209,000~~ $9,055,000 for 2026.

(c) The 2027 appropriation includes ~~$1,023,000~~ $1,006,000 for 2026 and ~~$10,792,000~~ $10,667,000 for 2027.

Sec. 34. **EFFECTIVE DATE.**

Sections 1 to 33 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; providing supplemental funding for prekindergarten through grade 12 education; modifying provisions for prekindergarten through grade 12 education including general education, education excellence, teachers, school facilities and student safety; making forecast adjustments; requiring reports; transferring money; appropriating money; amending Minnesota Statutes 2024, sections 122A.20, subdivisions 1, 2; 123B.63, subdivision 3; 124D.094, subdivision 2; 124D.65, by adding a subdivision; 126C.10, subdivision 14; 126C.15, subdivision 1; 126C.17, subdivision 9; 260E.15; 260E.28, subdivision 1; 275.60; 471.6161, by adding a subdivision; 609.352, subdivisions 1, 4, by adding subdivisions; Minnesota Statutes 2025 Supplement, sections 126C.10, subdivision 3; 126C.15, subdivision 2; 260E.065, by adding a subdivision; 260E.20, subdivision 1; Laws 2023, chapter 55, article 8, section 19, subdivision 5, as amended; Laws 2024, chapter 115, article 1, section 22, subdivision 2; article 10, section 5, subdivision 2; Laws 2025, First Special Session chapter 10, article 1, section 28, subdivisions 2, 3, 5, 8, 10, 11, 12; article 2, section 24, subdivisions 2, 4, 14, 15, 24; article 3, section 15, subdivisions 3, 6, 13; article 5, section 19, subdivision 2; article 6, section 6, subdivisions 2, 7; article 7, section 11, subdivisions 2, 4, 7, 8, 9; article 8, section 18, subdivisions 3, 5, 6; article 9, section 11, subdivisions 2, 3, 4, 6, 10; article 10, section 10, subdivisions 3, 4, 6; article 11, section 2, subdivisions 2, 4; proposing coding for new law in Minnesota Statutes, chapter 121A; repealing Minnesota Statutes 2024, section 120B.30, subdivision 15; Minnesota Statutes 2025 Supplement, section 124F.01."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Putnam from the Committee on Agriculture, Veterans, Broadband, and Rural Development, to which was referred

S.F. No. 5073: A bill for an act relating to agriculture; modifying prior appropriations; modifying agriculture policy provisions; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 17.458, subdivision 1; 18J.01; 18J.02; 18J.03; 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07, subdivisions 3, 4, 5; 18J.09; 18K.02, subdivisions 5, 6; 18K.04, subdivision 1; 21.111; 21.112, by adding a subdivision; 21.113; 21.115; 21.117; 21.119; 21.1195; 21.891, subdivision 2; 28A.0752; 32D.30, subdivision 5; 41A.19; 41B.048, subdivisions 2, 4, 5, by adding subdivisions; Minnesota Statutes 2025 Supplement, sections 17.1017, subdivision 9; 28A.04,

subdivision 1; 28A.08, subdivision 3; Laws 2025, chapter 34, article 1, section 2, subdivisions 2, 3, as amended, 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 21; repealing Minnesota Statutes 2024, sections 18K.02, subdivision 7; 18K.03, subdivision 2; 28A.075.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

AGRICULTURE APPROPRIATIONS

Section 1. **APPROPRIATION; AGRICULTURAL UTILIZATION RESEARCH INSTITUTE.**

$80,000 in fiscal year 2026 is appropriated from the general fund to the Agricultural Utilization Research Institute for legal costs. This is a onetime appropriation and is available until June 30, 2029.

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

Sec. 2. Laws 2023, chapter 43, article 1, section 2, subdivision 4, as amended by Laws 2024, chapter 126, article 1, section 1, and Laws 2025, chapter 34, article 1, section 9, is amended to read:

Subd. 4. **Agriculture, Bioenergy, and Bioproduct Advancement**	34,034,000	38,159,000

(a) $10,702,000 the first year and $10,702,000 the second year are for the agriculture research, education, extension, and technology transfer program under Minnesota Statutes, section 41A.14. Except as provided below, the appropriation each year is for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3, and the commissioner shall transfer funds each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. To the extent practicable, money expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agriculture research, education, extension, and technology transfer grant program under Minnesota Statutes, section 41A.14:

(1) $600,000 the first year and $600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2);

(2) up to $1,000,000 the first year and up to $1,000,000 the second year are for research on avian influenza, salmonella, and other turkey-related diseases and disease prevention measures;

(3) $2,250,000 the first year and $2,250,000 the second year are for grants to the Minnesota Agricultural Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants;

(4) $450,000 the first year is for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder;

(5) $350,000 the first year and $350,000 the second year are for potato breeding;

(6) $802,000 the first year and $802,000 the second year are to fund the Forever Green Initiative and protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter-annual crops into existing agricultural practices. The base for the allocation under this clause is $802,000 in fiscal year 2026 and each year thereafter. By February 1 each year, the dean of the College of Food, Agricultural and Natural Resource Sciences must submit a report to the chairs and ranking minority members of the legislative

committees with jurisdiction over agriculture finance and policy and higher education detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to;

(7) $350,000 each year is for farm-scale winter greenhouse research and development coordinated by University of Minnesota Extension Regional Sustainable Development Partnerships. The allocation in this clause is onetime;

(8) $200,000 the second year is for research on natural stands of wild rice; and

(9) $250,000 the second year is for the cultivated wild rice forward selection project at the North Central Research and Outreach Center, including a tenure track or research associate plant scientist.

(b) The base for the agriculture research, education, extension, and technology transfer program is $10,352,000 in fiscal year 2026 and $10,352,000 in fiscal year 2027.

(c) $23,332,000 the first year is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; the

development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) $1,000,000 the first year is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) $5,750,000 the first year is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2025. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph;

(3) $3,375,000 the first year is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 10 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade

equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed $200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses;

(4) $1,250,000 the first year is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed $200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes under this paragraph;

(5) $1,150,000 the first year is for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education settings, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education and child care providers

for purchasing equipment and agricultural products. Organizations must participate in the National School Lunch Program or the Child and Adult Care Food Program to be eligible. Of the amount appropriated, $150,000 is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients;

(6) $2,000,000 the first year is for urban youth agricultural education or urban agriculture community development;

(7) $1,000,000 the first year is for the good food access program under Minnesota Statutes, section 17.1017; and

(8) $225,000 the first year is to provide grants to secondary career and technical education programs for the purpose of offering instruction in meat cutting and butchery. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation. Grants may be used for costs, including but not limited to:

(i) equipment required for a meat cutting program;

(ii) facility renovation to accommodate meat cutting; and

(iii) training faculty to teach the fundamentals of meat processing.

A grant recipient may be awarded a grant of up to $75,000 and may use up to ten percent of the grant for faculty training. Priority may be given to applicants who are coordinating with meat cutting and butchery programs at

Minnesota State Colleges and Universities institutions or with local industry partners.

By January 15, 2025, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and education finance by listing the grants made under this paragraph by county and noting the number and amount of grant requests not fulfilled. The report may include additional information as determined by the commissioner, including but not limited to information regarding the outcomes produced by these grants. If additional grants are awarded under this paragraph that were not covered in the report due by January 15, 2025, the commissioner must submit an additional report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and education finance regarding all grants issued under this paragraph by November 1, 2025.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year, and appropriations encumbered under contract on or before June 30, 2025, for agricultural growth, research, and innovation grants are available until June 30, 2028.

(d) $27,457,000 the second year is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with

preference given to hemp fiber processing equipment; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) $1,000,000 the second year is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) $5,750,000 the second year is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph. The base under this clause is $3,000,000 in fiscal year 2026 and each year thereafter;

(3) $3,375,000 the second year is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals

established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than ten retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed $200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of money leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses. The base under this clause is $3,000,000 for fiscal year 2026 and each year thereafter;

(4) $1,250,000 the second year is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed $200,000. Any unencumbered balance at the end of the

second year does not cancel until June 30, 2027, and may be used for other purposes under this paragraph. The base under this clause is $250,000 in fiscal year 2026 and each year thereafter;

(5) $1,275,000 the second year is for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education settings, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education and child care providers for purchasing equipment and agricultural products. Organizations must participate in the National School Lunch Program or the Child and Adult Care Food Program to be eligible. Of the amount appropriated, $150,000 is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients. The base under this clause is $1,294,000 in fiscal year 2026 and each year thereafter;

(6) $4,000,000 the second year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. New dairy farms that did not market milk during 2022 or for only a portion of 2022 are eligible. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. For new dairy farms that did not market milk during 2022 or for only a portion of 2022, the commissioner must make DAIRI payments based on the farm's production history as

established in its dairy risk protection program enrollment. Any unencumbered balance ~~on~~ after June 30, 2026, may be used for other purposes under this paragraph. The allocation in this clause is onetime;

(7) $2,000,000 the second year is for urban youth agricultural education or urban agriculture community development;

(8) $1,000,000 the second year is for the good food access program under Minnesota Statutes, section 17.1017; and

(9) $225,000 the second year is for the protecting livestock grant program for producers to support the installation of measures to prevent the transmission of avian influenza. For the appropriation in this paragraph, a grant applicant must document a cost-share of 20 percent. An applicant's cost-share amount may be reduced up to $2,000 to cover time and labor costs. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This appropriation is available until June 30, 2027. This is a onetime appropriation.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the appropriation in paragraph (d) does not cancel at the end of the second year and is available until June 30, 2027. Appropriations encumbered under contract on or before June 30, 2027, for agricultural growth, research, and innovation grants are available until June 30, 2030.

(f) The base for the agricultural growth, research, and innovation program is $17,582,000 in fiscal year 2026 and each year thereafter and includes $200,000 each year for cooperative development grants.

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

Sec. 3. Laws 2023, chapter 43, article 1, section 2, subdivision 5, as amended by Laws 2024, chapter 126, article 1, section 1, subdivision 5, is amended to read:

Subd. 5. **Administration and Financial Assistance**	16,643,000	14,587,000

(a) $474,000 the first year and $474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations must be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(b) $350,000 the first year and $350,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D. The base for this appropriation is $250,000 in fiscal year 2026 and each year thereafter.

(c) $2,000 the first year is for a grant to the Minnesota State Poultry Association. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) $18,000 the first year and $18,000 the second year are for grants to the Minnesota Livestock Breeders Association. This is a onetime appropriation.

(e) $60,000 the first year and $60,000 the second year are for grants to the Northern Crops Institute that may be used to purchase equipment. This is a onetime appropriation.

(f) $34,000 the first year and $34,000 the second year are for grants to the Minnesota State Horticultural Society. This is a onetime appropriation.

(g) $25,000 the first year and $25,000 the second year are for grants to the Center for

Rural Policy and Development. This is a onetime appropriation.

(h) $75,000 the first year and $75,000 the second year are appropriated from the general fund to the commissioner of agriculture for grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The Minnesota Turf Seed Council may subcontract with a qualified third party for some or all of the basic or applied research. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. The Minnesota Turf Seed Council must prepare a report outlining the use of the grant money and related accomplishments. No later than January 15, 2025, the council must submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture finance and policy. This is a onetime appropriation.

(i) $100,000 the first year and $100,000 the second year are for grants to GreenSeam for assistance to agriculture-related businesses to support business retention and development, business attraction and creation, talent development and attraction, and regional branding and promotion. These are onetime appropriations. No later than December 1, 2024, and December 1, 2025, GreenSeam must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and rural development with information on new and existing businesses supported, number of new jobs created in the region, new educational partnerships and programs supported, and regional branding and promotional efforts.

(j) $1,950,000 the first year and $1,950,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following purposes:

(1) at least $850,000 each year must be allocated to purchase milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank that receives funding under this clause may use up to two percent for administrative expenses. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available the second year;

(2) to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or be sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this clause must be from Minnesota producers and processors. Second Harvest Heartland may use up to 15 percent of each grant awarded under this clause for administrative and transportation expenses; and

(3) to purchase and distribute protein products, including but not limited to pork, poultry, beef, dry legumes, cheese, and eggs to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Second Harvest Heartland may use up to two percent of each grant awarded under this clause for administrative expenses. Protein products purchased under the grants must be acquired from Minnesota processors and producers.

Second Harvest Heartland must submit quarterly reports to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance in the form prescribed by the commissioner. The reports must include but are not limited to information on the expenditure of funds, the amount of milk or other commodities purchased, and the organizations to which this food was distributed. The base for this appropriation is $1,700,000 for fiscal year 2026 and each year thereafter.

(k) $25,000 the first year and $25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

(l) $300,000 the first year and $300,000 the second year are for grants to The Good Acre for the Local Emergency Assistance Farmer Fund (LEAFF) program to compensate emerging farmers for crops donated to hunger relief organizations in Minnesota. This is a onetime appropriation.

(m) $750,000 the first year and $750,000 the second year are to expand the Emerging Farmers Office and provide services to beginning and emerging farmers to increase connections between farmers and market opportunities throughout the state. This

appropriation may be used for grants, translation services, training programs, or other purposes in line with the recommendations of the Emerging Farmer Working Group established under Minnesota Statutes, section 17.055, subdivision 1. The base for this appropriation is $1,000,000 in fiscal year 2026 and each year thereafter.

(n) $50,000 the first year is to provide technical assistance and leadership in the development of a comprehensive and well-documented state aquaculture plan. The commissioner must provide the state aquaculture plan to the legislative committees with jurisdiction over agriculture finance and policy by February 15, 2025.

(o) $337,000 the first year and $337,000 the second year are for farm advocate services. Of these amounts, $50,000 the first year and $50,000 the second year are for the continuation of the farmland transition programs and may be used for grants to farmland access teams to provide technical assistance to potential beginning farmers. Farmland access teams must assist existing farmers and beginning farmers with transitioning farm ownership and farm operation. Services provided by teams may include but are not limited to mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance.

(p) $260,000 the first year and $260,000 the second year are for a pass-through grant to Region Five Development Commission to provide, in collaboration with Farm Business Management, statewide mental health counseling support to Minnesota farm operators, families, and employees, and individuals who work with Minnesota farmers in a professional capacity. Region Five Development Commission may use up to 6.5 percent of the grant awarded under this paragraph for administration.

(q) $1,000,000 the first year is for transfer to the agricultural emergency account established under Minnesota Statutes, section 17.041.

(r) $1,084,000 the first year and $500,000 the second year are to support IT modernization efforts, including laying the technology foundations needed for improving customer interactions with the department for licensing and payments. This is a onetime appropriation.

(s) $275,000 the first year is for technical assistance grants to certified community development financial institutions that participate in United States Department of Agriculture loan or grant programs for small or emerging farmers, including but not limited to the Increasing Land, Capital, and Market Access Program. For purposes of this paragraph, "emerging farmer" has the meaning given in Minnesota Statutes, section 17.055, subdivision 1. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(t) $1,425,000 the first year and $1,425,000 the second year are for transfer to the agricultural and environmental revolving loan account established under Minnesota Statutes, section 17.117, subdivision 5a, for low-interest loans under Minnesota Statutes, section 17.117.

(u) $150,000 the first year and $150,000 the second year are for administrative support for the Rural Finance Authority.

(v) The base in fiscal years 2026 and 2027 is $150,000 each year to coordinate climate-related activities and services within the Department of Agriculture and

counterparts in local, state, and federal agencies and to hire a full-time climate implementation coordinator. The climate implementation coordinator must coordinate efforts seeking federal funding for Minnesota's agricultural climate adaptation and mitigation efforts and develop strategic partnerships with the private sector and nongovernment organizations.

(w) $1,200,000 the first year and $930,000 the second year are to maintain the current level of service delivery. The base for this appropriation is $1,065,000 in fiscal year 2026 and $1,065,000 in fiscal year 2027 and each year thereafter.

(x) $250,000 the first year is for a grant to the Board of Regents of the University of Minnesota to purchase equipment for the Veterinary Diagnostic Laboratory to test for chronic wasting disease, African swine fever, avian influenza, and other animal diseases. The Veterinary Diagnostic Laboratory must report expenditures under this paragraph to the legislative committees with jurisdiction over agriculture finance and higher education with a report submitted by January 3, 2024, and a final report submitted by December 31, 2024. The reports must include a list of equipment purchased, including the cost of each item.

(y) $1,000,000 the first year and $1,000,000 the second year are to award and administer down payment assistance grants under Minnesota Statutes, section 17.133, with priority given to eligible applicants with no more than $100,000 in annual gross farm product sales and eligible applicants who are producers of industrial hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance at the end of the first year does not cancel and is available in the second year and appropriations encumbered under contract by June 30, 2025, are available until June 30, 2027.

(z) $222,000 the first year and $322,000 the second year are for meat processing training and retention incentive grants under section 5. By December 1 each year in 2026, 2027, and 2028, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy detailing uses of the funds in this paragraph, including award amounts to each partner organization, how much of each award was used, the types of expenses paid for with the funds, and the number of employees served. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation and is available until June 30, 2028.

(aa) $300,000 the first year and $300,000 the second year are for transfer to the Board of Regents of the University of Minnesota to evaluate, propagate, and maintain the genetic diversity of oilseeds, grains, grasses, legumes, and other plants including flax, timothy, barley, rye, triticale, alfalfa, orchard grass, clover, and other species and varieties that were in commercial distribution and use in Minnesota before 1970, excluding wild rice. This effort must also protect traditional seeds brought to Minnesota by immigrant communities. This appropriation includes funding for associated extension and outreach to small and Black, Indigenous, and People

of Color (BIPOC) farmers. This is a onetime appropriation.

(bb) $300,000 the second year is to award and administer beginning farmer equipment and infrastructure grants under Minnesota Statutes, section 17.055. This is a onetime appropriation.

(cc) $25,000 the first year is for the credit market report. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(dd) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

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

Sec. 4. Laws 2025, chapter 34, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Protection Services**

	Appropriations by Fund	
		~~21,207,000~~
General	20,828,000	21,457,000
Remediation	399,000	399,000

(a) $399,000 the first year and $399,000 the second year are from the remediation fund for administrative funding of the voluntary cleanup program.

(b) $639,000 the first year and $639,000 the second year are for the soil health financial assistance program under Minnesota Statutes, section 17.134. The commissioner may award no more than $50,000 of the appropriation each year to a single recipient. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance

does not cancel at the end of the first year and is available in the second year. Appropriations encumbered under contract on or before June 30, 2027, for soil health financial assistance grants are available until June 30, 2029.

(c) $275,000 the first year and $250,000 the second year are for compensation for livestock destroyed or crippled by a wolf under Minnesota Statutes, section 3.737. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2025. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $5,000 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock. If the commissioner receives federal money to pay claims for destroyed or crippled livestock, an equivalent amount of this appropriation may be used to reimburse nonlethal prevention methods performed by federal wildlife services staff. The base for this appropriation is $175,000 in fiscal year 2028 and each year thereafter.

(d) $255,000 the first year and $230,000 the second year are for compensation for crop or fence damage caused by elk under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $10,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims, as well as for costs associated with training for approved agents. The commissioner may use up to $40,000 of the appropriation each year for grants to producers for measures to protect stored crops from elk damage. If the commissioner determines that claims made under

Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program. The base for this appropriation is $155,000 in fiscal year 2028 and each year thereafter.

(e) $825,000 the first year and $825,000 the second year are to replace capital equipment in the Department of Agriculture's analytical laboratory.

(f) $750,000 the first year and $750,000 the second year are for additional meat and poultry inspection services. The commissioner is encouraged to seek inspection waivers, match federal money, and offer more online inspections for the purposes of this paragraph. This is a onetime appropriation.

(g) $500,000 the first year and $500,000 the second year are for grants to counties to support county agricultural inspectors. The commissioner may use up to three percent of the appropriation each year for administration. This is a onetime appropriation. County agricultural inspectors and county-designated employees must annually submit an application, on a form approved by the commissioner, to be eligible for funding during a given year. The commissioner must equally divide available grant money among eligible counties. To be eligible for grants under this section, a county must employ a county agricultural inspector or a county-designated employee who:

(1) has attended training for new county agricultural inspectors offered by the commissioner;

(2) coordinates with the commissioner to review applicable laws and enforcement procedures;

(3) compiles and submits to the commissioner local weed inspector annual report data;

(4) conducts an annual meeting and training for local weed inspectors; and

(5) assists the commissioner with control programs and other agricultural programs when requested under Minnesota Statutes, section 18.81, subdivision 1b, as directed by the county board.

(h) $250,000 the first year and $250,000 the second year are appropriated to establish and administer the biofertilizer innovation and efficiency program ~~under Minnesota Statutes, section 18C.113~~. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance at the end of fiscal year 2026 does not cancel and is available until June 30, 2027. This is a onetime appropriation.

~~(j)~~ (i) $75,000 the first year is to conduct an evaluation of the practice performance and economic performance of the Olmsted County groundwater protection and soil health initiative, including the cover crop program, alternative crops program, and haying, grazing, and pasture enhancement program. The evaluation must look at environmental outcomes, include a cost-benefit analysis, and be submitted to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance by June 1, 2027. The commissioner may contract with an independent third party to conduct the evaluation.

~~(k)~~ (j) $420,000 the first year and $924,000 the second year are to support current services.

Sec. 5. Laws 2025, chapter 34, article 1, section 2, subdivision 3, as amended by Laws 2025, First Special Session chapter 11, section 11, is amended to read:

		~~23,301,000~~
Subd. 3. **Agricultural Marketing and Development**	23,551,000	24,301,000

(a) $634,000 the first year and $634,000 the second year are for the continuation of the dairy development and profitability enhancement program, including dairy profitability teams and dairy business planning grants under Minnesota Statutes, section 32D.30.

(b) The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance to persons transitioning from conventional to organic agriculture.

(c) $100,000 the first year and $100,000 the second year are for mental health outreach and support to farmers, ranchers, farm workers and employees, and others in the agricultural community and profession and for farm and farm worker safety grant and outreach programs under Minnesota Statutes, section 17.1195. Mental health outreach and support may include a 24-hour hotline, stigma reduction, and education. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. The base for this appropriation is $50,000 in fiscal year 2028 and each year thereafter.

(d) $700,000 the first year and $700,000 the second year are for the local food purchasing assistance grant program under article 3, section 35. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year.

(e) $1,000,000 the second year is to expand the Emerging Farmers Office and provide services to beginning and emerging farmers to increase connections between farmers and market opportunities throughout the state. This appropriation may be used for grants, translation services, training programs, or other purposes in line with the recommendations of the emerging farmer working group established under Minnesota Statutes, section 17.055, subdivision 1.

~~(e)~~ (f) $18,257,000 the first year and $18,007,000 the second year are for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. The base for this appropriation is $17,449,000 in fiscal year 2028 and each year thereafter.

~~(f)~~ (g) Except as provided in paragraph ~~(g)~~ (h), the commissioner may allocate the appropriation in paragraph ~~(e)~~ (f) each year among the following areas: facilitating the startup, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; facilitating the startup, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; supporting the commercialization of an innovative material additive utilizing

agricultural coproducts or waste streams to produce fiber-based barrier packaging to reduce perfluoroalkyl and polyfluoroalkyl substances (PFAS) and plastics in packaging products; and good agricultural practices and good handling practices certification assistance. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 7.5 percent of the appropriation in paragraph ~~(e)~~ (f) for costs incurred to administer the program.

~~(g)~~ (h) Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) $1,000,000 the first year and $1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) $3,000,000 the first year and $3,000,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph;

(3) $2,750,000 the first year and $2,750,000 the second year are for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 20 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to

be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed $200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit ~~a~~ the report ~~on~~ under Minnesota Statutes, section 41A.12, subdivision 3, that includes metrics of the biofuels infrastructure financial assistance program ~~by January 15~~ each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses;

(4) $350,000 the first year and $250,000 the second year are for grants to facilitate the startup, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed $200,000;

(5) $1,594,000 the first year and $1,544,000 the second year are for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education settings, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education and child care providers for purchasing equipment and agricultural products. Of the amount appropriated,

$150,000 each year is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients. The base for this appropriation is $1,636,000 in fiscal year 2028 and each year thereafter. At the commissioner's discretion, for state administration of federal cooperative agreements for purchasing Minnesota grown and raised foods for schools, child care providers, food banks, and other institutions, the commissioner may use an amount of state funds equal to no more than 7.5 percent of the total federal funds awarded to the state. The commissioner shall expend any available federal administrative funds awarded for this purpose before using state funds;

(6) up to $1,750,000 the first year and up to $1,750,000 the second year are for grants to facilitate the development of urban agriculture, including projects related to youth education, community and economic development, value-added processing, and vocational training;

(7) $1,000,000 the first year and $1,000,000 the second year are for the food retail improvement and development program under Minnesota Statutes, section 17.1017;

(8) up to $200,000 the first year and up to $200,000 the second year are for cooperative development grants under Minnesota Statutes, section 17.1016;

(9) $250,000 the first year and $150,000 the second year are for the protecting livestock grant program for producers to support the installation of measures to prevent the transmission of avian influenza. For the appropriation in this clause, a grant applicant must document a cost-share of 20 percent. An applicant's cost-share amount may be reduced up to $2,000 to cover time and labor costs. This is a onetime appropriation; and

(10) up to $525,000 the first year and up to $525,000 the second year are to award AGRI Works grants to institutions and organizations to provide regional and statewide services. Preference shall be given to legislatively created entities and organizations that enhance agricultural, horticultural, or rural community and economic development, marketing, and promotion, and research and education. A grant award under this clause must not exceed $200,000. Grants made under this paragraph are subject to the requirements in Minnesota Statutes, sections 16B.98 and 16B.981. This is a onetime appropriation.

~~(h)~~ (i) Notwithstanding Minnesota Statutes, section 16A.28, the appropriation in paragraph ~~(e)~~ (f) does not cancel at the end of the second year and is available until June 30, 2029. Appropriations encumbered under contract on or before June 30, 2029, for agricultural growth, research, and innovation grants are available until June 30, 2032. At the end of fiscal year 2027, the commissioner must prioritize any money resulting from canceled contracts to be used for AGRI Works grants under paragraph ~~(g)~~ (h), clause (10).

Sec. 6. Laws 2025, chapter 34, article 1, section 2, subdivision 4, as amended by Laws 2025, First Special Session chapter 11, section 12, is amended to read:

		~~11,145,000~~
Subd. 4. **Administration and Financial Assistance**	14,179,000	9,895,000

(a) $474,000 the first year and $474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations must be disbursed no later than July 15 each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(b) $300,000 the first year and $300,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D. The base for this appropriation is $250,000 in fiscal year 2028 and each year thereafter.

(c) $1,250,000 the first year ~~and $1,250,000 the second year are~~ is to award and administer farm down payment assistance grants under Minnesota Statutes, section 17.133, with priority given to eligible applicants with no more than $100,000 in annual gross farm product sales and eligible applicants who are producers of industrial hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance at the end of the first year does not cancel and is available in the second year ~~and appropriations encumbered under contract by June 30, 2027, are available~~ and any unencumbered balance at the end of the second year does not cancel and is available until June 30, 2029. ~~The base for this appropriation is $1,000,000 in fiscal year 2028 and each year thereafter.~~

(d) $1,000,000 the first year and $1,000,000 the second year are for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased with grant money must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture

commodities under The Emergency Food Assistance Program. The commissioner may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank that receives funding under this paragraph may use up to two percent for administrative expenses. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available the second year.

(e) $260,000 the first year and $260,000 the second year are for a pass-through grant to Region Five Development Commission to provide, in collaboration with Farm Business Management, statewide mental health counseling support to Minnesota farm operators, families, and employees, and individuals who work with Minnesota farmers in a professional capacity. Region Five Development Commission may use up to 7.5 percent of the grant awarded under this paragraph for administration.

(f) $1,000,000 the first year ~~and $1,000,000 the second year are~~ is to expand the Emerging Farmers Office and provide services to beginning and emerging farmers to increase connections between farmers and market opportunities throughout the state. This appropriation may be used for grants, translation services, training programs, or other purposes in line with the recommendations of the emerging farmer working group established under Minnesota Statutes, section 17.055, subdivision 1.

(g) $137,000 the first year and $203,000 the second year are to support current services.

(h) $337,000 the first year and $337,000 the second year are for farm advocate services. Of these amounts, $50,000 the first year and $50,000 the second year are for the continuation of the farmland transition programs and may be used for grants to farmland access teams to provide technical

assistance to potential beginning farmers. Farmland access teams must assist existing farmers and beginning farmers with transitioning farm ownership and farm operation. Services provided by teams may include but are not limited to mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance.

(i) $3,000,000 the first year is for transfer to the Public Facilities Authority for a grant to First District Association to acquire land for and to design, engineer, construct, equip, and furnish a wastewater treatment project. This appropriation is in addition to the appropriation in Laws 2023, chapter 71, article 1, section 15, subdivision 7. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

~~(k)~~ (j) $50,000 the first year is to be awarded as a grant in a competitive bid process to an entity that is not a for-profit entity to conduct a study of market and workforce factors that may contribute to the incorrect marking for the installation of underground telecommunications infrastructure that is located within ten feet of existing underground utilities or that crosses the existing underground utilities. The study must include recommendations to the legislature and be submitted to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance by June 1, 2027.

~~(r)~~ (k) $50,000 the first year is to conduct a study and develop recommendations for establishing an incentive-based program to support and encourage agricultural retailers in promoting 4R nutrient management practices. The 4R nutrient management practices include: the right source of nutrients, at the right rate and right time, in the right place.

(1) As part of the study, the department must evaluate strategies for leveraging cost-share programs, including the feasibility of coordinating with the Agricultural Water Quality Certification Program and other efforts related to the state's Nutrient Reduction Strategy.

(2) The commissioner must submit a report detailing its findings, including potential funding sources and proposal outlines for funding requests where appropriate. The commissioner must submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and environment by March 15, 2026.

(l) $1,250,000 the second year is to award and administer farm down payment assistance grants under Minnesota Statutes, section 17.133, with priority given to eligible applicants with annual gross farm product sales between $1,000 and $100,000. Of this appropriation, up to 50 percent may be awarded by lottery to priority applicants who possess a purchase agreement as of June 30, 2026. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance at the end of the second year does not cancel and is available until June 30, 2030. The base for this appropriation is $1,000,000 in fiscal year 2028 and each year thereafter.

~~(s)~~ (m) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

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

ARTICLE 2

AGRICULTURE POLICY

Section 1. Minnesota Statutes 2025 Supplement, section 17.1017, subdivision 9, is amended to read:

Subd. 9. **Legislative report.** The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it contracts, shall submit ~~an annual~~ the report ~~on~~ under section 41A.12, subdivision 3, that includes metrics of the food retail improvement and development program ~~by January 15 of~~ each year to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture policy and finance. The ~~annual~~ report shall include~~, but not be limited to,~~ a summary of the following metrics:

(1) the number and types of projects financed;

(2) the amount of dollars leveraged or matched per project;

(3) the geographic distribution of financed projects;

(4) the number and types of technical assistance recipients;

(5) the demographics of the areas served;

(6) the costs of the program;

(7) the number of SNAP dollars spent;

(8) any increase in retail square footage;

(9) the number of loans or grants to businesses owned by women and Black, Indigenous, or Persons of Color; and

(10) measurable economic and health outcomes, including, but not limited to, increases in sales and consumption of locally sourced and other fresh fruits and vegetables, the number of construction and retail jobs retained or created, and any health initiatives associated with the program.

Sec. 2. Minnesota Statutes 2025 Supplement, section 17.133, subdivision 1, is amended to read:

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

(b) "Eligible farmer" means an individual who at the time that the grant is awarded:

(1) is a resident of Minnesota who intends to acquire farmland located within the state and provide the majority of the day-to-day physical labor and management of the farm;

(2) grosses no more than $250,000 per year from the sale of farm products;

(3) has earned at least $1,000 in farm income or has evidence of farming experience;

(4) has a net worth that does not exceed the limit under section 41B.03, subdivision 3, paragraph (a), clause (2);

~~(3)~~ (5) has not, and whose spouse has not, at any time had a direct or indirect ownership interest in farmland; and

~~(4)~~ (6) is not, and whose spouse is not, a family member of the owner of the farmland that the individual intends to acquire. "Family member" has the meaning given in section 267(c)(4) of the Internal Revenue Code.

(c) "Evidence of farming experience" means that an individual has:

(1) completed an approved farm business management program;

(2) a four-year degree in an agriculture-related field; or

(3) at least three years of experience managing a comparable farm.

~~(c)~~ (d) "Farm down payment" means an initial, partial payment required by a lender or seller to purchase farmland.

~~(d)~~ (e) "Incubator farm" means a farm where:

(1) individuals are given temporary, exclusive, and affordable access to small parcels of land, infrastructure, and often training, for the purpose of honing skills and launching a farm business; and

(2) a majority of the individuals farming the small parcels of land grow industrial hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops.

~~(e)~~ (f) "Limited land access" means farming without ownership of land and:

(1) the individual or the individual's child rents or leases the land, with the term of each rental or lease agreement not exceeding three years in duration, from a person who is not related to the individual or the individual's spouse by blood or marriage; or

(2) the individual rents the land from an incubator farm.

~~(f)~~ (g) "Limited market access" means the individual has gross sales of no more than $100,000 per year from the sale of farm products.

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

Sec. 3. Minnesota Statutes 2025 Supplement, section 17.133, subdivision 2, is amended to read:

Subd. 2. **Grants.** The commissioner may award farm down payment assistance grants of up to 30 percent of the purchase price of a farm, with a maximum grant of $20,000 per eligible farmer. Each award must be matched with at least $8,000 of other funding. Grants under this subdivision may be awarded by a randomized selection process after applications are collected over a period of no less than 30 calendar days. An eligible farmer must commit to own and farm the land purchased with assistance provided under this section for at least five years. For the first five years, each recipient must verify gross farm income of at least $1,000 or demonstrate investment of at least $1,000 in farm business infrastructure, equipment, perennial crops, or livestock. For each year that

a grant recipient does not own and farm the land during the five-year period, the grant recipient must pay a penalty to the commissioner equal to 20 percent of the grant amount.

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

Sec. 4. Minnesota Statutes 2024, section 17.458, subdivision 1, is amended to read:

Subdivision 1. **Definition.** "Agroforestry" means the intentional integration of trees and shrubs into crop and animal farming systems to create a more sustainable, diverse, and productive land-use system. Agroforestry includes the cultivation of short-rotation woody crops using agricultural practices to produce timber or forest products.

Sec. 5. Minnesota Statutes 2024, section 18J.01, is amended to read:

18J.01 DEFINITIONS.

(a) The definitions in this section; chapters 18G, 18H, 18K, 27, 223, 231, and 232; and sections ~~18G.02, 18H.02, 18K.02, 27.01, 223.16, 231.01, and 232.21~~ 21.111 to 21.125 and 21.80 to 21.92 apply to this chapter.

(b) For purposes of this chapter, "associated rules" means rules adopted under this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.111 to 21.125 and 21.80 to 21.92.

Sec. 6. Minnesota Statutes 2024, section 18J.02, is amended to read:

18J.02 DUTIES OF COMMISSIONER.

The commissioner shall administer and enforce this chapter, chapters 18G, 18H, 18K, 27, 223, 231, and 232; sections 21.111 to 21.125, and 21.80 to 21.92; and associated rules.

Sec. 7. Minnesota Statutes 2024, section 18J.03, is amended to read:

18J.03 CIVIL LIABILITY.

A person regulated by this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.111 to 21.125 or 21.80 to 21.92, is civilly liable for any violation of one of those statutes or associated rules by the person's employee or agent.

Sec. 8. Minnesota Statutes 2024, section 18J.04, subdivision 1, is amended to read:

Subdivision 1. **Access and entry.** The commissioner, upon presentation of official department credentials, must be granted immediate access at reasonable times to sites where a person manufactures, distributes, uses, handles, disposes of, stores, or transports seeds, plants, grain, household goods, general merchandise, produce, or other living or nonliving products or other objects regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules.

Sec. 9. Minnesota Statutes 2024, section 18J.04, subdivision 2, is amended to read:

Subd. 2. **Purpose of entry.** (a) The commissioner may enter sites for:

(1) inspection of inventory and equipment for the manufacture, storage, handling, distribution, disposal, or any other process regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules;

(2) sampling of sites, seeds, plants, products, grain, household goods, general merchandise, produce, or other living or nonliving objects that are manufactured, stored, distributed, handled, or disposed of at those sites and regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules;

(3) inspection of records related to the manufacture, distribution, storage, handling, or disposal of seeds, plants, products, grain, household goods, general merchandise, produce, or other living or nonliving objects regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules;

(4) investigating compliance with chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules; or

(5) other purposes necessary to implement chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules.

(b) The commissioner may enter any public or private premises during or after regular business hours without notice of inspection when a suspected violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules may threaten public health or the environment.

Sec. 10. Minnesota Statutes 2024, section 18J.04, subdivision 3, is amended to read:

Subd. 3. **Notice of inspection samples and analyses.** (a) The commissioner shall provide the owner, operator, or agent in charge with a receipt describing any samples obtained. If requested, the commissioner shall split any samples obtained and provide them to the owner, operator, or agent in charge. If an analysis is made of the samples, a copy of the results of the analysis must be furnished to the owner, operator, or agent in charge within 30 days after an analysis has been performed. If an analysis is not performed, the commissioner must notify the owner, operator, or agent in charge within 30 days of the decision not to perform the analysis.

(b) The sampling and analysis must be done according to methods provided for under applicable provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules. In cases not covered by those sections and methods or in cases where methods are available in which improved applicability has been demonstrated the commissioner may adopt appropriate methods from other sources.

Sec. 11. Minnesota Statutes 2024, section 18J.04, subdivision 4, is amended to read:

Subd. 4. **Inspection requests by others.** (a) A person who believes that a violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request.

(b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

(c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.

Sec. 12. Minnesota Statutes 2024, section 18J.05, subdivision 1, is amended to read:

Subdivision 1. **Enforcement required.** (a) A violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or an associated rule is a violation of this chapter.

(b) Upon the request of the commissioner, county attorneys, sheriffs, and other officers having authority in the enforcement of the general criminal laws must take action to the extent of their authority necessary or proper for the enforcement of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules or valid orders, standards, stipulations, and agreements of the commissioner.

Sec. 13. Minnesota Statutes 2024, section 18J.05, subdivision 2, is amended to read:

Subd. 2. **Commissioner's discretion.** If minor violations of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules occur or the commissioner believes the public interest will be best served by a suitable notice of warning in writing, this section does not require the commissioner to:

(1) report the violation for prosecution;

(2) institute seizure proceedings; or

(3) issue a withdrawal from distribution, stop-sale, or other order.

Sec. 14. Minnesota Statutes 2024, section 18J.05, subdivision 6, is amended to read:

Subd. 6. **Agent for service of process.** All persons licensed, permitted, registered, or certified under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules must appoint the commissioner as the agent upon whom all legal process may be served and service upon the commissioner is deemed to be service on the licensee, permittee, registrant, or certified person.

Sec. 15. Minnesota Statutes 2024, section 18J.06, is amended to read:

18J.06 FALSE STATEMENT OR RECORD.

A person must not knowingly make or offer a false statement, record, or other information as part of:

(1) an application for registration, license, certification, or permit under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules;

(2) records or reports required under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules; or

(3) an investigation of a violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules.

Sec. 16. Minnesota Statutes 2024, section 18J.07, subdivision 3, is amended to read:

Subd. 3. **Cancellation of registration, permit, license, certification.** The commissioner may cancel or revoke a registration, permit, license, or certification provided for under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules or refuse to register, permit, license, or certify under provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules if the registrant, permittee, licensee, or certified person has used fraudulent or deceptive practices in the evasion or attempted evasion of a provision of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules.

Sec. 17. Minnesota Statutes 2024, section 18J.07, subdivision 4, is amended to read:

Subd. 4. **Service of order or notice.** (a) If a person is not available for service of an order, the commissioner may attach the order to the facility, site, seed or seed container, plant or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules and notify the owner, custodian, other responsible party, or registrant.

(b) The seed, seed container, plant, or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules may not be sold, used, tampered with, or removed until released under conditions specified by the commissioner, by an administrative law judge, or by a court.

Sec. 18. Minnesota Statutes 2024, section 18J.07, subdivision 5, is amended to read:

Subd. 5. **Unsatisfied judgments.** (a) An applicant for a license, permit, registration, or certification under provisions of this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.111 to 21.125 or 21.80 to 21.92; or associated rules may not allow a final judgment against the applicant for damages arising from a violation of those statutes or rules to remain unsatisfied for a period of more than 30 days.

(b) Failure to satisfy, within 30 days, a final judgment resulting from a violation of this chapter results in automatic suspension of the license, permit, registration, or certification.

Sec. 19. Minnesota Statutes 2024, section 18J.09, is amended to read:

18J.09 CREDITING OF PENALTIES, FEES, AND COSTS.

Penalties, cost reimbursements, fees, and other money collected under this chapter must be deposited into the state treasury and credited to the appropriate nursery and phytosanitary account under section 18H.17, industrial hemp account under section 18K.07, ~~or~~ seed potato inspection

account under section 21.115, seed inspection account under section 21.92, or grain buyers and storage account under sections 223.17 and 232.22.

Sec. 20. Minnesota Statutes 2024, section 18K.02, subdivision 5, is amended to read:

Subd. 5. **Processing.** "Processing" means rendering by refinement hemp plants or hemp plant parts from their natural or original state after harvest. Processing includes but is not limited to decortication, devitalization, chopping, crushing, extraction of plant substances other than cannabinoids, and ~~packaging~~ pressing. Processing does not include typical farm operations such as sorting, grading, baling, and harvesting. Processing does not include extraction of cannabinoids or the production of artificially derived cannabinoids as defined in section 342.01, subdivision 6.

Sec. 21. Minnesota Statutes 2024, section 18K.02, subdivision 6, is amended to read:

Subd. 6. **Processing location.** "Processing location" means any area, building, plant, or facility registered with and approved by the commissioner in which a licensee converts raw industrial hemp into a marketable product.

Sec. 22. Minnesota Statutes 2024, section 18K.04, subdivision 1, is amended to read:

Subdivision 1. **Requirement; issuance; presumption.** (a) A person must obtain a license from the commissioner before (1) growing industrial hemp, (2) processing industrial hemp, or (3) researching industrial hemp.

(b) To obtain a license under paragraph (a), a person must apply to the commissioner in the form prescribed by the commissioner and must pay the annual registration and inspection fee established by the commissioner in accordance with section 16A.1285, subdivision 2.

(c) For a license to grow or process industrial hemp, the license application must include the name and address of the applicant and the legal description of the land area or areas where industrial hemp will be grown or processed by the applicant and any other information required under Code of Federal Regulations, title 7, part 990.

~~(d) For a license to process industrial hemp, the license application must include the name and address of the applicant, the legal description of the processing location, and any other information required by the commissioner.~~

~~(e)~~ (d) A licensee is responsible for compliance with the license requirements irrespective of the acts or omissions of an authorized representative acting on behalf of the licensee.

~~(f)~~ (e) When an applicant has paid the fee and completed the application process to the satisfaction of the commissioner, the commissioner must issue a license which is valid until December 31 of the year of application.

~~(g)~~ (f) A person licensed under paragraph (a) to grow industrial hemp is presumed to be growing industrial hemp for commercial or research purposes.

Sec. 23. Minnesota Statutes 2024, section 21.111, is amended to read:

21.111 DEFINITIONS.

Subdivision 1. **Scope.** When used in sections 21.111 to ~~21.122~~ 21.125 the terms defined in this section shall have the meanings ascribed to them.

~~Subd. 2. **Inspected.** "Inspected" means that the potato plants are examined in the field and that the harvested potatoes produced by the potato plants are examined by or under the authority of the commissioner. For seed potatoes produced in a lab, inspected means that the lab's records, including records related to the lab's procedures and protocols, as well as the seed potatoes, have been examined under the authority of the commissioner.~~

Subd. 3. **Certified.** "Certified" means that the potatoes ~~were~~ have been inspected while growing in the field and, when possible, again after being harvested, and ~~were thereafter duly certified by or under the authority of the commissioner, as provided~~ the potatoes meet the requirements in sections 21.111 to ~~21.122, and as provided by rules adopted and published by the commissioner~~ 21.125. For seed potatoes produced in a ~~lab~~ an indoor facility or greenhouse, certified means that:

~~(1)~~ the seed potato ~~lab~~ facilities, ~~and the lab's~~ procedures, and protocols have been examined under the authority of the commissioner~~; and~~.

~~(2) the seed potatoes have been inspected after they have been harvested, removed, or released from the lab, and were duly certified by or under the authority of the commissioner, as provided in sections 21.111 to 21.122.~~

~~Subd. 3a. **Interstate cooperation.** In order to best use state resources, the commissioner may enter into agreements with other seed potato certification entities to carry out the purposes of sections 21.111 to 21.122. Any agreement may provide for field inspections, shipping point inspections, winter tests, and other certification functions to be carried out by personnel employed by either entity according to methods determined by the certification entities of the respective areas. The commissioner may extend seed potato certification services to states where growers wish to grow certified seed potatoes and the state does not have a seed potato certification program. Any agreement must be reported to the chairs of the legislative committees responsible for the budget or policy of the seed potato inspection program and to the commissioner of management and budget.~~

Subd. 3b. **Certified seed potatoes.** "Certified seed potatoes" means potatoes that have been produced, graded, sacked or placed in bulk, inspected, and certified in accordance with this chapter.

Subd. 3c. **Class.** "Class" means the seed quality level related to compliance with tolerances for diseases and varietal purity.

Subd. 3d. **Clone.** "Clone" means a unit of seed potatoes that is the progeny of one plant, which has been tested to become eligible to produce Generation 1 class seed potatoes.

Subd. 3e. **Commissioner.** "Commissioner" means the commissioner of agriculture or the commissioner's designee.

Subd. 3f. **Crop.** "Crop" means all lots produced on a farm in one year.

Subd. 3g. **Department.** "Department" means the Department of Agriculture.

Subd. 3h. **Explant.** "Explant" means an in vitro potato plant or a plantlet that is produced by rooting an excised tip of a tuber sprout or an axillary bud from a growing plant and that serves as a parent for a whole clone or accession of micropropagated plants or plantlets.

Subd. 3i. **Farm.** "Farm" means a potato-growing enterprise. Farm includes all land, equipment, storage facilities, and laborers used to produce potatoes.

Subd. 3j. **Field.** "Field" means a plot of land on a farm where potatoes are grown.

Subd. 3k. **Inspected.** (a) For plants growing in a field, "inspected" means that the commissioner has examined the plants in the field where the plants are grown and has visually assessed the plants for disease and factors impacting quality.

(b) For harvested potatoes, inspected means that the commissioner has observed the tubers and, when requested, the commissioner has evaluated the tubers for quality and conditions described in section 21.125.

(c) For seed potatoes produced in a facility or greenhouse, inspected means that the commissioner has examined the seed potatoes and the facility's records, including records related to the facility's procedures and protocols.

Subd. 3l. **Lot.** "Lot" means a group of seed potatoes of one variety, planted in one continuous plot, grown on the same farm, and physically separated from other lots while being grown and stored.

Subd. 3m. **Material in maintenance.** "Material in maintenance" means propagative material, plantlets, or tubers that are maintained, not multiplied, under controlled laboratory conditions.

Subd. 3n. **Roguing.** "Roguing" is the process of removing infected plants from a field of certified seed potatoes.

Subd. 3o. **Stand.** "Stand" is the live plant population in a certified seed potato lot.

Subd. 5. **Seed potatoes.** "Seed potatoes" means potatoes used, sold, offered or exposed for sale, or held with intent to sell or as a sample representing any lot or stock of potatoes offered or exposed for sale or held with intent to sell within this state, for the purpose of planting.

Subd. 6. **Person.** "Person" includes an individual, a partnership, a corporation, a company, a society, an association, and ~~firms~~ a firm.

Subd. 7. **Physically separated.** "Physically separated" means separated by at least the width of one row and markings such as flags at every corner of the lot.

Subd. 8. **Rejected.** "Rejected" means that a field or lot fails to meet the certification standards in this chapter.

Subd. 9. **Tuber units.** "Tuber units" means the separate pieces of one tuber that are planted consecutively in two or more hills in a row.

Subd. 10. **Winter testing.** "Winter testing" means growing out and visually inspecting a representative sample of tubers from each seed lot for stand, vigor, varietal purity, and disease.

Sec. 24. Minnesota Statutes 2024, section 21.112, is amended by adding a subdivision to read:

Subd. 1a. **Interstate cooperation.** In order to best use state resources, the commissioner may enter into agreements with other seed potato certification entities to carry out the purposes of sections 21.111 to 21.125. An agreement under this subdivision may provide for field inspections, shipping point inspections, winter testing, and other certification functions to be carried out by personnel employed by either the commissioner or other seed potato certification entities according to methods determined by the seed potato certification entities. The commissioner may extend seed potato certification services to a state where growers wish to grow certified seed potatoes and where the state does not have a seed potato certification program. Any agreement under this subdivision must be reported to the chairs and ranking minority members of the legislative committees responsible for the budget or policy of the seed potato inspection program and to the commissioner of management and budget.

Sec. 25. Minnesota Statutes 2024, section 21.113, is amended to read:

21.113 SHIPPING POINT CERTIFICATES ~~OF INSPECTION~~; CERTIFICATES OF ORIGIN; AND BULK CERTIFICATES.

Subdivision 1. **Shipping point inspections.** (a) The commissioner shall issue shipping point certificates of inspection only when seed potatoes have been inspected while growing in the field and again after being harvested.

~~(b) For seed potatoes produced in a lab, the commissioner shall issue certificates of inspection only after:~~

~~(1) the seed potato lab facility and the lab's records have been inspected; and~~

~~(2) the seed potatoes have been inspected after they have been harvested, removed, or released from the lab.~~

~~(c)~~ (b) Certificates of inspection under this section shall show the varietal purity and the freedom from disease and physical injury of such potatoes and any other information as may be prescribed by ~~rules adopted and published under~~ sections 21.111 to ~~21.122~~ 21.125.

Subd. 2. **Other certificates.** (a) The use of a certificate of origin requires the approval of the seller and the purchaser and must only be used for intrastate shipments between certified seed potato producers. The certificate of origin must contain information considered necessary by the commissioner and must at a minimum identify the producer, receiver, variety, classification, quantity, date of shipment, and lot of the seed potatoes. The limitation of warranty as described in paragraph (c) must not include any representation of the condition of the potatoes at the time of shipment. A certificate of origin must only be used for intrastate shipment if a shipping point inspection is not available. Use of a certificate of origin must be approved by the commissioner prior to shipment.

(b) A bulk certificate must include the date of issuance, class, grade, lot number, and approximate weight of the load.

(c) A certification does not represent a warranty of any kind, express or implied, including merchantability, as to the quality of the crop produced from the certified seed potatoes. A certification must only represent that the seed potatoes were produced, graded, sacked or placed in bulk, and inspected in accordance with this chapter. A certification under this subdivision must not include any representation of the condition of the potatoes at the time of shipment.

Sec. 26. Minnesota Statutes 2024, section 21.115, is amended to read:

21.115 FEES; SEED POTATO INSPECTION ACCOUNT.

The commissioner shall fix the fees for all inspections and certifications in such amounts as from time to time may be found necessary to pay the expenses of carrying out and enforcing the purposes of sections 21.111 to ~~21.122~~ 21.125, with a reasonable reserve, and shall require the same to be paid before such inspections or certifications are made. All moneys collected as fees or as penalties for violations of any of the provisions of such sections shall be paid into the agricultural fund and credited to the seed potato inspection account of the commissioner, which account is hereby created and appropriated for carrying out the purposes of sections 21.111 to ~~21.122~~ 21.125. Interest, if any, received on deposits of these moneys shall be credited to the account, and there shall be paid into this fund any sum provided by the legislature for the purpose of carrying out the provisions of such sections.

Sec. 27. Minnesota Statutes 2024, section 21.117, is amended to read:

21.117 APPLICATIONS FOR INSPECTIONS; WITHDRAWALS; AMENDMENTS.

(a) Any person may make application to the commissioner for inspection or certification of seed potatoes growing or to be grown. Upon receiving such application and the required fee and such other information as may be required, the commissioner shall cause such potatoes to be inspected or certified in accordance with the provisions of sections 21.111 to ~~21.122 and the rules adopted and published thereunder~~ 21.125.

(b) If a grower wishes to withdraw ~~a field or lab~~ an application after having made a timely application for inspection and such withdrawal is requested before the field or ~~lab~~ facility inspection has been made, the fee paid shall be refunded to said grower. A grower must submit a withdrawal request in writing and include a reason for withdrawal. A grower must remove withdrawn acres from production before the first field inspection.

(c) If a grower wishes to amend an application after submitting a timely application for inspection, the grower must submit the request in writing, including a reason for the amendment.

Sec. 28. Minnesota Statutes 2024, section 21.119, is amended to read:

21.119 USE OF CERTAIN TERMS FORBIDDEN; EXCEPTIONS.

It shall be unlawful to use or employ the term "certified" or the term "inspected," or any term or terms conveying a meaning substantially equivalent to the meaning of either of these terms, either orally or in writing, printing, marking, or otherwise in reference to or in connection with, or in advertising or characterizing or labeling seed potatoes or the containers thereof, unless such potatoes

shall have been duly inspected and certified pursuant to the provisions of sections 21.111 to ~~21.122~~ 21.125.

Sec. 29. Minnesota Statutes 2024, section 21.1195, is amended to read:

21.1195 MINIMUM STANDARDS FOR PLANTING.

(a) Seed potatoes may not be planted in the state in lots ~~of~~ totaling ten or more acres unless the seed meets the minimum disease standards prescribed by the commissioner. Seed potatoes may meet the standards by being certified in accordance with this chapter and rules adopted by the commissioner, or under the certification program of another state or province which, in the judgment of the commissioner, provides equivalent assurances of seed potato quality. Seed potatoes may be planted without certification if they have had at least field inspection as required for certified seed potatoes, have passed the field inspection standards of disease tolerance, and are free from ring rot. ~~A person that plants seed potatoes in violation of this section is subject to a civil penalty of $20 per acre for each acre or part of an acre planted in violation of this section.~~ Failure to maintain complete and accurate records in accordance with this section ~~or rules adopted by the commissioner is an additional violation resulting in a separate civil penalty of $200 for each failure~~ is a violation and subject to enforcement under chapter 18J.

(b) If there is not available to be planted in this state, in any year, a sufficient volume of potato seed meeting certified seed potato disease standards, in any or all varieties, the commissioner may, upon application by one or more growers, permit seed that does not comply with this section to be planted for that growing season if the seed does not pose a serious disease threat.

(c) Each grower shall keep records of each lot of seed potatoes planted. For each growing season, the records must include, by field, the variety, planting location, number of acres planted, and source of the seed potatoes. Each grower shall register fields and file records as prescribed by the commissioner. All records must be made available for inspection by the commissioner or the commissioner's agents during normal business hours.

(d) In addition to the enforcement powers and penalties in this section, the commissioner may issue a subpoena to a grower in order to compel delivery of records which are required under this section. These subpoenas are enforceable by any court of competent jurisdiction.

Sec. 30. **[21.123] SEED POTATO CERTIFICATION.**

Subdivision 1. **Eligibility.** In order to produce certified seed potatoes, a grower must comply with the following requirements:

(1) a grower must ensure that potatoes meet the tolerances prescribed by this chapter and the potatoes have been inspected by the commissioner while growing in a field;

(2) a grower must ensure that all potatoes planted on the grower's farm have been entered for certification by the commissioner;

(3) a grower must ensure that each lot is grown while physically separated from other lots. Markers must be visible to a person from any position in the field;

(4) a grower must submit an application for certification before June 16 each year on forms provided by the commissioner. The commissioner must charge a ten percent late registration fee to a grower who submitted an application postmarked after June 15 and before July 1. The commissioner may extend the deadline due to special circumstances, such as a natural disaster, that make it impractical or impossible for planting to be completed by the deadline and that affect an area or large number of growers. A grower must make a request for an extension in writing before June 16;

(5) an application for certification must include a North American Health Certificate and a shipping point certificate, bulk seed certificate, or certificate of origin. The commissioner may accept an incomplete application for certification;

(6) an application for certification must demonstrate that the seed potatoes being entered for certification originated from a class system in Minnesota or another state or province under the supervision of another certifying agency; and

(7) a grower must comply with sections 21.111 to 21.125. A grower's violation of sections 21.111 to 21.125 is cause for the commissioner to reject the grower's field or lot. A grower must not sell or label potatoes as certified seed potatoes when the potatoes were grown in a rejected field or lot.

Subd. 2. **Certification process.** (a) As part of the certification process, the commissioner must visually inspect sample plants from each field and lot belonging to the grower, except that the commissioner is not required to visually inspect sample plants and tubers when certifying prenuclear class potatoes.

(b) For seed potato varieties that do not exhibit visible symptoms of a specific pathogen, the commissioner must subject the seed potatoes to laboratory tests to determine the level of a pathogen in a seed lot. Testing under this paragraph may occur during the growing season, the storage season, or winter testing.

(c) The commissioner may not accept an application for certification from a grower in a community or county without sufficient acreage for total inspection fee charges to cover the cost of wages and expenses of the commissioner to complete an inspection. The commissioner may make a determination of sufficient acreage under this paragraph before conducting an inspection as part of the certification process.

(d) The commissioner must not inspect a field for certification unless both the planted seed potato variety and the particular planted lot have been authorized by the commissioner. When considering the authorization of a particular seed potato variety for planting as certified seed potatoes, the commissioner must consider scientific evidence and the expert opinions of inspectors.

(e) The following classes of seed potatoes are eligible for planting as certified seed potatoes: Prenuclear (PN), Generation 1 (G1), Generation 2 (G2), Generation 3 (G3), Generation 4 (G4), Generation 5 (G5), and experimental class seed potatoes. The commissioner may authorize the planting of Certified (C) class or Generation 6 (G6) class seed potatoes if the commissioner determines that the seeds do not pose a serious threat of disease to the public.

Subd. 3. **Bacterial ring rot or potato spindle tuber viroid.** If the commissioner finds the presence of bacterial ring rot or potato spindle tuber viroid in a field or lot, the commissioner must

reject the entire field or lot. If the commissioner discovers a single plant in a field or a tuber in storage that is infected with bacterial ring rot or potato spindle tuber viroid, the commissioner must reject the entire field or lot where the plant was grown. If the commissioner has not found bacterial ring rot or potato spindle tuber viroid in a field or lot, the field or lot is not necessarily free from either disease.

Subd. 4. **Winter testing.** (a) In order to detect certain virus diseases, the commissioner must conduct winter testing of a sample from each class seeking eligibility for recertification, except PN and experimental classes. The commissioner must grow out and visually inspect a representative sample of tubers from each seed lot for stand, vigor, varietal purity, and disease. If, during a visual inspection, a plant shows signs of potato virus Y or potato leafroll virus, or if the plant is of a variety that does not express visual symptoms of infection, the commissioner must ensure that a sample of the plant is lab tested for potato virus Y and potato leafroll virus. The commissioner must determine whether a field or lot contains the threshold amount of disease permitted under section 21.124, subdivision 9. The commissioner must include any lot that passes winter testing in the approved list of certified seed lots eligible for recertification.

(b) If the commissioner determines that a winter test of a lot or field has a serious malfunction, the commissioner must base classification of the lot or field on summer field readings from the previous year or lab testing.

(c) Instead of winter testing a sample, the commissioner may accept comprehensive lab testing if the commissioner determines that special circumstances exist, such as a natural disaster, that would make submission of samples for inclusion in winter testing impractical or impossible.

(d) The commissioner must reject a field or lot if the commissioner determines that a large number of plants are missing from the field or lot due to disease.

(e) The commissioner must reject a field or lot if the commissioner determines that the field or lot contains a large number of weak plants.

(f) The commissioner may reject a field or lot if the field or lot contains a large number of plants that have a mixture of variety.

Subd. 5. **Seed potato certification classes.** Seed potato certification classes must be differentiated by the potatoes' compliance with disease tolerances, varietal purity, and seed origin. Seed potato certification classes are: Prenuclear (PN), Generation 1 (G1), Generation 2 (G2), Generation 3 (G3), Generation 4 (G4), Generation 5 (G5), Generation 6 (G6), and Certified (C).

Subd. 6. **Experimental status.** (a) Lots from a breeder's seed that have not been tested and have not been determined to be virus-free are considered experimental. The commissioner must designate seedlings or numbered selections in experimental status as a class and determine requirements of that class.

(b) To obtain experimental status under this subdivision, an applicant must submit a written statement from the seedlings' or numbered selections' breeder, originator, or originator's designee verifying that the applicant has full and unrestricted rights to introduce the seedlings or numbered selections into the commercial market and that the applicant may apply to enter the seedlings or

numbered selections into the certification system. The written statement must accompany the certification application submitted by the applicant.

(c) After reviewing the applicant's written statement and certification application, the commissioner may designate seedlings or numbered selections described in the application as having experimental status.

(d) After an applicant is notified by the commissioner that the seedlings or numbered selections have experimental status, the applicant must ensure that the seedlings or numbered selections are tagged with the word "EXPERIMENTAL."

Subd. 7. **Protected varieties.** If an applicant seeks to enter a seed potato variety protected under the Plant Variety Protection Act Amendments of 1994 into the certification system, the applicant must submit a written statement from the breeder, originator, or originator's designee that the applicant has full and unrestricted rights to introduce the protected variety into the certification system. The applicant must ensure that the written statement accompanies the certification application for any protected seed potato variety.

Subd. 8. **Certification factors; field inspection.** (a) The commissioner must consider the following factors when conducting a field inspection pursuant to a certification application:

(1) the commissioner must reject a field or lot if a large number of plants are missing due to disease;

(2) the commissioner must reject a field or lot if the field or lot contains a large number of weak plants;

(3) the commissioner must inspect a field or lot for bacterial ring rot. The commissioner must reject a field or lot if the commissioner finds the presence of bacterial ring rot. If bacterial ring rot is present in a field or lot, the remaining crop is not eligible for certification planting;

(4) the commissioner must reject a field or lot if the field or lot contains potatoes with a level of disease higher than the acceptable tolerance for the disease for the potatoes' seed potato certification class according to section 21.124, subdivision 9;

(5) the commissioner must reject a field or lot if the field or lot contains a percentage of diseased plants that exceeds the acceptable percentage of disease listed in section 21.124 for the seed potato certification class;

(6) the commissioner must reject a field or lot if any of the following are present in the field or lot to such an extent that the commissioner is unable to complete a satisfactory inspection for diseases: early or late blight, blackleg or wilt of any kind, weeds, plant injury from insects, or chemical damage; and

(7) the commissioner must reject a field or lot if any other conditions are present to such an extent that the commissioner is unable to make a satisfactory inspection for diseases.

(b) The commissioner must determine that a field is ineligible for certification if cull piles are in such close vicinity to the field that it is likely that the field is contaminated.

(c) The commissioner must make at least two field inspections of a field during the growing season. The commissioner must conduct a final inspection of a field for bacterial ring rot during the time of year that symptoms of bacterial ring rot are most likely to be observed. If the commissioner is unable to conduct a final inspection under this paragraph due to management practices of the grower or for a reason that is out of the grower's control, such as a natural disaster, the grower must ensure that laboratory testing is conducted to maintain eligibility for certification. An additional inspection or additional laboratory testing may be necessary to meet phytosanitary requirements in established markets in another state or in a Canadian province.

Subd. 9. **Roguing.** If any of the diseases listed in section 21.124, subdivision 1, are present in a field in amounts greater than the maximum disease tolerance level, the grower must rogue the field and remove the infected plants before the final inspection by the commissioner. If a grower has completed roguing a field after tubers have formed, the grower must remove and destroy all tubers from rogued plants.

Subd. 10. **Storage.** (a) A grower must ensure that a lot is stored under conditions that prevent disease contamination. A grower must not store a lot in any warehouse where other potatoes are stored, unless the grower labels the lot according to paragraph (b).

(b) If more than one grower stores lots in the same warehouse, each grower must identify the grower's lots by labeling the bin containing the lot with the grower's name, the grower's address, the variety of potatoes in the bin, and the number of potatoes in the bin.

(c) If a grower plans to store a lot in a public warehouse or storage unit that is not directly under the grower's control, the grower must send a complete record of storage to the commissioner prior to storing the lot. The record must include the address and location of the public warehouse or storage unit, the variety of potatoes in each bin, and the number of potatoes in each bin. If a warehouse receipt for the lot is available, the grower must submit a copy of the warehouse receipt to the commissioner. If more than one grower stores lots in the same public warehouse or storage unit, the grower must label each lot according to paragraph (b).

(d) A grower must not use the same equipment for grading and handling lots of certified seed potatoes and other potatoes. If a grower has used the same equipment for grading and handling certified seed potatoes and other potatoes, the commissioner must reject the grower's lots.

(e) A firm that handles lots under contract must label each bin containing a lot with the name of the grower whose lots are being stored. A firm handling lots under contract must properly label and handle bins containing lots. A certification tag or bulk certificate must not be issued unless all bins are properly labeled according to this paragraph.

(f) By November 1 of each crop year, a grower must submit to the commissioner a completed storage and yield report for each lot on a form prescribed by the commissioner. The commissioner may extend the deadline after November 1 due to special circumstances, such as a natural disaster, that would make it impractical or impossible for a grower to complete harvesting and storage by November 1 and that affect an area or a large number of growers. A grower must submit a written request for an extension to the commissioner before November 1 of the crop year for which the extension is sought.

Subd. 11. **Tags; bulk certificates.** (a) Once the commissioner has informed a grower that the grower's potatoes meet the certification requirements in sections 21.111 to 21.125, a grower may tag the potatoes using an approved tag indicating the grade of potatoes as blue-tag-certified seed potato grade, yellow-tag-certified seed potato grade, or white-tag-certified seed potato grade. A grower's name, the city where the farm is located, the potato variety, and the crop year must be printed on a tag under this subdivision.

(b) When fastening a tag to a potato sack, a grower must fasten the tag to the sack to form a seal at the time that the lot or shipment is prepared.

(c) A bulk certificate must include the date that the certificate was issued, class, grade, lot number, shipping point certificate number, and approximate weight of the lot.

(d) Only the person who grew the potatoes may order or print tags for the potatoes once the commissioner has informed the person that the potatoes meet certification requirements under sections 21.111 to 21.125.

(e) A grower may print a tag for potatoes if the grower has provided proof of each lot to the commissioner for review before using the tag. A tag printed by a grower must contain the following statement: "The quality and condition of each lot is only confirmed through a shipping point inspection certificate. This tag, without an accompanying shipping point inspection certificate, is not proof that the potatoes contained within have been duly inspected."

Subd. 12. **Certified seed potato grades.** Certified seed potatoes must be classified by certified seed potato grades based on the number of physical defects of tubers. A grower must only use a certified seed potato grade for potatoes after a shipping point inspection of the potatoes has been completed. The following three grades of certified seed potatoes must be used for Minnesota-certified seed potatoes:

(1) the blue-tag-certified seed potato grade is the first grade of certified seed potatoes. The blue-tag-certified seed potato grade is stricter than other grades. The blue-tag-certified seed potato grade does not allow as many physical defects of tubers as other grades. A grower may use the blue-tag-certified seed potato grade for intrastate and interstate shipments of certified seed potatoes;

(2) the yellow-tag-certified seed potato grade is the second grade of certified seed potatoes. The yellow-tag-certified seed potato grade allows more physical defects of tubers than the blue-tag-certified seed potato grade. A grower may use the yellow-tag-certified seed potato grade for intrastate and interstate shipments of certified seed potatoes; and

(3) the white-tag-certified seed potato grade is the third grade of certified seed potatoes. The number of physical defects that the white-tag-certified seed potato grade allows is determined by an agreement between the purchaser and seller of the certified seed potatoes. A grower may use the white-tag-certified seed potato grade for intrastate and interstate shipments of certified seed potatoes.

Subd. 13. **Grading.** (a) A grower must ensure that a lot is inspected at the shipping point if the lot requires a grade statement.

(b) If an inspection at the shipping point is impossible, a grower must request a grading inspection in transit.

(c) A grower must ensure that a bagged lot or shipment offered for sale and tagged with approved certification tags is contained in new even-weight sacks.

(d) A grower must ensure that a bulk shipment is identified with a bulk certificate.

(e) A grower must ensure that a bagged lot and bulk lot or shipment meets grade standards in section 21.125.

(f) A grower must recondition a lot or shipment that fails to meet the grade standards in section 21.125.

(g) If a lot or shipment fails to meet grade standards and is contained in sacks, a grower must remove approved certification tags from the lot or shipment before the lot or shipment may proceed to its destination.

(h) If a shipment is in bulk and fails to meet grade standards in section 21.125, a bulk certificate must not be issued.

(i) If a lot or shipment fails to meet grade standards, the shipper must bear the costs of reconditioning potatoes to meet the grade standards in section 21.125.

Sec. 31. **[21.124] REQUIREMENTS FOR PRODUCTION OF DIFFERENT CLASSES OF CERTIFIED SEED POTATOES.**

Subdivision 1. **Prenuclear class certified seed potatoes.** (a) A lot grown as and intended to be prenuclear class certified seed potatoes must be grown from plants tested and shown to be free from the following pathogens:

(1) *Clavibacter michiganensis* ssp. *sepedonicus* (ring rot);

(2) *Pectobacterium atrosepticum* ssp. *Atrosepticum, carotovora* (blackleg);

(3) potato virus X;

(4) potato virus S;

(5) potato virus A;

(6) potato virus M;

(7) potato virus Y;

(8) potato spindle tuber viroid; and

(9) potato leafroll virus.

(b) When growing prenuclear class seed potatoes, a grower must ensure that each explant or tuber is tested for organisms for which testing is required by the state or province of destination. A grower must ensure that material in maintenance is tested during the year of producing prenuclear class seed potatoes.

(c) A grower must produce prenuclear class seed potatoes in a greenhouse, facility, or screenhouse under sanitary conditions, free from insects and weeds that can harbor or transmit potato diseases or other conditions that would allow possible disease contamination. A grower must ensure that a facility used for growing prenuclear seed potatoes is sufficiently insulated from insects by screens and double doors. The commissioner may inspect any facility or equipment used for growing, handling, and storing prenuclear class seed potatoes to verify that the facility or equipment complies with this paragraph.

(d) A grower must ensure that one percent of each lot or ten plants or tubers from each lot, whichever is greater, is tested during the growing season to verify that the crop is free from potato virus X, potato virus Y, potato leafroll virus, *C. michiganensis*, and *P. atrosepticum*.

(e) Prenuclear tubers may originate from greenhouse tubers for one year only if the greenhouse tubers have remained at the same growing operation and have remained isolated from field-grown tubers.

(f) Prenuclear class certified seed potatoes must not contain more than the allowable tolerances for disease and varietal mixture in subdivision 9.

Subd. 2. **Generation 1 class certified seed potatoes.** (a) Generation 1 class seed potatoes must meet the following requirements:

(1) the seed source must be either prenuclear tubers, clones, or plantlets; and

(2) tuber units or plantlets must be planted in identifiable family units.

(b) Subject to the commissioner's approval, lots in Generation 1 class may be exempt from winter testing requirements if leaves collected during the growing season are laboratory tested and shown to be within the allowable tolerance of potato virus X, potato virus Y, and other pathogens identified by the commissioner.

(c) Each lot must be stored in an individual identifiable unit.

(d) Generation 1 seed potatoes must not contain more than the allowable tolerances for disease and varietal mixture for seed potatoes in subdivision 9.

Subd. 3. **Generation 2 class certified seed potatoes.** Generation 2 class seed potatoes must originate from Generation 1 class seed potatoes. Generation 2 class seed potatoes must not contain more than the allowable tolerances of disease and varietal mixture in subdivision 9.

Subd. 4. **Generation 3 class certified seed potatoes.** Generation 3 class seed potatoes must originate from Generation 2 class seed potatoes. Generation 3 class seed potatoes must not contain more than the allowable tolerances of disease and varietal mixture in subdivision 9.

Subd. 5. **Generation 4 class certified seed potatoes.** Generation 4 class seed potatoes must originate from Generation 3 class seed potatoes. Generation 4 class seed potatoes must not contain more than the allowable tolerances for disease and varietal mixture in subdivision 9.

Subd. 6. **Generation 5 class certified seed potatoes.** Generation 5 class seed potatoes must originate from Generation 4 class seed potatoes. Generation 5 class seed potatoes must not contain more than the allowable tolerances for disease and varietal mixture in subdivision 9.

Subd. 7. **Generation 6 class certified seed potatoes.** Generation 6 class seed potatoes must originate from Generation 5 class seed potatoes. Generation 6 class seed potatoes must not contain more than the allowable tolerances for disease and varietal mixture in subdivision 9.

Subd. 8. **Certified class certified seed potatoes.** Certified class seed potatoes must originate from generation classes of seed potatoes. Certified class seed potatoes must not contain more than the allowable tolerances for disease and varietal mixture in subdivision 9.

Subd. 9. **Allowable tolerances for diseases and varietal mixture by generation class.** The numbers represent the percentage of potatoes that may be affected out of an individual lot.

	PN	G1	G2	G3	G4	G5	G6	C
Tolerances:								
Severe Mosaic from potato virus Y, A, M, X, and/or S	0	0.5	0.5	0.5	0.5	0.5	0.5	1
Leafroll	0	0.5	0.5	0.5	0.5	0.5	0.5	1
Total	0	0.5	0.5	0.5	0.5	0.5	0.5	1
Other viruses	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Mycoplasms (haywire, witches broom, yellow dwarf)	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Blackleg	0	0	0.2	0.5	1	exc.	exc.	exc.
Varietal mixture	0	0	0	0.1	0.1	0.1	0.2	0.2
Ring Rot and Spindle Tuber	0	0	0	0	0	0	0	0
Winter Test:								
Virus or expressing symptoms of chemical damage	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5

Sec. 32. **[21.125] MINNESOTA CERTIFIED SEED POTATO GRADES AND TOLERANCES.**

Subdivision 1. **Certified seed potato grading.** Potatoes must meet the requirements of sections 21.111 to 21.125 to be graded as certified seed potatoes.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Damage" means any defect or combination of defects that materially affects the appearance of the individual potato, or that cannot be removed without a loss of more than five percent of the total weight of the potato, including the peel covering the defective area.

(c) "Diameter" means the greatest dimension at right angles to the longitudinal axis. Diameter means the long axis.

(d) "Dry rot" means decaying tissue that is dry.

(e) "Fairly clean" means that the individual potato is reasonably free from dirt, staining, or other foreign matter.

(f) "Fairly well-shaped" means that the individual potato is not materially pointed, dumbbell-shaped, or otherwise ill-formed.

(g) "Mature" means that the outer skin does not loosen or feather readily during the ordinary methods of handling.

(h) "Serious damage" means any defect or combination of defects that seriously affects the appearance of the individual potato or that cannot be removed without a loss of more than ten percent of the total weight of the potato, including the peel covering the defective area.

(i) "Slightly dirty" means the appearance is not materially affected by dirt, staining, or other foreign matter.

(j) "Soft rot" or "wet breakdown" means any soft, mushy, or leaky condition of potato tissues.

(k) "Well-shaped" means the normal shape for a variety.

Subd. 3. **Damage.** The commissioner must find that one or more of the following defects constitutes damage:

(1) a russet scab that materially detracts from the appearance of a potato;

(2) second growth or growth cracks that materially affect the appearance of an individual potato;

(3) air cracks when removal of the air cracks causes a loss of more than five percent of the total weight of a potato;

(4) a potato that is more than moderately shriveled, spongy, or flabby;

(5) an individual potato that has sprouts over one inch in length;

(6) a surface scab, powdery scab, or pitted scab that covers more than five percent of the surface of a potato or a surface scab, powdery scab, or pitted scab that, when removed, causes a potato to lose more than five percent of the potato's total weight, including peel covering a defective area of the potato; or

(7) more than 50 percent of a potato's surface contains scattered, lightly caked soil or more than 15 percent of a potato's surface is badly caked with soil.

Subd. 4. **Serious damage.** The commissioner must find that one or more of the following defects constitutes serious damage:

(1) a russet scab that seriously detracts from the appearance of a potato;

(2) the appearance of a potato is seriously affected by caked or smeared dirt or other foreign matter;

(3) both ends of a potato are cut or clipped, more than an estimated one-fourth of a potato is cut away from one end, or a remaining portion of a clipped potato weighs less than six ounces;

(4) one or more cuts that seriously affect the appearance of a potato or that cannot be removed without the loss of more than ten percent of a potato's total weight, including peel covering the defective area;

(5) a potato that is excessively shriveled, spongy, or flabby;

(6) a surface scab, powdery scab, or pitted scab that covers more than 25 percent of the surface of a potato or a surface scab, powdery scab, or pitted scab that, when removed, causes a loss of more than ten percent of a potato's total weight, including peel covering the defective area; or

(7) wireworm or air cracks that, when removed, cause a loss of more than ten percent of a potato's total weight.

Subd. 5. **Application of tolerance.** If the average of an entire lot is within the disease tolerances specified for the grade in section 21.124, subdivision 9, an individual container in the lot may contain no more than double the disease tolerance specified in section 21.124, subdivision 9, except that sprouts, at least one defective specimen with a defect other than bacterial ring rot, and one off size specimen is permitted. This subdivision does not apply to bulk conveyances.

Subd. 6. **Condition after transit.** Deterioration that developed in transit must affect the condition of potatoes. Deterioration that developed in transit must not affect the grade of potatoes.

Subd. 7. **Minnesota blue-tag-certified seed potato grade.** (a) To be graded as Minnesota blue-tag-certified seed potatoes, potatoes must meet the following requirements:

(1) at the time of the shipping point inspection, potatoes must be of one variety; unwashed; fairly well-shaped; free from bacterial ring rot, late blight, freezing, black heart, and soft rot or wet breakdown; free from damage caused by soil or other foreign matter, second growth, air cracks, cuts, shriveling, sprouts, pitted scabs, surface scabs, powdery scabs, russet scabs, dry rot, other diseases, insects or worms, mechanical or other means, or flattened or depressed areas with underlying flesh discoloration; and free from serious damage caused by hollow heart, wireworm, growth cracks, or internal discoloration other than hollow heart. Sunburn and silver scurf must not be considered factors that affect the grading of potatoes. This clause does not apply to hollow heart if the potatoes are labeled "hollow heart exempt" on the affixed tag or accompanying certificate; and

(2) for round or intermediate shaped varieties, the maximum potato size is 12 ounces (340.2 grams) and, unless otherwise specified, the minimum size must not be less than 1-1/2 inches (38.1 millimeters) in diameter. For long varieties, the maximum size is 14 ounces (396.9 grams) and,

unless otherwise specified, the minimum size must not be less than 1-1/2 inches (38.1 millimeters) in diameter. For all varieties, the minimum diameter for size "B" must not be less than 1-1/2 inches (38.1 millimeters) and the maximum size must not be more than 2-1/4 inches (57.1 millimeters) in diameter. The department may grade potatoes that do not meet the maximum and minimum size specifications as Minnesota blue-tag-certified seed potatoes if the buyer agrees to accept potatoes of alternate size specifications from the grower and the specifications are listed on the affixed tag or accompanying bulk certificate issued by the department.

(b) To allow for variations incident to proper grading and handling, the following lot tolerances are permitted:

(1) for defects:

(i) up to ten percent of a lot may be seriously damaged by hollow heart, unless labeled "hollow heart exempt" on the affixed tag or accompanying certificate;

(ii) up to five percent of a lot may be seriously damaged by internal discoloration due to causes other than hollow heart;

(iii) up to ten percent of a lot may be damaged by soil or other foreign matter;

(iv) up to 20 percent of a lot may be damaged by sprouts;

(v) up to ten percent of a lot may be seriously damaged by wireworm;

(vi) for potatoes that fail to meet the remaining requirements of the potatoes' grade, a lot may contain up to a total of six percent of the following defects combined and must not contain more than the following percentage of defects:

(A) soft rot, frozen, or wet breakdown, 0.5 percent;

(B) damage by surface scab, powdery scab, or pitted scab, 2.0 percent;

(C) damage by dry rot, 2.0 percent, of which not more than 1.0 percent is late blight tuber rot;

(D) bacterial ring rot, 0.0 percent; and

(E) late blight tuber rot, 1.0 percent; and

(vii) the presence of the following does not affect seed quality and must not be scored against the potatoes' grade:

(A) brown discoloration following skinning;

(B) dried stems;

(C) flattened or depressed areas showing no underlying flesh discoloration;

(D) greening;

(E) sunburn;

(F) skin checks; and

(G) silver scurf; and

(2) for off size:

(i) up to five percent of potatoes may fail to meet the required or specified minimum size; and

(ii) up to ten percent of potatoes may fail to meet the required maximum size.

Subd. 8. **Minnesota yellow-tag-certified seed potato grade.** (a) To be graded as Minnesota yellow-tag-certified seed potatoes, potatoes must meet the following requirements:

(1) at the time of the shipping point inspection, the potatoes must be of one variety; unwashed; fairly well-shaped; free from bacterial ring rot, late blight, freezing, black heart, and soft rot or wet breakdown; free from damage caused by second growth, air cracks, cuts, shriveling, pitted scabs, surface scabs, powdery scabs, dry rot, other diseases, insects or worms, or mechanical means or other means; and free from serious damage caused by soil or other foreign matter, hollow heart, wireworm, growth cracks, russet scabs, or internal discoloration other than hollow heart. Sunburn and silver scurf must not be considered factors that affect the grading of potatoes. This clause does not apply to hollow heart if labeled "hollow heart exempt" on the affixed tag or accompanying certificate; and

(2) for all varieties, the maximum potato size is 14 ounces (396.9 grams) and the minimum size is 1-1/2 inch (38.1 millimeter) in diameter. For all varieties, the minimum diameter for size "B" must not be less than 1-1/2 inches (38.1 millimeters) and the maximum diameter must not be more than 2-1/4 inches (57.1 millimeters). The department may grade potatoes that do not meet the maximum and minimum size specifications as Minnesota yellow-tag-certified seed potatoes if the buyer agrees to accept potatoes with alternate size specifications from the grower and the size specifications are listed on the affixed tag or accompanying bulk certificate issued by the department.

(b) To allow for variations incident to proper grading and handling, the following lot tolerances are permitted:

(1) for defects:

(i) up to 20 percent of potatoes may be seriously damaged by hollow heart, unless labeled "hollow heart exempt" on the affixed tag or accompanying certificate;

(ii) up to five percent of potatoes may be seriously damaged by internal discoloration due to a cause other than hollow heart;

(iii) up to ten percent of potatoes may be seriously damaged by soil or other foreign matter;

(iv) up to ten percent of potatoes may be seriously damaged by wireworm;

(v) up to 20 percent of a lot may have defects if the potatoes fail to meet the remaining requirements of the grade. Of the 20 percent of defects allowed, a lot may contain a total of six percent of the following defects combined and must not contain more than the following percentage of defects:

(A) soft rot, frozen, or wet breakdown, 0.5 percent;

(B) damage by surface scab, powdery scab, or pitted scab, 5.0 percent;

(C) damage by dry rot, 2.0 percent, of which not more than 1.0 percent is late blight tuber rot;

(D) bacterial ring rot, 0.0 percent; and

(E) late blight tuber rot, 1.0 percent; and

(vi) the presence of the following does not affect seed quality and must not be scored against the grade:

(A) brown discoloration following skinning;

(B) dried stems;

(C) flattened or depressed areas showing no underlying flesh discoloration;

(D) greening;

(E) sunburn;

(F) skin checks;

(G) silver scurf; and

(H) sprouts; and

(2) for off size:

(i) five percent for potatoes that fail to meet the required or specified minimum size; and

(ii) ten percent for potatoes that fail to meet the required maximum size.

(c) The potatoes must be fairly well-shaped, with an exception for long varieties when specified as "except for shape." When specified as "except for shape," the tubers may be misshapen.

Subd. 9. **Minnesota white-tag-certified seed potato grade.** Minnesota white-tag-certified seed potato grade consists of certified seed potatoes that are graded according to agreement between the seller and the purchaser as to size and defects, except that not more than one-half percent of soft rot, frozen, or wet breakdown and two percent dry rot, of which not more than one percent late blight tuber rot is allowed.

Sec. 33. Minnesota Statutes 2024, section 21.891, subdivision 2, is amended to read:

Subd. 2. **Seed fee permits.** (a) A labeler who wishes to sell seed in Minnesota must comply with section 21.89, subdivisions 1 and 2, and the procedures in this subdivision. Each labeler who wishes to sell seed in Minnesota must apply to the commissioner to obtain a permit. The application must contain the name and address of the applicant, the application date, and the name and title of the applicant's contact person. Permit fees are based on the initial sale of seed in Minnesota.

(b) The application for a seed permit covered by section 21.89, subdivision 2, clause (1), must be accompanied by an application fee of $75.

(c) The application for a seed permit covered by section 21.89, subdivision 2, clause (2), must be accompanied by an application fee based on the level of annual gross sales as follows:

(1) for gross sales of $0 to $25,000, the annual permit fee is $75;

(2) for gross sales of $25,001 to $50,000, the annual permit fee is $150;

(3) for gross sales of $50,001 to $100,000, the annual permit fee is $300;

(4) for gross sales of $100,001 to $250,000, the annual permit fee is $750;

(5) for gross sales of $250,001 to $500,000, the annual permit fee is $1,500;

(6) for gross sales of $500,001 to $1,000,000, the annual permit fee is $3,000; and

(7) for gross sales of $1,000,001 and above, the annual permit fee is $4,500.

(d) The application for a seed permit covered by section 21.89, subdivision 2, clause (3), must be accompanied by an application fee of $75. Labelers holding seed fee permits covered under this paragraph need not apply for a new permit or pay the application fee. Under this permit category, the fees for the following kinds of agricultural seed sold either in bulk or containers are:

(1) oats, wheat, and barley, 9 cents per hundredweight;

(2) rye, field beans, buckwheat, and flax, 12 cents per hundredweight;

(3) field corn, 17 cents per 80,000 seed unit;

(4) forage, hemp, lawn and turf grasses, and legumes, 69 cents per hundredweight;

(5) sunflower, $1.96 per hundredweight;

(6) sugar beet, 12 cents per 100,000 seed unit;

(7) soybeans, 7.5 cents per 140,000 seed unit;

(8) for any agricultural seed not listed in clauses (1) to (7), the fee for the crop most closely resembling it in normal planting rate applies; and

(9) for native grasses and wildflower seed, $1 per hundredweight.

(e) If, for reasons beyond the control and knowledge of the labeler, seed is shipped into Minnesota by a person other than the labeler, the responsibility for the seed fees are transferred to the shipper. An application for a transfer of this responsibility must be made to the commissioner. Upon approval by the commissioner of the transfer, the shipper is responsible for payment of the seed permit fees.

(f) Seed permit fees may be included in the cost of the seed either as a hidden cost or as a line item cost on each invoice for seed sold. To identify the fee on an invoice, the words "Minnesota seed permit fees" must be used.

(g) All seed fee permit holders must file semiannual reports with the commissioner, even if no seed was sold during the reporting period. Each semiannual report must be submitted within 30 days of the end of each reporting period. The reporting periods ~~are October 1 to March 31 and April 1 to September 30 of each year or July 1 to December 31 and January 1 to June 30 of each year~~ must be determined by the commissioner and communicated annually to permit holders. Permit holders may change their reporting periods with the approval of the commissioner.

(h) The holder of a seed fee permit must pay fees on all seed for which the permit holder is the labeler and which are covered by sections 21.80 to 21.92 and sold during the reporting period.

(i) If a seed fee permit holder fails to submit a semiannual report and pay the seed fee within 30 days after the end of each reporting period, the commissioner shall assess a penalty of $100 or eight percent, calculated on an annual basis, of the fee due, whichever is greater, but no more than $500 for each late semiannual report. A $15 penalty must be charged when the semiannual report is late, even if no fee is due for the reporting period. Seed fee permits may be revoked for failure to comply with the applicable provisions of this paragraph or the Minnesota seed law.

Sec. 34. Minnesota Statutes 2025 Supplement, section 28A.04, subdivision 1, is amended to read:

Subdivision 1. **Application; date of issuance.** (a) Except as provided under section 28A.152, no person ~~shall~~ may engage in the business of manufacturing, processing, selling, handling, or storing food without having first obtained from the commissioner a license for doing such business. Applications for such license ~~shall~~ must be made to the commissioner in such manner and time as required and upon such forms as provided by the commissioner and ~~shall~~ must contain the name and address of the applicant, address or description of each place of business, and the nature of the business to be conducted at each place, and such other pertinent information as the commissioner may require.

(b) An applicant for a license must submit a nonrefundable application fee of $50 with each license application. The fee under this paragraph does not apply to annual license renewals. The fee under this paragraph is not required for applications to operate solely as a special event food stand or custom exempt food handler.

(c) A food handler license ~~shall~~ must be issued for the period January 1 to December 31 and ~~shall~~ must be renewed thereafter by the licensee on or before January 1 of each year, except that:

(1) retail and wholesale food handler licenses issued for the period of July 1, 2025, to June 30, 2026, must be renewed on or before July 1, 2026, for the period of July 1, 2026, to December 31, 2026. The renewal fee for the period of July 1, 2026, to December 31, 2026, is one-half of the fee for a food handler specified in section 28A.08, subdivision 3;

(2) licenses for all mobile food concession units and retail mobile units must be issued for the period April 1 to March 31, and must be renewed thereafter by the licensee on or before April 1 of

each year. A license issued for a temporary food concession stand must have a license issuance and renewal date consistent with appropriate statutory provisions; and

(3) a license for a food handler operating only at the State Fair must be issued for the period of July 1 to June 30 and must be renewed thereafter by the licensee on or before July 1 of each year.

(d) A penalty for late renewal under paragraph ~~(b)~~ (c) must be assessed in accordance with section 28A.08.

(e) A custom exempt food handler license ~~shall~~ must be issued for the period July 1 to June 30 and must be renewed thereafter by the licensee on or before July 1 each year. The custom exempt food handler license is for businesses that only conduct custom exempt operations and mark all products as "Not For Sale." Food handlers that conduct retail exempt operations or other operations other than custom exempt processing or slaughter are not eligible for this license.

(f) On a quarterly basis during the licensing period, the commissioner must prorate the fee for an initial license issued under this chapter, except that:

(1) a person applying for a new license up to 14 calendar days before the effective date of the new license period under paragraph (c) must be issued a license for the 14 days and the next license year as a single license and pay a single license fee as if the 14 days were part of the upcoming license period~~.~~; and

(2) a person applying for a license to operate as a special event food stand must pay the entire fee specified in section 28A.08, subdivision 3, regardless of when the application is filed.

Sec. 35. Minnesota Statutes 2024, section 28A.0752, is amended to read:

28A.0752 DELEGATION OF POWERS AND DUTIES.

Subdivision 1. **Agreements to perform duties of commissioner.** (a) The commissioner may enter into agreements to delegate ~~licensing and inspection~~ duties of the commissioner to community health boards pertaining to ~~retail~~ food handlers ~~shall~~ whose primary mode of business is to sell or to process and sell food directly to the ultimate consumer. An agreement under this section may include duties of licensing, inspection, reporting, and enforcement ~~duties~~ authorized under ~~sections~~ this chapter and chapters 29 and 30; section 17.04~~, 29.21, 29.23, 29.235, 29.236, 29.237, 29.24, 29.25, 29.26, 29.27, and 30.49,~~; appropriate sections of the Minnesota Food Law, chapters 31 and 34A~~,~~; and applicable Minnesota food rules.

(b) Agreements under this section are subject to subdivision 3.

(c) ~~This subdivision does not affect agreements entered into under section 28A.075 or current cooperative agreements which base inspections and licensing responsibility on the firm's most predominant mode of business.~~ The commissioner must not delegate duties under this section pertaining to custom exempt food handlers and food handlers inspected under the state meat inspection program under chapter 31A.

(d) The commissioner must not delegate duties under this section pertaining to food handlers whose principal mode of business is to sell food to other business entities or establishments for resale.

(e) The commissioner must not delegate duties under this section pertaining to food handlers who conduct activities regulated under Code of Federal Regulations, title 21, part 111; 112; 113; 114; 117, subpart C; 120; or 123.

Subd. 2. **Approval of agreements.** (a) An agreement under this section to delegate ~~licensing and inspection of retail food handlers~~ duties to a community health board must be approved by the commissioner ~~and is subject to subdivision 3~~.

(b) An agreement to delegate the commissioner's duties to a designated agent established before January 1, 2025, remains in effect if the designated agent's performance continues to meet the standards necessary to substitute for the commissioner's duties and complies with the requirements of subdivisions 1 and 3.

Subd. 3. **Terms of agreements.** (a) Agreements authorized under this section must be in writing and signed by the ~~delegating authority~~ commissioner and the designated agent.

(b) ~~The~~ An agreement under this section must list criteria that the ~~delegating authority~~ commissioner will use to determine if the designated agent's performance meets appropriate standards and is sufficient to replace performance by the ~~delegating authority~~ commissioner.

(c) ~~The~~ An agreement under this section may specify minimum staff requirements and qualifications, set procedures for the assessment of costs, and provide for termination procedures if the ~~delegating authority~~ commissioner determines that the designated agent has failed to comply with the agreement.

(d) A designated agent must operate according to the requirements of section 28A.06.

(e) By December 31, 2028, a designated agent that entered into an agreement to delegate the commissioner's duties to the designated agent before January 1, 2025, must comply with section 28A.06.

~~(d)~~ (f) The ~~delegating authority~~ commissioner and the designated agent are required to perform inspections utilizing the Minnesota Food Code's minimum and maximum standards.

~~(e)~~ (g) A designated agent must not perform licensing, inspection, reporting, or enforcement duties under ~~the~~ an agreement under this section in a territory outside its jurisdiction unless approved by the commissioner and governing body for that territory through a separate agreement.

(h) A designated agent may charge a fee to recover the estimated costs of performing duties according to terms of an agreement under this section if the duties involve enforcing the Minnesota Food Law and applicable Minnesota food rules. The fee charged by the designated agent must be fair, reasonable, and proportionate to the actual cost of the duties performed by the designated agent. A designated agent must only use a fee under this paragraph to cover the costs of performing duties according to terms of the agreement under this section.

~~(f)~~ (i) The scope of agreements established under this section is limited to duties and responsibilities agreed upon by the parties. The agreement may provide for automatic renewal and for notice of intent to terminate by either party.

~~(g)~~ (j) During the life of ~~the~~ an agreement under this section, the ~~delegating authority shall~~ commissioner must not perform duties that the designated agent is required to perform under the agreement, except inspections necessary to determine compliance with the agreement and this section or as agreed to by the parties.

~~(h)~~ (k) The ~~delegating authority shall~~ commissioner must consult with, advise, and assist a designated agent in the performance of its duties under the agreement.

~~(i)~~ (l) This section does not alter the responsibility of the ~~delegating authority~~ commissioner for the performance of duties specified by law and rule.

Sec. 36. Minnesota Statutes 2025 Supplement, section 28A.08, subdivision 3, is amended to read:

Subd. 3. **Fees effective August 1, 2025.**

Type of food handler	Risk Category	License Fee	Penalties: Late Renewal	Penalties: No License
1. Custom exempt food handler				
(a) Having $50,000 or less gross sales or service for the immediately previous license or fiscal year		$135	$45	$90
(b) Having $50,001 to $125,000 gross sales or service for the immediately previous license or fiscal year		$200	$67	$133
(c) Having $125,001 to $500,000 gross sales or service for the immediately previous license or fiscal year		$370	$123	$247
(d) Having $500,001 to $1,000,000 gross sales or service for the immediately previous license or fiscal year		$475	$158	$317
(e) Having $1,000,001 to $5,000,000 gross sales or service for the immediately previous license or fiscal year		$1,350	$450	$900
(f) Having $5,000,001 to $10,000,000 gross sales or service for the immediately previous license or fiscal year		$1,750	$583	$1,167
(g) Having $10,000,001 to $15,000,000 gross sales or service for the immediately previous license or fiscal year		$2,150	$717	$1,433

(h) Having $15,000,001 to $20,000,000 gross sales or service for the immediately previous license or fiscal year		$2,550	$849	$1,700
(i) Having $20,000,001 to $25,000,000 gross sales or service for the immediately previous license or fiscal year		$2,950	$984	$1,967
(j) Having over $25,000,001 gross sales or service for the immediately previous license or fiscal year		$3,350	$1,117	$2,233
2. Food handler				
(a) Having gross sales of only prepackaged nonperishable food of less than $30,000 for the immediately previous license or fiscal year and filing a statement with the commissioner		$90	$30	$60
(b) Having gross sales or service of less than $50,000 for the immediately previous license or fiscal year	High	$285	$95	$190
	Medium	$195	$65	$130
	Low	$135	$45	$90
(c) Having $50,001 to $125,000 gross sales or service for the immediately previous license or fiscal year	High	$350	$117	$233
	Medium	$260	$87	$173
	Low	$200	$67	$133
(d) Having $125,001 to $250,000 gross sales or service for the immediately previous license or fiscal year	High	$415	$138	$277
	Medium	$350	$117	$233
	Low	$265	$88	$177
(e) Having $250,001 to $500,000 gross sales or service for the immediately previous license or fiscal year	High	$520	$173	$347
	Medium	$430	$143	$287
	Low	$370	$123	$247
(f) Having $500,001 to $1,000,000 gross sales or service for the immediately previous license or fiscal year	High	$625	$208	$417
	Medium	$535	$178	$357
	Low	$475	$158	$317
(g) Having $1,000,001 to $5,000,000 gross sales or service for the immediately previous license or fiscal year	High	$1,500	$500	$1,000
	Medium	$1,425	$475	$950
	Low	$1,350	$450	$900
(h) Having $5,000,001 to $10,000,000 gross sales or service for the immediately previous license or fiscal year	High	$1,900	$633	$1,267
	Medium	$1,825	$608	$1,217
	Low	$1,750	$583	$1,167
(i) Having $10,000,001 to $15,000,000 gross sales or service for the immediately previous license or fiscal year	High	$2,300	$767	$1,533
	Medium	$2,225	$742	$1,483
	Low	$2,150	$717	$1,433
(j) Having $15,000,001 to $20,000,000 gross sales or service for the immediately previous license or fiscal year	High	$2,700	$900	$1,800
	Medium	$2,625	$875	$1,750
	Low	$2,550	$849	$1,700
(k) Having $20,000,001 to $25,000,000 gross sales or service for the immediately previous license or fiscal year	High	$3,100	$1,033	$2,067
	Medium	$3,025	$1,008	$2,017
	Low	$2,950	$984	$1,967

(l) Having $25,000,001 to $50,000,000 gross sales or service for the immediately previous license or fiscal year	High	$3,500	$1,167	$2,333
	Medium	$3,425	$1,142	$2,283
	Low	$3,350	$1,117	$2,233
(m) Having $50,000,001 to $100,000,000 gross sales or service for the immediately previous license or fiscal year	High	$4,000	$1,334	$2,667
	Medium	$3,925	$1,309	$2,617
	Low	$3,850	$1,284	$2,567
(n) Having $100,000,001 or more gross sales or service for the immediately previous license or fiscal year	High	$4,500	$1,500	$3,000
	Medium	$4,425	$1,475	$2,950
	Low	$4,350	$1,450	$2,900
3. Food handler operating under authority of this chapter solely as a special event food stand as defined in Minnesota Statutes, section 157.15		$75	~~$25~~	$50
4. Meat or poultry processing solely under supervision of the U.S. Department of Agriculture				
(a) Having gross sales or service of less than $125,000 for the immediately previous license or fiscal year		$190	$63	$127
(b) Having $125,001 to $250,000 gross sales or service for the immediately previous license or fiscal year		$365	$122	$243
(c) Having $250,001 to $500,000 gross sales or service for the immediately previous license or fiscal year		$450	$150	$300
(d) Having $500,001 to $1,000,000 gross sales or service for the immediately previous license or fiscal year		$565	$188	$377
(e) Having $1,000,001 to $5,000,000 gross sales or service for the immediately previous license or fiscal year		$725	$241	$483
(f) Having $5,000,001 to $10,000,000 gross sales or service for the immediately previous license or fiscal year		$885	$295	$590
(g) Having $10,000,001 to $15,000,000 gross sales or service for the immediately previous license or fiscal year		$1,305	$435	$807
(h) Having $15,000,001 to $20,000,000 gross sales or service for the immediately previous license or fiscal year		$1,515	$505	$1,010
(i) Having $20,000,001 to $25,000,000 gross sales or service for the immediately previous license or fiscal year		$1,745	$582	$1,163
(j) Having $25,000,001 to $50,000,000 gross sales or service for the immediately previous license or fiscal year		$1,975	$658	$1,317

(k) Having $50,000,001 to $100,000,000 gross sales or service for the immediately previous license or fiscal year	$2,215	$738	$1,477
(l) Having $100,000,001 or more gross sales or service for the immediately previous license or fiscal year	$2,465	$822	$1,643

Sec. 37. Minnesota Statutes 2024, section 29.21, is amended by adding a subdivision to read:

Subd. 12. **Quality assurance date.** "Quality assurance date" means any date after which the manufacturer or processor reasonably determines that the product may, by spoilage, wiltage, drying, or any other foreseeable and natural phenomenon, lose palatability or desired or nutritive properties.

Sec. 38. Minnesota Statutes 2024, section 29.26, is amended to read:

29.26 EGGS IN POSSESSION OF RETAILER.

(a) All eggs sold or offered for sale at retail must have been candled and graded and must be clearly labeled according to Minnesota consumer grades as established by rule under section 29.23. No eggs shall be sold or offered for sale as "ungraded," "unclassified," or by any other name that does not clearly designate the grade. All eggs in possession of the retailer, either in temporary storage or on display, must be held at a temperature not to exceed 45 degrees Fahrenheit (7 degrees Celsius).

(b) Grade AA eggs held 31 days past the coded pack date for Grade AA eggs, or Grade A eggs held 46 days past the coded pack date for Grade A eggs, lose their grades and must be removed from sale~~.~~, except eggs that are past their quality assurance date may be donated to and distributed by charitable food assistance programs if the eggs:

(1) are contained in their original packaging;

(2) have previously been candled and graded;

(3) are continuously refrigerated;

(4) are distributed to the end consumer prior to 30 days past the original quality assurance date; and

(5) are contained in packaging affixed with a label that includes the following information:

(i) the name of the charitable food assistance program distributing the eggs;

(ii) a "distribute by" date of no more than 30 days past the original quality assurance date; and

(iii) the following statement: "Donated Eggs - Not for Resale."

Sec. 39. Minnesota Statutes 2024, section 32D.30, subdivision 5, is amended to read:

Subd. 5. **Reporting.** No later than ~~July 1~~ September 15 of each even-numbered year, the commissioner must submit a detailed accomplishment report and work plan detailing future plans for, and the actual and anticipated accomplishments from, expenditures under this section to the

chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. If the commissioner significantly modifies a submitted work plan ~~during the fiscal year~~, the commissioner must notify the chairs and ranking minority members.

Sec. 40. Minnesota Statutes 2024, section 41A.19, is amended to read:

41A.19 REPORT; INCENTIVE PROGRAMS.

~~By January 15~~ Each year, the commissioner shall report on the incentive programs under sections 41A.16, 41A.17, 41A.18, and 41A.20 to the legislative committees with jurisdiction over environment and agriculture policy and finance in the report under section 41A.12, subdivision 3. The report shall include information on production and incentive expenditures under the programs.

Sec. 41. Minnesota Statutes 2024, section 41B.048, subdivision 2, is amended to read:

Subd. 2. **Establishment.** The authority shall establish and implement an agroforestry loan program to help finance the production of short rotation woody crops, agroforestry crops, agroforestry systems, such as silvopasture and alley systems, and other systems.

Sec. 42. Minnesota Statutes 2024, section 41B.048, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Agroforestry" has the meaning given in section 17.458, subdivision 1.

(c) "Agroforestry system" means an agricultural production system that integrates trees, shrubs, or other woody perennial species or animals into the system, with the intention to harvest wood, food, feed, medicinal products, or other products from the system.

~~(b)~~ (d) "Growing cycle" means the number of years from planting to harvest.

~~(c)~~ (e) "Harvest" means the day that the crop arrives at the scale of the buyer of the crop.

~~(d)~~ (f) "Short rotation woody crops" or "crop" means hybrid poplar and other woody plants that are harvested for their fiber within 15 years of planting.

Sec. 43. Minnesota Statutes 2024, section 41B.048, subdivision 5, is amended to read:

Subd. 5. **Eligibility for growers of short rotation woody crops.** To be eligible for this program, a borrower must:

(1) be a resident of Minnesota or any entity eligible to own farm land under section 500.24;

(2) be or plan to become a grower of short rotation woody crops on agricultural land that is suitable for the profitable production of short rotation woody crops;

(3) be a member of a producer-owned cooperative that will contract to market the short rotation woody crop to be planted by the borrower;

(4) demonstrate an ability to repay the loan;

(5) not receive assistance under this program for more than $150,000 in the producer's lifetime;

(6) agree to work with appropriate local, state, and federal agencies, and the marketing cooperative, to develop an acceptable establishment and maintenance plan;

(7) agree not to plant short-rotation woody crops within one-quarter of a mile of state or federally protected prairie; and

(8) meet any other requirements the authority may impose by administrative procedure or by rule.

Sec. 44. Minnesota Statutes 2024, section 41B.048, is amended by adding a subdivision to read:

Subd. 5a. **Eligibility for agroforestry systems and practices.** To be eligible for this program, a borrower must:

(1) be a resident of Minnesota or any entity eligible to own farm land under section 500.24;

(2) be a farmer or agricultural landowner implementing: (i) the use of an agroforestry system, such as a silvopasture or an alley system, on agricultural land; or (ii) the use of agroforestry practices, such as biochar processing, on agricultural land;

(3) demonstrate an ability to repay the loan;

(4) not receive assistance under this program for more than $150,000 in the producer's lifetime; and

(5) meet any other requirements the authority may impose by administrative procedure or by rule.

Sec. 45. Minnesota Statutes 2024, section 41B.048, is amended by adding a subdivision to read:

Subd. 6a. **Loans for agroforestry systems and practices.** (a) The authority may participate with eligible lenders in agroforestry loans to farmers and agricultural landowners who are eligible under subdivision 5a. The authority's participation is limited to 45 percent or $75,000 of total accumulative principal per loan.

(b) The interest rates and repayment terms of the authority's participation interest may differ from those of the lender's retained portion of the loan.

(c) Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ten years.

(d) Security for the loan must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) The authority may prescribe forms and establish an application process for applicants to apply for a loan.

(f) The authority may impose a reasonable, nonrefundable application fee for each application for an agroforestry loan under this program. The authority may review the fee annually and make adjustments as necessary. The initial application fee is $50. Application fees received by the authority must be deposited in the Rural Finance Authority administrative account established in section 41B.03.

(g) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

(h) All repayments of financial assistance granted under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

(i) The interest payable on loans for the agroforestry loan program must be at a rate determined by the authority.

Sec. 46. Minnesota Statutes 2024, section 583.215, is amended to read:

583.215 EXPIRATION.

Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2027~~ 2032.

Sec. 47. **REPORT; PARAQUAT DICHLORIDE.**

By February 1, 2029, the commissioner of agriculture must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy on the use of paraquat dichloride in the state over time and the status of paraquat dichloride in the pesticide supply chain.

Sec. 48. **REPEALER.**

Minnesota Statutes 2024, sections 18K.02, subdivision 7; 18K.03, subdivision 2; and 28A.075, are repealed."

Delete the title and insert:

"A bill for an act relating to agriculture; modifying agriculture policy provisions; modifying farm down payment assistance provisions; modifying seed potato provisions; modifying fees; allowing eggs to be donated past their quality assurance date; requiring reports; modifying prior appropriations; appropriating money; amending Minnesota Statutes 2024, sections 17.458, subdivision 1; 18J.01; 18J.02; 18J.03; 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07, subdivisions 3, 4, 5; 18J.09; 18K.02, subdivisions 5, 6; 18K.04, subdivision 1; 21.111; 21.112, by adding a subdivision; 21.113; 21.115; 21.117; 21.119; 21.1195; 21.891, subdivision 2; 28A.0752; 29.21, by adding a subdivision; 29.26; 32D.30, subdivision 5; 41A.19; 41B.048, subdivisions 2, 4, 5, by adding subdivisions; 583.215; Minnesota Statutes 2025 Supplement, sections 17.1017, subdivision 9; 17.133, subdivisions 1, 2; 28A.04, subdivision 1; 28A.08, subdivision 3; Laws 2023, chapter 43, article 1, section 2, subdivisions 4, as amended, 5, as amended; Laws 2025, chapter 34, article 1, section 2, subdivisions 2, 3, as amended, 4, as amended; proposing coding for new law in

Minnesota Statutes, chapter 21; repealing Minnesota Statutes 2024, sections 18K.02, subdivision 7; 18K.03, subdivision 2; 28A.075."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator McEwen from the Committee on Labor, to which was re-referred

S.F. No. 4640: A bill for an act relating to state government; precluding state employees and legislators from taking employment with or serve as an independent contractor for grant recipients in certain situations; imposing a penalty; amending the definition of serious crime for purposes of recalling a state officer; amending Minnesota Statutes 2024, sections 43A.38, subdivision 2, by adding a subdivision; 211C.01, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 3; 181.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Elections without recommendation.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

Senator McEwen from the Committee on Labor, to which was re-referred

S.F. No. 2373: A bill for an act relating to state government; establishing a biennial budget for the Department of Labor and Industry, Workers' Compensation Court of Appeals, and Bureau of Mediation Services; making various policy changes; modifying provisions governing the certification of underground telecommunications installers; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 177.253, subdivision 1, by adding a subdivision; 177.254, subdivisions 1, 2, by adding a subdivision; 177.27, subdivision 5; 326B.103, by adding subdivisions; 326B.184, subdivisions 1a, 2; 326B.198, subdivisions 2, 3; 326B.31, subdivision 29; 326B.33, subdivision 21; 326B.37, subdivisions 1, 2, 4, 5, 6, 8, 9, by adding a subdivision; 326B.49, subdivisions 2, 3; 326B.986, subdivision 9; 327.31, by adding a subdivision; 327.32, subdivisions 1a, 1e, 7; 327.33, subdivisions 1, 2, 2a, 2b, 2c, by adding subdivisions; 327B.01, subdivisions 1, 7, 19, by adding subdivisions; 327B.04, subdivisions 3, 4, 6, 7a; 327B.041; 327B.05, subdivision 1; Laws 2024, chapter 127, article 14, section 3; proposing coding for new law in Minnesota Statutes, chapter 326B.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

Subdivision 1. **Appropriations.** The amounts specified in the following subdivisions are appropriated from the general fund to the commissioner of labor and industry for the purposes specified in each subdivision.

Subd. 2. **Additional support for Safe Workplaces for Meat and Poultry Processing Workers Act.** $163,000 in fiscal year 2027 is for one added full-time equivalent position to support activities under the Safe Workplaces for Meat and Poultry Processing Workers Act under Minnesota Statutes, sections 179.87 to 179.877.

Subd. 3. **Suitable seating enforcement.** $..... in fiscal year 2027 is for enforcement of Minnesota Statutes, section 181.995.

ARTICLE 2

LABOR AND INDUSTRY POLICY

Section 1. Minnesota Statutes 2024, section 177.23, subdivision 7, is amended to read:

Subd. 7. **Employee.** "Employee" means any individual employed by an employer but does not include:

(1) two or fewer specified individuals employed at any given time in agriculture on a farming unit or operation who are paid a salary;

(2) any individual employed in agriculture on a farming unit or operation who is paid a salary greater than the individual would be paid if the individual worked 48 hours at the state minimum wage plus 17 hours at 1-1/2 times the state minimum wage per week;

(3) an individual under 18 who is employed in agriculture on a farm to perform services other than corn detasseling or hand field work when one or both of that minor hand field worker's parents or physical custodians are also hand field workers;

(4) for purposes of section 177.24, an individual under 18 who is employed as a corn detasseler;

(5) any staff member employed on a seasonal basis by an organization for work in an organized resident or day camp operating under a permit issued under section 144.72;

(6) any individual employed in a bona fide executive, administrative, or professional capacity, or a salesperson who conducts no more than 20 percent of sales on the premises of the employer;

(7) any individual who renders service gratuitously for a nonprofit organization;

(8) any individual who serves as an elected official for a political subdivision or who serves on any governmental board, commission, committee or other similar body, or who renders service gratuitously for a political subdivision;

(9) any individual employed by a political subdivision to provide police or fire protection services or employed by an entity whose principal purpose is to provide police or fire protection services to a political subdivision;

(10) any individual employed by a political subdivision who is ineligible for membership in the Public Employees Retirement Association under section 353.01, subdivision 2b, clause (1), (2), (4), or (9), item (i);

(11) any driver employed by an employer engaged in the business of operating taxicabs;

(12) any individual engaged in babysitting as a sole practitioner;

(13) for the purpose of section 177.25, any individual employed on a seasonal basis in a carnival, circus, fair, or ski facility;

(14) any individual under 18 working less than 20 hours per workweek for a municipality as part of a recreational program;

(15) any individual employed by the state as a natural resource manager 1, 2, or 3 (conservation officer);

(16) any individual in a position for which the United States Department of Transportation has power to establish qualifications and maximum hours of service under United States Code, title 49, section 31502;

(17) any individual employed as a seafarer. The term "seafarer" means a master of a vessel or any person subject to the authority, direction, and control of the master who is exempt from federal overtime standards under United States Code, title 29, section 213(b)(6), including but not limited to pilots, sailors, engineers, radio operators, firefighters, security guards, pursers, surgeons, cooks, and stewards;

(18) any individual employed by a county in a single-family residence owned by a county home school as authorized under section 260B.060 if the residence is an extension facility of that county home school, and if the individual as part of the employment duties resides at the residence for the purpose of supervising children as defined by section 260C.007, subdivision 4; ~~or~~

(19) nuns, monks, priests, lay brothers, lay sisters, ministers, deacons, and other members of religious orders who serve pursuant to their religious obligations in schools, hospitals, and other nonprofit institutions operated by the church or religious order~~.~~; or

(20) any individual who has entered into a contract to play baseball at the minor league level and who is compensated pursuant to the terms of a collective bargaining agreement that expressly provides for wages and working conditions.

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

Sec. 2. Minnesota Statutes 2024, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 177.50, 179.86, 181.02, 181.03, 181.031, 181.032, 181.10, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.165, 181.172, paragraph (a) or (d), 181.214 to 181.217, 181.275, subdivision 2a, 181.635, 181.64, 181.722, 181.723, 181.79, 181.85 to 181.89, 181.939 to 181.943, 181.9445 to 181.9448, 181.987, 181.991, 181.9922, 181.9923, 181.995, 268B.09, subdivisions 1 to 6, and 268B.14, subdivision 3, with any rule promulgated under section 177.28,

181.213, or 181.215. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435, 181.165, or 181.987 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435, 181.165, or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69 or 181.165. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner. For the purposes of this subdivision, an employer includes a contractor that has assumed a subcontractor's liability within the meaning of section 181.165.

EFFECTIVE DATE. The amendment adding sections 181.9922 and 181.9923 is effective January 1, 2027.

Sec. 3. Minnesota Statutes 2024, section 181.03, subdivision 6, is amended to read:

Subd. 6. **Retaliation.** An employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for asserting rights or remedies under this section, sections 177.21 to 177.44, 181.01 to 181.723, ~~or~~ 181.79, or 181.995, including, but not limited to, filing a complaint with the department or telling the employer of the employee's intention to file a complaint. In addition to any other remedies provided by law, an employer who violates this subdivision is liable for a civil penalty of not less than $700 nor more than $3,000 per violation.

Sec. 4. Minnesota Statutes 2024, section 181.173, subdivision 2, is amended to read:

Subd. 2. **Salary ranges in job postings required.** (a) An employer must disclose in each posting for each job opening with the employer the starting salary range, and a general description of all of the benefits and other compensation, including but not limited to any health or retirement benefits, to be offered to a hired job applicant, as well as whether a hired job applicant will be offered a health plan option that complies with the cost-sharing limits under section 62Q.481, subdivision 1.

(b) An employer that does not plan to offer a salary range for a position must list a fixed pay rate. A salary range may not be open ended.

Sec. 5. **[181.9921] DEFINITIONS.**

(a) For the purposes of sections 181.9921 to 181.9924, the following terms have the meanings given.

(b) "Artificial intelligence" means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.

(c) "Authorized representative" means any person or organization appointed by the worker to serve as an agent of the worker. Authorized representative does not include a worker's employer.

(d) "Automated decision system" means any computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output, including a score, classification, or recommendation, that is used to partially or fully replace human discretionary decision making and materially impacts natural persons. An automated decision system does not include a spam email filter, a firewall, antivirus software, identity and access management tools, a calculator, a database, a dataset, or another compilation of data.

(e) "Automated decision system output" means any information, data, assumptions, predictions, scoring, recommendations, decisions, or conclusions generated by an automated decision system.

(f) "Electronic monitoring tool" means any system, application, or instrument that facilitates the collection of data concerning worker activities, communications, actions, biometrics, or behaviors by means other than direct observation by a person, including but not limited to video or audio surveillance, continuous incremental time-tracking tools, geolocation, electromagnetic tracking, or photoelectronic tracking, or that utilizes a photo-optical system or similar means.

(g) "Employer" means any person who directly or indirectly, or through an agent, vendor, or any other person, employs or exercises control over the wages, benefits, other compensation, hours, working conditions, access to work or job opportunities, or other terms or conditions of employment, of any worker. Employer includes all units of state and local government but does not include the federal government. Employer includes a labor contractor or vendor of a person defined as an employer under this paragraph.

(h) "Employment-related decision" means any decision by an employer that impacts wages, wage setting, benefits, compensation, work hours, work schedule, performance evaluation, hiring, recruitment, discipline, promotion, termination, job tasks, skill requirements, work responsibilities, assignment of work, access to work and training opportunities, productivity requirements, workplace health and safety, and any other terms or conditions of employment. For persons classified as independent contractors or for candidates for employment, an employment-related decision means the equivalent of these decisions based on the person's contract with or relationship to the employer.

(i) "Essential job functions" means the fundamental duties of a position, as revealed by objective evidence such as the amount of time workers spend performing each function, the consequences of not requiring individuals to perform the function, the terms of any applicable collective bargaining agreement, workers' past and present work experiences and performance in the position, and the employer's reasonable, nondiscriminatory judgment of which functions are essential. Past and current written job descriptions and the employer's reasonable, nondiscriminatory judgment of which functions are essential is evidence of which functions are essential for achieving the purpose of the job, but must not be the sole basis for this determination absent the objective evidence described in this paragraph.

(j) "Individualized" means specific to an individual or group, band, class, or tier of individuals with particular personal characteristics, behaviors, or biometrics.

(k) "Vendor" means a third party, subcontractor, or entity engaged by an employer or an employer's labor contractor to provide software, technology, or a related service that is used to collect, store, analyze, or interpret worker data or worker information.

(l) "Worker" means any natural person who is a job applicant to, an employee of, or an independent contractor providing service to or through an employer.

(m) "Worker data" means any information that identifies, relates to, describes, or is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a worker, regardless of how the information is collected, inferred, or obtained. Worker data includes but is not limited to:

(1) personal identity information, including the worker's name, contact information, government-issued identification numbers, financial information, criminal record, or employment history;

(2) biometric information, including data generated by automatic measurements of a worker's biological characteristics, such as a fingerprint, a faceprint, a voiceprint, eye retinas, or irises, gait, or other unique biological patterns or characteristics that can be used, individually or in combination with other data, to identify or collect information about a worker;

(3) health, medical, lifestyle, and wellness information, including the worker's medical history, physical or mental condition, diet or physical activity patterns, heart rate, medical treatment or diagnosis by a health care professional, health insurance policy number, subscriber identification number, or other unique identifier used to identify the worker; and

(4) any data related to workplace activities, including the following:

(i) human resources information, including the contents of a worker's personnel file or performance evaluations;

(ii) work process information, such as data relating to an individual worker's performance or productivity, including but not limited to the quality and quantities of tasks performed, quality and quantities of items or materials handled or produced, rates or speeds of tasks performed, measurements or metrics of worker performance in relation to a quota, and time categorized as performing tasks or not performing tasks;

(iii) data that captures workplace communications and interactions, including emails, texts, internal message boards, screenshots, and customer interactions and ratings;

(iv) device usage and data, including but not limited to keystroke recording; website, software, and application utilization; calls placed; or geolocation information;

(v) audio, photo, or video data or other information collected from sensors, including movement tracking; thermal sensors; voiceprints; or facial, emotion, and gait recognition;

(vi) inputs to or outputs generated by an automated decision system that are linked to the worker;

(vii) data collected through electronic monitoring or continuous incremental time-tracking tools; and

(viii) data collected or generated on workers to mitigate the spread of infectious diseases, including COVID-19, or to comply with public health measures.

Sec. 6. **[181.9922] EMPLOYER PROHIBITIONS; AUTOMATED DECISION SYSTEMS IN EMPLOYMENT SETTINGS.**

An employer is prohibited from using an automated decision system to:

(1) prevent compliance with or cause a violation of any federal, state, or local law or regulation;

(2) obtain or infer a worker's immigration status; veteran status; ancestral history; religious or political beliefs; health or reproductive status, history, or plan; emotional or psychological state; neural data; sexual or gender orientation; disability; criminal record; or credit history;

(3) make predictions or inferences about a worker's behavior, beliefs, intentions, personality, emotional state, health, or other characteristics or behaviors that are unrelated to the worker's essential job functions;

(4) identify, predict, or take adverse action against a worker for exercising the worker's legal rights; or

(5) draw on facial, gait, or emotion recognition technologies.

Sec. 7. **[181.9923] EMPLOYER PROHIBITIONS; ELECTRIC MONITORING TOOLS IN EMPLOYMENT SETTINGS.**

(a) An employer is prohibited from using an electronic monitoring tool to:

(1) prevent compliance with or cause a violation of any federal, state, or local law or regulation;

(2) obtain or infer a worker's immigration status; veteran status; ancestral history; religious or political beliefs; health or reproductive status, history, or plan; emotional or psychological state; neural data; sexual or gender orientation; disability; criminal record; or credit history;

(3) make predictions or inferences about a worker's behavior, beliefs, intentions, personality, emotional state, health, or other characteristics or behavior that are unrelated to the worker's essential job functions;

(4) identify, predict, or take adverse action against a worker for exercising the worker's legal rights;

(5) draw on facial, gait, or emotion recognition technologies;

(6) monitor workers outside of regularly-scheduled work hours and not performing work-related tasks;

(7) conduct audio or visual monitoring, including data collection on the frequency of use, of bathrooms or other similarly private areas, including locker rooms, changing areas, break rooms, smoking areas, worker cafeterias, lounges, areas designated for expressing breast milk, or areas designated for prayer or other religious activity; or

(8) threaten the health, welfare, safety, or legal rights of workers or the general public.

(b) An employer must not require workers to physically implant devices that collect or transmit worker data, including devices that are installed subcutaneously or incorporated into items of personal clothing or personal accessories.

Sec. 8. **[181.9924] ENFORCEMENT.**

(a) An employer who violates section 181.9922 or 181.9923 is subject to a civil penalty of up to $1,000 per violation. Each use of an automated decision system or electronic monitoring tool constitutes a separate violation.

(b) In determining the penalty amount for a violation under this section, the commissioner must consider the size of the employer and the severity of the violation.

Sec. 9. **[181.9925] VENDOR DISCLOSURE.**

A vendor must disclose to an employer whether software, technology, or a related service procured by or provided to the employer by the vendor collects, stores, analyzes, or interprets worker data or worker information that is prohibited under sections 181.9922 and 181.9923.

Sec. 10. **[181.995] SUITABLE SEATING FOR EMPLOYEES.**

Subdivision 1. **Suitable seating for employees required.** An employer must provide suitable seating for employees and must permit the use of those seats by employees when the nature of the work reasonably permits the use of seats. For purposes of this section, "suitable seating" means an adequate number of seats placed in reasonable proximity to the work area and includes chairs, benches, or stools.

Subd. 2. **Enforcement.** This section shall be enforced by the commissioner under section 177.27. A violation of this section is subject to a penalty of up to $250 for each violation.

Subd. 3. **Effect on other laws.** Nothing in this section shall be construed to affect any provision of law relating to occupational health and safety or in any way diminish the coverage of laws relating to pregnancy, disability, or health conditions related to pregnancy or childbirth under any other provisions of any other law.

Sec. 11. Minnesota Statutes 2024, section 326B.107, subdivision 2, is amended to read:

Subd. 2. **Municipal agreement for ~~all~~ building projects.** (a) The commissioner shall enter into an agreement with a municipality other than the state for plan review, inspection, code administration, and code enforcement on public buildings and state-licensed facilities in the jurisdiction if the municipality requests to provide those services and the commissioner determines that the municipality has enough adequately trained and qualified ~~inspectors~~ persons to provide those services. In determining whether a municipality has enough adequately trained and qualified ~~inspectors~~ persons to provide the service, the commissioner must consider all ~~inspectors~~ code enforcement staff who are employed by the municipality, are under contract with the municipality to provide ~~inspection~~ code enforcement services, or are obligated to provide ~~inspection~~ code enforcement services to the municipality under any other lawful agreement.

(b) The criteria used to make this determination shall be provided in writing to the municipality requesting an agreement.

(c) If the commissioner determines that the municipality lacks enough adequately trained and qualified ~~inspectors~~ persons to provide the required services, a written explanation of the deficiencies shall be provided to the municipality.

(d) The municipality shall be given an opportunity to remedy any deficiencies and request reconsideration of the commissioner's determination. A request for reconsideration must be in writing and accompanied by substantiating documentation. A request for reconsideration must be received by the commissioner within 90 days of the determination explanation. The commissioner shall review the information and issue a final determination to the municipality within 30 days of the request.

(e) A municipality aggrieved by a final decision of the commissioner to not enter into an agreement may appeal to be heard as a contested case in accordance with chapter 14.

Sec. 12. Minnesota Statutes 2024, section 326B.32, subdivision 2, is amended to read:

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

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

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

(3) adopt the Minnesota Electrical Code, which must be the most current edition of the National Electrical Code and any amendments thereto. The board shall adopt the most current edition of the National Electrical Code and any amendments thereto pursuant to chapter 14 and as provided in subdivision 6, paragraphs (b) and (c);

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

(5) adopt rules that regulate the licensure or registration of electrical businesses, electrical contractors, master electricians, journeyworker electricians, ~~Class A installer,~~ Class B installer, power limited technicians, and other persons who perform electrical work except for those individuals licensed under section 326.02, subdivisions 2 and 3. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (d) and (e);

(6) adopt rules that regulate continuing education for individuals licensed or registered as electrical businesses, electrical contractors, master electricians, journeyworker electricians, ~~Class A installer,~~ Class B installer, power limited technicians, and other persons who perform electrical work. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (d) and (e);

(7) advise the commissioner regarding educational requirements for electrical inspectors;

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

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

(10) approve license reciprocity agreements;

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

(12) recommend the fees for licenses and certifications.

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

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

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

Sec. 13. Minnesota Statutes 2024, section 326B.33, subdivision 4, is amended to read:

Subd. 4. **Class B installer.** Notwithstanding the provisions of subdivisions 1, 2, and 14, any individual holding a Class B installer license may lay out and install electrical wiring, apparatus and equipment on center pivot irrigation booms on the load side of the main service on farmsteads, and install such other electrical equipment as is approved by the commissioner. As of December 1, 2027, no new Class B installer licenses shall be issued. An individual who holds a Class B installer license as of December 1, 2027, may retain and renew the license and exercise the privileges the license grants.

Sec. 14. Minnesota Statutes 2024, section 326B.33, subdivision 19, is amended to read:

Subd. 19. **License, registration, and renewal fees; expiration.** (a) Unless revoked or suspended under this chapter, all licenses issued or renewed under this section expire on the date specified in this subdivision. Master licenses expire March 1 of each odd-numbered year after issuance or renewal. Electrical contractor licenses expire March 1 of each even-numbered year after issuance or renewal. Technology system contractor and satellite system contractor licenses expire August 1 of each even-numbered year after issuance or renewal. All other personal licenses expire two years from the date of original issuance and every two years thereafter. Registrations of unlicensed individuals expire one year from the date of original issuance and every year thereafter.

(b) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the registration of an unlicensed individual under subdivision 12 shall be considered an entry level license;

(2) the following licenses shall be considered journeyworker licenses: Class A journeyworker electrician, Class B journeyworker electrician, ~~Class A installer,~~ Class B installer, lineman, maintenance electrician, satellite system installer, and power limited technician;

(3) the following licenses shall be considered master licenses: Class A master electrician and Class B master electrician; and

(4) the following licenses shall be considered business licenses: Class A electrical contractor, Class B electrical contractor, satellite system contractor, and technology systems contractor.

(c) For each filing of a certificate of responsible person by an employer, the fee is $100.

Sec. 15. Minnesota Statutes 2024, section 326B.36, subdivision 3, is amended to read:

Subd. 3. **Licenses~~; bond~~.** All inspectors shall hold licenses as master or journeyworker electricians under this chapter. ~~All inspectors under contract with the department to provide electrical inspection services shall give bond in the amount of $1,000, conditioned upon the faithful performance of their duties.~~

Sec. 16. Minnesota Statutes 2025 Supplement, section 326B.37, subdivision 5, is amended to read:

Subd. 5. **Inspection fee for dwelling.** (a) The inspection fee for a one-family dwelling and each dwelling unit of a two-family dwelling is the following:

(1) the fee for each service or other source of power as provided in subdivision 3;

(2) $165 for up to 30 feeders and circuits; and

(3) for each additional feeder or circuit, the fee as provided in subdivision 4.

This fee applies to each separate installation for new dwellings and where ~~15~~ 14 or more feeders or circuits are installed or extended in connection with any addition, alteration, or repair to existing dwellings. Where existing feeders and circuits are reconnected to overcurrent devices installed as part of the replacement of an existing panelboard, the fee for each reconnected feeder or circuit is $2. The maximum number of separate inspections shall be determined in accordance with subdivision 2. The fee for additional inspections or other installations is that specified in subdivisions 2, 4, 6, and 8. The installer may submit fees for additional inspections when filing the request for electrical inspection. The fee for each detached accessory structure directly associated with a dwelling unit shall be calculated in accordance with subdivisions 3 and 4. When included on the same request for electrical inspection form, inspection fees for detached accessory structures directly associated with the dwelling unit may be combined with the dwelling unit fees to determine the maximum number of separate inspections in accordance with subdivision 2.

(b) The inspection fee for each dwelling unit of a multifamily dwelling with three or more dwelling units is $110 for a combination of up to 20 feeders and circuits and $12 for each additional feeder or circuit. This fee applies to each separate installation for each new dwelling unit and where ten or more feeders or circuits are installed or extended in connection with any addition, alteration, or repair to existing dwelling units. Where existing feeders or circuits are reconnected to overcurrent devices installed as part of the replacement of an existing panelboard, the fee for each reconnected feeder or circuit is $2. The maximum number of separate inspections for each dwelling unit shall be determined in accordance with subdivision 2. The fee for additional inspections or for inspection of other installations is that specified in subdivisions 2, 4, 6, and 8. These fees include only inspection of the wiring within individual dwelling units and the final feeder to that unit where the multifamily dwelling is provided with common service equipment and each dwelling unit is supplied by a separate feeder or feeders extended from common service or distribution equipment. The fee for multifamily dwelling services or other power source supplies and all other circuits is that specified in subdivisions 2 to 4.

(c) A separate request for electrical inspection form must be filed for each dwelling unit that is supplied with an individual set of service entrance conductors. These fees are the one-family dwelling rate specified in paragraph (a).

Sec. 17. Minnesota Statutes 2025 Supplement, section 326B.37, subdivision 6, is amended to read:

Subd. 6. **Additions to fees of subdivisions 3 to 5.** (a) The fee for the electrical supply for each manufactured home park lot is $35. This fee includes the service or feeder conductors up to and including the service equipment or disconnecting means. The fee for feeders and circuits that extend from the service or disconnecting means is that specified in subdivision 4.

(b) The fee for each recreational vehicle site electrical supply equipment is $12 for each circuit originating within the equipment. The fee for recreational vehicle park services, feeders, and circuits is that specified in subdivisions 3 and 4.

(c) The fee for each street, parking lot, or outdoor area lighting standard and each traffic signal standard is $5. Circuits originating within the standard or traffic signal controller shall not be used when calculating the fee for each standard.

(d) The fee for transformers for light, heat, and power is $15 for transformers rated up to ten kilovolt-amperes and $30 for transformers rated in excess of ten kilovolt-amperes. The previous sentence does not apply to Class 1 transformers or power supplies for Class 1 power-limited circuits or to Class 2 or Class 3 transformers or power supplies.

(e) The fee for transformers and electronic power supplies for electric signs and outline lighting is $5 per unit.

(f) The fee for technology circuits or systems, and circuits of less than 50 volts, is 75 cents for each system device or apparatus.

(g) The fee for each separate inspection of the bonding for a swimming pool, spa, fountain, an equipotential plane for an agricultural confinement area, or similar installation is ~~$35~~ $55. Bonding conductors and connections require an inspection before being concealed.

(h) The fee for all wiring installed on center pivot irrigation booms is $35 plus $5 for each electrical drive unit.

(i) The fee for retrofit modifications to existing lighting fixtures is 25 cents per luminaire.

(j) When a separate inspection of a concrete-encased grounding electrode is performed, the fee is $55.

(k) The fees required by subdivisions 3 and 4 are doubled for installations over 600 volts.

(l) The fee for a class 4 circuit or system transmitter, receiver, or utilization equipment is $0.50 for each system device or apparatus.

Sec. 18. Minnesota Statutes 2024, section 326B.37, subdivision 7, is amended to read:

Subd. 7. **Investigation fee: work without electrical inspection request.** (a) Whenever any work for which a request for electrical inspection is required has begun without the request for electrical inspection form being filed with the commissioner, a special investigation shall be made before a request for electrical inspection form is accepted.

(b) An investigation fee, in addition to the full fee required by subdivisions 1 to 6 and 16 to 18, shall be paid before an inspection is made. The investigation fee is two times the minimum fee specified in subdivision 2 or the applicable inspection fee required by subdivisions 1 to 6 and 16 to 18, whichever is greater, not to exceed $1,000. The payment of the investigation fee does not exempt any person from compliance with all other provisions of the department rules or statutes nor from any penalty prescribed by law.

Sec. 19. **REPEALER.**

(a) Minnesota Statutes 2024, section 326B.33, subdivision 5, is repealed effective December 1, 2027.

(b) Minnesota Statutes 2024, section 326B.33, subdivision 6, is repealed effective August 1, 2026.

(c) Minnesota Statutes 2024, sections 326B.31, subdivision 7; and 326B.33, subdivision 3, are repealed.

Sec. 20. **EFFECTIVE DATE.**

Sections 5 to 9 are effective January 1, 2027."

Delete the title and insert:

"A bill for an act relating to labor and industry; requiring employers to disclose in job postings whether employee health plan options comply with cost-sharing limits; requiring employers to provide suitable seating for employees; regulating the use of automated decision systems and electronic monitoring tools in employment settings; providing administrative penalties; modifying construction codes and licensing provisions; appropriating money; amending Minnesota Statutes 2024, sections 177.23, subdivision 7; 177.27, subdivision 4; 181.03, subdivision 6; 181.173,

subdivision 2; 326B.107, subdivision 2; 326B.32, subdivision 2; 326B.33, subdivisions 4, 19; 326B.36, subdivision 3; 326B.37, subdivision 7; Minnesota Statutes 2025 Supplement, section 326B.37, subdivisions 5, 6; proposing coding for new law in Minnesota Statutes, chapter 181; repealing Minnesota Statutes 2024, sections 326B.31, subdivision 7; 326B.33, subdivisions 3, 5, 6."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator McEwen from the Committee on Labor, to which was referred

S.F. No. 3720: A bill for an act relating to labor and industry; modifying building code administration; amending Minnesota Statutes 2024, section 326B.107, subdivisions 2, 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 79.34, subdivision 3, is amended to read:

Subd. 3. **Withdrawal from association.** An insurer may withdraw from the reinsurance association only upon ceasing to be authorized by license issued by the commissioner of commerce to transact workers' compensation insurance in this state and when all workers' compensation insurance policies issued by such insurer have expired; a self-insurer may withdraw from the reinsurance association only upon ceasing to be approved to self-insure workers' compensation liability in this state pursuant to section 176.181.

An insurer or self-insurer which withdraws or whose membership in the reinsurance association is terminated shall continue to be bound by the plan of operation. Upon withdrawal or termination, all unpaid premiums which have been charged to the withdrawing or terminated member and any other outstanding amounts owed shall be payable as of the effective date of the withdrawal or termination.

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

Sec. 2. Minnesota Statutes 2024, section 79.34, subdivision 4, is amended to read:

Subd. 4. **Liabilities of insolvent members.** An unsatisfied net liability to the reinsurance association of an insolvent member shall be ~~assumed by and apportioned among the remaining members of the reinsurance association as provided in the plan of operation~~ governed by the plan of operation effective at the time a member is declared insolvent by a state regulatory authority or a court of competent jurisdiction, whichever comes earlier. The reinsurance association shall have all rights allowed by law on behalf of the remaining members against the estate or funds of the insolvent member for sums due the reinsurance association.

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

Sec. 3. Minnesota Statutes 2024, section 79.35, is amended to read:

79.35 DUTIES; RESPONSIBILITIES; POWERS.

The reinsurance association shall do the following on behalf of its members:

(1) assume 100 percent of the liability as provided in section 79.34;

(2) establish procedures by which members shall promptly report to the reinsurance association each claim which, on the basis of the injury sustained, may reasonably be anticipated to involve liability to the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;

(3) maintain relevant loss and expense data relative to all liabilities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail as may be required by the plan of operation;

(4) calculate and charge to members a total premium sufficient to cover the expected liability which the reinsurance association will incur, together with incurred or estimated to be incurred operating and administrative expenses for the period to which this premium applies. Each member shall be charged a premium established by the board as sufficient to cover the reinsurance association's incurred liabilities and expenses in excess of the member's selected retention limit. Each member shall be charged a proportion of the total premium calculated for its selected retention limit in an amount equal to its proportion of the exposure base of all members during the period to which the reinsurance association premium will apply. The exposure base shall be determined by the board and is subject to the approval of the commissioner of labor and industry. In determining the exposure base, the board shall consider, among other things, equity, administrative convenience, records maintained by members, amenability to audit, and degree of risk refinement. ~~Each member shall also be charged a premium determined by the board to equitably distribute excess or deficient premiums from previous periods including any excess or deficient premiums resulting from a retroactive change in the prefunded limit.~~ The premiums charged to members shall not be unfairly discriminatory as defined in section 79.074. All premiums shall be approved by the commissioner of labor and industry;

(5) require and accept the payment of premiums from members of the reinsurance association;

(6) receive and distribute all sums required by the operation of the reinsurance association;

(7) establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the reinsurance association, the reinsurance association may undertake, or may contract with another person, including another member, to adjust or assist in the adjustment of claims which create a potential liability to the association. The reinsurance association may charge the cost of the adjustment under this paragraph to the member, except that any penalties or interest incurred under sections 176.183, 176.221, 176.225, and 176.82 as a result of actions by the reinsurance association after it has undertaken adjustment of the claim shall not be charged to the member but shall be included in the ultimate loss and listed as a separate item; ~~and~~

(8) provide each member of the reinsurance association with an annual report of the operations of the reinsurance association in a form the board of directors may specify~~.~~;

(9) equitably distribute excess or deficient premiums from previous periods to members based on amounts determined by the board. All excess or deficient premiums shall be approved by the commissioner of labor and industry;

(10) distribute excess surplus as recommended by the board and approved by order of the commissioner of labor and industry consistent with section 79.362; and

(11) collect deficiency assessments as recommended by the board and approved by order of the commissioner of commerce consistent with section 79.362.

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

Sec. 4. Minnesota Statutes 2024, section 79.36, is amended to read:

79.36 ADDITIONAL POWERS.

In addition to the powers granted in section 79.35, the reinsurance association may do the following:

(1) sue and be sued. A judgment against the reinsurance association shall not create any direct liability against the individual members of the reinsurance association. The reinsurance association shall provide in the plan of operation for the indemnification, to the extent provided in the plan of operation, of the members, members of the board of directors of the reinsurance association, and officers, employees and other persons lawfully acting on behalf of the reinsurance association;

(2) reinsure all or any portion of its potential liability~~, including potential liability in excess of the prefunded limit,~~ with reinsurers licensed to transact insurance in this state or otherwise approved by the commissioner of labor and industry;

(3) provide for appropriate housing, equipment, and personnel as may be necessary to assure the efficient operation of the reinsurance association;

(4) contract for goods and services, including but not limited to independent claims management, actuarial, investment, and legal services from others within or without this state to assure the efficient operation of the reinsurance association;

(5) adopt operating rules, consistent with the plan of operation, for the administration of the reinsurance association, enforce those operating rules, and delegate authority as necessary to assure the proper administration and operation of the reinsurance association;

(6) intervene in or prosecute at any time, including but not limited to intervention or prosecution as subrogee to the member's rights in a third-party action, any proceeding under this chapter or chapter 176 in which liability of the reinsurance association may, in the opinion of the board of directors of the reinsurance association or its designee, be established, or the reinsurance association affected in any other way;

(7) the net proceeds derived from intervention or prosecution of any subrogation interest, or other recovery, shall first be used to reimburse the reinsurance association for amounts paid or payable pursuant to this chapter, together with any expenses of recovery, including attorney's fees,

and any excess shall be paid to the member or other person entitled thereto, as determined by the board of directors of the reinsurance association, unless otherwise ordered by a court;

(8) hear and determine complaints of a company or other interested party concerning the operation of the reinsurance association; and

(9) perform other acts not specifically enumerated in this section which are necessary or proper to accomplish the purposes of the reinsurance association and which are not inconsistent with sections 79.34 to 79.40 or the plan of operation.

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

Sec. 5. Minnesota Statutes 2024, section 79.362, is amended to read:

79.362 WORKERS' COMPENSATION REINSURANCE ASSOCIATION EXCESS SURPLUS DISTRIBUTION OR DEFICIENCY ASSESSMENT.

Subdivision 1. **Scope.** This section governs excess surplus distributions and deficiency assessment of the reinsurance association. An excess surplus distribution is not a distribution of excess premiums to members. The reinsurance association may not distribute excess surplus or assess members due to a deficiency except as provided for in this section. For purposes of this section, "insured employers" includes employers insured by insurer members and employers insured by the assigned risk plan.

Subd. 2. **Declaration of distribution or assessment.** (a) The board may declare an excess surplus distribution to self-insurer members and insured employers. The board shall determine the amount of excess surplus and set a timeline, a distribution rate for self-insurer members, and a distribution rate for insured employers as applied to the distribution exposure bases of self-insurer members and insured employers. The board shall notify the commissioner of labor and industry of the amount of excess surplus and recommended distribution rates and, if the commissioner is in agreement with the board's recommendation, the commissioner shall issue an order approving the recommended distribution.

(b) An order of the commissioner of ~~the Department of~~ labor and industry relating to the ~~distribution of~~ excess surplus distribution of the Workers' Compensation Reinsurance Association shall be reviewed by the commissioner of commerce. The commissioner of commerce may amend, approve, or reject an order or issue further orders to accomplish the purposes of this section ~~79.361 and Laws 1993, chapter 361, section 2~~. The commissioner of commerce may not change the amount of the distribution ordered by the commissioner of labor and industry without agreement of the commissioner of labor and industry.

(c) If the board determines that an excess surplus distribution resulted in inadequate funds being available to pay claims that arose during the period upon which the distribution was calculated, the board shall determine the amount of the deficiency. The board shall notify the commissioner of commerce of the amount of deficiency and recommend assessment rates and the time period for an assessment for self-insurer members and insured employers. The commissioner of commerce shall order an assessment at the rates and for the time period necessary to eliminate the deficiency with consideration of potential financial hardship to employers. The assessment rates shall be applied to the exposure bases of self-insured employers and insured employers. All assessments under this

section are payable to the association. The commissioner of commerce may issue orders necessary to administer this section.

Subd. 3. **Administration of distribution or assessment.** The reinsurance association may consider the actual and reasonable costs of distribution or assessment in determining the amount to be distributed or assessed. The excess surplus distribution or deficiency assessment may not be retroactive and applies only prospectively. Self-insurer members, insurer members, and the Minnesota Workers' Compensation Insurers Association must provide any information to the reinsurance association that the association determines necessary to administer this section. Any part of the excess surplus distribution not distributed within one year due to the inability to identify or locate insured employers remains with the reinsurance association and must not be distributed to its members.

Subd. 4. **Plan of operation.** The reinsurance association's plan of operation must provide the method for determining rates and exposure bases, the method for excess surplus distribution, and the method of collecting a deficiency assessment. For multiyear distributions or assessments, the exposure bases and rates shall be recalculated for each policy year of the excess surplus distribution or deficiency assessment.

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

Sec. 6. Minnesota Statutes 2024, section 79.38, subdivision 1, is amended to read:

Subdivision 1. **Provisions.** The plan of operation shall provide for all of the following:

(a) the establishment of necessary facilities;

(b) the management and operation of the reinsurance association;

(c) a preliminary premium, payable by each member in proportion to its total premium in the year preceding the inauguration of the reinsurance association, for initial expenses necessary to commence operation of the reinsurance association;

(d) procedures to be utilized in charging premiums~~, including adjustments from excess or deficient premiums from prior periods~~;

(e) procedures governing the actual payment of premiums to the reinsurance association;

(f) reimbursement of each member of the board by the reinsurance association for actual and necessary expenses incurred on reinsurance association business;

(g) the composition, terms, compensation and other necessary rules consistent with section 79.37 for boards of directors of the reinsurance association;

(h) the investment policy of the reinsurance association; ~~and~~

(i) the method for determining rates and exposure bases, the method for excess surplus distribution, and the method of collecting a deficiency assessment; and

~~(i)~~ (j) any other matters required by or necessary to effectively implement sections 79.34 to 79.40.

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

Sec. 7. Minnesota Statutes 2024, section 175A.05, is amended by adding a subdivision to read:

Subd. 4. **Active compensation judges.** If the number of Workers' Compensation Court of Appeals judges available to hear a case is insufficient to constitute a quorum and retired judges are not available to meet the quorum requirement, the chief judge of the Workers' Compensation Court of Appeals may, with the consent of the chief judge of the Court of Administrative Hearings, assign an active compensation judge from that court to hear any case properly assigned to a judge of the Workers' Compensation Court of Appeals. The compensation judge assigned to the case may act on that case with the full powers of a judge of the Workers' Compensation Court of Appeals. A compensation judge performing this service shall receive pay and expenses, calculated on an hourly basis, in the amount and manner provided by law for judges serving on the Workers' Compensation Court of Appeals. This compensation will be paid as an adjustment to the judge's normal compensation from the Court of Administrative Hearings. The Workers' Compensation Court of Appeals will reimburse the Court of Administrative Hearings based on the number of hours spent performing this service and any other expenditures incurred.

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

Sec. 8. Minnesota Statutes 2024, section 176.011, subdivision 15, is amended to read:

Subd. 15. **Occupational disease.** (a) "Occupational disease" means a mental impairment as defined in paragraph (d) or physical disease arising out of and in the course of employment peculiar to the occupation in which the employee is engaged and due to causes in excess of the hazards ordinary of employment and shall include undulant fever. Physical stimulus resulting in mental injury and mental stimulus resulting in physical injury shall remain compensable. Mental impairment is not considered a disease if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by the employer. Ordinary diseases of life to which the general public is equally exposed outside of employment are not compensable, except where the diseases follow as an incident of an occupational disease, or where the exposure peculiar to the occupation makes the disease an occupational disease hazard. A disease arises out of the employment only if there be a direct causal connection between the conditions under which the work is performed and if the occupational disease follows as a natural incident of the work as a result of the exposure occasioned by the nature of the employment. An employer is not liable for compensation for any occupational disease which cannot be traced to the employment as a direct and proximate cause and is not recognized as a hazard characteristic of and peculiar to the trade, occupation, process, or employment or which results from a hazard to which the worker would have been equally exposed outside of the employment.

(b) If immediately preceding the date of disablement or death, an employee was employed on active duty with an organized fire or police department of any municipality, as a member of the Minnesota State Patrol, conservation officer service, state crime bureau, as a forest officer by the Department of Natural Resources, correctional officer or security counselor employed by the state or a political subdivision at a corrections, detention, or secure treatment facility, or sheriff or full-time

deputy sheriff of any county, and the disease is that of myocarditis, coronary sclerosis, pneumonia or its sequel, and at the time of employment such employee was given a thorough physical examination by a licensed doctor of medicine, and a written report thereof has been made and filed with such organized fire or police department, with the Minnesota State Patrol, conservation officer service, state crime bureau, Department of Natural Resources, Department of Corrections, or sheriff's department of any county, which examination and report negatived any evidence of myocarditis, coronary sclerosis, pneumonia or its sequel, the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of employment. If immediately preceding the date of disablement or death, any individual who by nature of their position provides emergency medical care, or an employee who was employed as a licensed police officer under section 626.84, subdivision 1; firefighter; paramedic; correctional officer or security counselor employed by the state or a political subdivision at a corrections, detention, or secure treatment facility; emergency medical technician; or licensed nurse providing emergency medical care; and who contracts an infectious or communicable disease to which the employee was exposed in the course of employment outside of a hospital, then the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of employment and the presumption may be rebutted by substantial factors brought by the employer or insurer. Any substantial factors which shall be used to rebut this presumption and which are known to the employer or insurer at the time of the denial of liability shall be communicated to the employee on the denial of liability.

(c) A firefighter on active duty with an organized fire department who is unable to perform duties in the department by reason of a disabling cancer of a type caused by exposure to heat, radiation, or a known or suspected carcinogen, as defined by the International Agency for Research on Cancer, and the carcinogen is reasonably linked to the disabling cancer, is presumed to have an occupational disease under paragraph (a). If a firefighter who enters the service after August 1, 1988, is examined by a physician prior to being hired and the examination discloses the existence of a cancer of a type described in this paragraph, the firefighter is not entitled to the presumption unless a subsequent medical determination is made that the firefighter no longer has the cancer.

(d) For the purposes of this chapter, "mental impairment" means a diagnosis of post-traumatic stress disorder by a licensed psychiatrist ~~or~~, psychologist, or psychiatric mental health nurse practitioner. For the purposes of this chapter, "post-traumatic stress disorder" means the condition as described in the most recently published edition of the Diagnostic and Statistical Manual of Mental Disorders by the American Psychiatric Association. For purposes of section 79.34, subdivision 2, one or more compensable mental impairment claims arising out of a single event or occurrence shall constitute a single loss occurrence.

(e) If, preceding the date of disablement or death, an employee who was employed on active duty as: a licensed police officer; a firefighter; a paramedic; an emergency medical technician; a licensed nurse employed to provide emergency medical services outside of a medical facility; a public safety dispatcher; a correctional officer or security counselor employed by the state or a political subdivision at a corrections, detention, or secure treatment facility; a sheriff or full-time deputy sheriff of any county; or a member of the Minnesota State Patrol is diagnosed with a mental impairment as defined in paragraph (d), and had not been diagnosed with the mental impairment previously, then the mental impairment is presumptively an occupational disease and shall be presumed to have been due to the nature of employment. This presumption may be rebutted by substantial factors brought by the employer or insurer. Any substantial factors that are used to rebut this presumption and that are known to the employer or insurer at the time of the denial of liability

shall be communicated to the employee on the denial of liability. The mental impairment is not considered an occupational disease if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by the employer.

EFFECTIVE DATE. This section is effective for dates of injury on or after October 1, 2026.

Sec. 9. Minnesota Statutes 2024, section 176.081, subdivision 9, is amended to read:

Subd. 9. **Retainer agreement.** An attorney who is hired by an employee to provide legal services with respect to a claim for compensation made pursuant to this chapter shall prepare a retainer agreement in which the provisions of this section are specifically set out and provide a copy of this agreement to the employee. The retainer agreement shall provide a space for the signature of the employee. A signed agreement shall raise a conclusive presumption that the employee has read and understands the statutory fee provisions. No fee shall be awarded pursuant to this section in the absence of a signed retainer agreement.

The retainer agreement shall contain a notice to the employee regarding the maximum fee allowed under this section in ten-point type, which shall read:

Notice of Maximum Fee

The maximum fee allowed by law for legal services is 20 percent of the first ~~$130,000~~ $275,000 of compensation awarded to the employee subject to a cumulative maximum fee of ~~$26,000~~ $55,000 for fees related to the same injury.

The employee shall take notice that the employee is under no legal or moral obligation to pay any fee for legal services in excess of the foregoing maximum fee.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to dates of injury on or after October 1, 2024.

Sec. 10. Minnesota Statutes 2024, section 176.101, subdivision 2a, is amended to read:

Subd. 2a. **Permanent partial disability.** (a) Compensation for permanent partial disability is as provided in this subdivision. Permanent partial disability must be rated as a percentage of the whole body in accordance with rules adopted by the commissioner under section 176.105. During the 2026 regular legislative session, and every even-year legislative session thereafter, the Workers' Compensation Advisory Council must consider whether the permanent partial disability schedule in paragraph (b) represents adequate compensation for permanent impairment.

(b) The percentage determined pursuant to the rules adopted under section 176.105 must be multiplied by the corresponding amount in the following table:

Impairment Rating (percent)		Amount
		~~114,260~~
less than 5.5	$	137,240

	~~121,800~~
5.5 to less than 10.5	146,297
	~~129,485~~
10.5 to less than 15.5	155,527
	~~137,025~~
15.5 to less than 20.5	164,584
	~~139,720~~
20.5 to less than 25.5	167,821
	~~147,000~~
25.5 to less than 30.5	176,565
	~~150,150~~
30.5 to less than 35.5	180,348
	~~163,800~~
35.5 to less than 40.5	196,744
	~~177,450~~
40.5 to less than 45.5	213,139
	~~177,870~~
45.5 to less than 50.5	213,643
	~~181,965~~
50.5 to less than 55.5	218,562
	~~209,475~~
55.5 to less than 60.5	251,605
	~~237,090~~
60.5 to less than 65.5	284,774
	~~264,600~~
65.5 to less than 70.5	317,817
	~~292,215~~
70.5 to less than 75.5	350,986
	~~347,340~~
75.5 to less than 80.5	417,197
	~~402,465~~
80.5 to less than 85.5	483,409
	~~457,590~~
85.5 to less than 90.5	549,621
	~~512,715~~
90.5 to less than 95.5	615,833
	~~567,840~~
95.5 up to and including 100	682,045

An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.

(c) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee requests payment in a lump sum, then the compensation must be paid

within 30 days. This lump-sum payment may be discounted to the present value calculated up to a maximum five percent basis. If the employee does not choose to receive the compensation in a lump sum, then the compensation is payable in installments at the same intervals and in the same amount as the employee's temporary total disability rate on the date of injury. Permanent partial disability is not payable while temporary total compensation is being paid.

EFFECTIVE DATE. This section is effective for dates of injury on or after October 1, 2026.

Sec. 11. Minnesota Statutes 2024, section 176.155, subdivision 1, is amended to read:

Subdivision 1. **Employer's physician.** (a) The injured employee must submit to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. Examinations shall not be conducted in hotel or motel facilities. The examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the office to order an examination at a location further from the employee's residence. The employee is entitled upon request to have a personal physician or unpaid witness present at any such examination. Each party shall defray the cost of that party's physician or witness.

(b) Any report or written statement made by the employer's physician as a result of an examination of the employee, regardless of whether the examination preceded the injury or was made subsequent to the injury or whether litigation is pending, must be served upon the employee and the attorney representing the employee, if any, no later than 14 calendar days within the issuance of the report or written statement.

(c) The employer shall pay reasonable travel expenses incurred by the employee in attending the examination including mileage, parking, and, if necessary, lodging and meals. The employer shall also pay the employee for any lost wages resulting from attendance at the examination.

(d) A self-insured employer or insurer who is served with a claim petition pursuant to section 176.271, subdivision 1, or 176.291, shall schedule any necessary examinations of the employee, if an examination by the employer's physician or health care provider is necessary to evaluate benefits claimed. The examination shall be completed and the report of the examination shall be served on the employee and filed with the commissioner within 120 days of service of the claim petition. Any request for a good cause extension pursuant to paragraph (e) must be made within 120 days of service of the claim petition, except that a request may be made after 120 days of service of a claim petition in the following circumstances:

(1) a change to the employee's claim regarding the nature and extent of the injury;

(2) a change to the permanency benefits claimed by the employee, including a change in permanent partial disability percentage;

(3) a new claim for indemnity benefits; or

(4) the employment relationship is not admitted by the uninsured employer.

(e) No evidence relating to the examination or report shall be received or considered by the commissioner, a compensation judge, or the court of appeals in determining any issues unless the

report has been served and filed as required by this section, unless a written extension has been granted by the commissioner or compensation judge. The commissioner or a compensation judge shall extend the time for completing the adverse examination and filing the report upon good cause shown. The extension must not be for the purpose of delay and the insurer must make a good faith effort to comply with this subdivision. Good cause shall include but is not limited to:

(1) that the extension is necessary because of the limited number of physicians or health care providers available with expertise in the particular injury or disease, or that the extension is necessary due to the complexity of the medical issues, or

(2) that the extension is necessary to gather additional information which was not included on the petition as required by section 176.291.

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

Sec. 12. Minnesota Statutes 2024, section 176.221, subdivision 1, is amended to read:

Subdivision 1. **Commencement of payment.** Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner and served on the employee within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within ~~60~~ 90 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within ~~60~~ 90 days of notice or knowledge. After the ~~60-day~~ 90-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail the facts forming the basis for the denial and specific reasons explaining why the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

EFFECTIVE DATE. This section is effective for dates of injury on or after October 1, 2026.

Sec. 13. Minnesota Statutes 2024, section 176.322, is amended to read:

176.322 DECISIONS BASED ON STIPULATED FACTS.

If the parties agree to a stipulated set of facts and only legal issues remain, the commissioner or compensation judge may determine the matter without a hearing based upon the stipulated facts and the determination is appealable to the court of appeals pursuant to sections 176.421 and 176.442. In any case where a stipulated set of facts has been submitted to the Court of Administrative Hearings pursuant to this section, upon receipt of the file or the stipulated set of facts the chief administrative law judge shall immediately assign the case to a compensation judge for a determination. The commissioner or compensation judge shall issue a determination within 60 days after receipt of the stipulated facts.

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

Sec. 14. **REPEALER.**

Minnesota Statutes 2024, sections 79.34, subdivision 2a; 79.361; and 79.363, are repealed."

Delete the title and insert:

"A bill for an act relating to workers' compensation; adopting 2026 recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2024, sections 79.34, subdivisions 3, 4; 79.35; 79.36; 79.362; 79.38, subdivision 1; 175A.05, by adding a subdivision; 176.011, subdivision 15; 176.081, subdivision 9; 176.101, subdivision 2a; 176.155, subdivision 1; 176.221, subdivision 1; 176.322; repealing Minnesota Statutes 2024, sections 79.34, subdivision 2a; 79.361; 79.363."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

Senator Dibble from the Committee on Transportation, to which was referred

S.F. No. 4073: A bill for an act relating to transportation; designating marked Trunk Highway 610 as Hortman Memorial Highway; amending Minnesota Statutes 2024, section 161.14, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

Senator Dibble from the Committee on Transportation, to which was referred

S.F. No. 4051: A bill for an act relating to transportation; requiring payment of certain local government utility costs related to trunk highway construction out of the trunk highway fund; amending Minnesota Statutes 2024, section 161.46, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 2, insert:

"**EFFECTIVE DATE.** This section is effective January 1, 2027."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

Senator Dibble from the Committee on Transportation, to which was referred

S.F. No. 3988: A bill for an act relating to transportation; modifying various transportation-related provisions; prohibiting silencing of railroad crossing bells; modifying rail service improvement program accounts; increasing cost thresholds for major highway projects; removing authorization for maintenance of Piney-Pinecreek Border Airport in Roseau County; repealing highway designations for the Hiawatha Pioneer Trail; making technical corrections; amending Minnesota Statutes 2024, sections 174.56, subdivision 1; 219.14, by adding a subdivision; 222.50; 360.021, subdivision 1; repealing Minnesota Statutes 2024, section 161.14, subdivisions 12, 12a.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TRANSPORTATION FINANCE

Section 1. Laws 2023, chapter 68, article 1, section 17, subdivision 17, is amended to read:

Subd. 17. **Progress Parkway; Eveleth.** $6,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for one or more grants to St. Louis County for predesign, design, engineering, environmental analysis and mitigation, land acquisition, construction, and reconstruction of Progress Parkway to provide for intersection improvements and road realignment and extension from marked U.S. Highway 53 and St. Louis County State-Aid Highway 142 to marked Trunk Highway 37 and Station 44 Road in the city of Eveleth. This is a onetime appropriation and is available until June 30, ~~2027~~ 2030.

Sec. 2. Laws 2024, chapter 127, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. **Agency Management**

(a) **Agency Services**	-0-	243,000

This appropriation is from the general fund for costs related to complete streets implementation training under Minnesota Statutes, section 174.75, subdivision 2a.

(b) **Buildings** -0- 32,650,000

$20,100,000 in fiscal year 2025 is for the transportation facilities capital improvement program under Minnesota Statutes, section 174.595. This is a onetime appropriation and is available until June 30, 2028.

$7,750,000 in fiscal year 2025 is for land acquisition, predesign, design, and construction of expanded truck parking at Big Spunk in Avon and Enfield Rest Areas and for the rehabilitation or replacement of truck parking information management system equipment at Department of Transportation-owned parking rest area locations. This is a onetime appropriation and is available until June 30, 2028.

$4,800,000 in fiscal year 2025 is for predesign, design, engineering, environmental analysis and remediation, acquisition of land or permanent easements, and construction of one or more truck parking safety projects for the trunk highway system. Each truck parking safety project must expand truck parking availability in proximity to a trunk highway and be located in the Department of Transportation metropolitan district. In developing each project, the commissioner must seek partnerships with local units of government, established truck stop businesses, or a combination. Partnership activities may include but are not limited to parking site identification and review, financial assistance, donation of land, and project development activities. This appropriation is available for the truck parking improvement program under Minnesota Statutes, section 174.68, for trunk highway projects that are located in the Department of Transportation metropolitan district. This is a onetime

appropriation and is available until June 30, ~~2027~~ 2029.

Sec. 3. Laws 2025, First Special Session chapter 8, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

(1) **Airport Development and Assistance** 27,398,000 27,248,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

$5,000,000 in each year is for a grant to the Duluth Airport Authority to design, construct, furnish, and equip a new air traffic control tower base building at the Duluth International Airport, including associated site preparation, building demolition, and utility and stormwater retention system improvements. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2028.

$150,000 in fiscal year 2026 is for a grant to the city of McGregor to relocate the automated weather station at the McGregor Isedor Iverson Airport. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after the year of the appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

If the commissioner of transportation determines that a balance remains in the state airports fund following the appropriations

made in this article and that the appropriations made are insufficient for advancing airport development and assistance projects, an amount necessary to advance the projects, not to exceed the balance in the state airports fund, is appropriated in each year to the commissioner and must be spent according to Minnesota Statutes, section 360.305, subdivision 4. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning the funds appropriated. Funds appropriated under this contingent appropriation do not adjust the base for fiscal years 2028 and 2029.

The base is $22,248,000 in each of fiscal years 2028 and 2029.

(2) **Aviation Support Services** 9,583,000 9,733,000

Appropriations by Fund	2026	2027
General	1,843,000	1,993,000
Airports	7,740,000	7,740,000

The base from the state airports fund is $7,790,000 in each of fiscal years 2028 and 2029.

(3) **Civil Air Patrol** 180,000 180,000

This appropriation is from the state airports fund for the Civil Air Patrol.

(b) **Transit and Active Transportation** 7,421,000 7,376,000

This appropriation is from the general fund.

$45,000 in fiscal year 2026 is for a grant to the city of Chatfield for the next phase of development of a transportation management organization in southeastern Minnesota. This appropriation is for: (1) the development of organizational structure, including staffing,

an oversight committee, and responsibilities of the host organization; and (2) community outreach and education. Up to $1,000 of the appropriation is for related administrative costs for the city of Chatfield. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2027.

The base is $18,376,000 in each of fiscal years 2028 and 2029.

(c) **Safe Routes to School** 1,500,000 1,500,000

This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

~~5,743,000~~

(d) **Passenger Rail** 5,743,000 5,493,000

This appropriation is from the general fund for passenger rail activities under Minnesota Statutes, sections 174.632 to 174.636. The base for this appropriation is $5,743,000 in each of fiscal years 2028 and 2029.

(e) **Freight** 9,115,000 9,184,000

Appropriations by Fund

	2026	2027
General	2,303,000	2,303,000
Trunk Highway	6,812,000	6,881,000

$900,000 in each year is from the general fund for staff, operating costs, and maintenance related to weight and safety enforcement systems.

Sec. 4. Laws 2025, First Special Session chapter 8, article 1, section 4, subdivision 3, is amended to read:

Subd. 3. **State Patrol**

(a) **Patrolling Highways** 147,013,000 148,960,000

Appropriations by Fund	2026	2027
General	37,000	37,000
H.U.T.D.	92,000	92,000
Trunk Highway	146,884,000	148,831,000

$1,045,000 in each year is from the trunk highway fund for recruitment and hiring initiatives. Of the base from the trunk highway fund, $10,365,000 in each of fiscal years 2028 and 2029 is for this purpose, which includes funding to conduct an additional annual trooper academy.

The base from the trunk highway fund is $158,151,000 in each of fiscal years 2028 and 2029.

(b) **Commercial Vehicle Enforcement** 18,861,000 18,861,000

~~19,243,000~~ ~~19,243,000~~

(c) **Capitol Security** 23,968,000 39,427,000

This appropriation is from the general fund.

$210,000 in fiscal year 2026 and $10,624,000 in fiscal year 2027 are for security enhancements on the Capitol complex, including but not limited to equipment, staffing, and operations. The base for this purpose is $2,709,000 in each of fiscal years 2028 and 2029.

$2,595,000 in fiscal year 2026 and $9,560,000 in fiscal year 2027 are for screening of individuals entering the State Capitol building. Of the amount in fiscal year 2027, $2,433,000 is available until June 30, 2030. The base for this purpose is $7,775,000 in fiscal year 2028 and $5,684,000 in fiscal year 2029.

The base for the appropriation under this paragraph is $29,727,000 in fiscal year 2028 and $27,636,000 in fiscal year 2029.

The commissioner must not:

(1) spend any money from the trunk highway fund for capitol security; or

(2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner must not transfer any money appropriated to the commissioner under this section:

(1) to capitol security; or

(2) from capitol security.

(d) **Vehicle Crimes Unit** 1,290,000 1,303,000

This appropriation is from the highway user tax distribution fund to investigate:

(1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and

(2) illegal or improper activity related to the sale, transfer, titling, and registration of motor vehicles.

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

Sec. 5. Laws 2025, First Special Session chapter 8, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. **Driver and Vehicle Services**

~~47,132,000~~

(a) **Driver Services** 47,665,000 47,259,000

This appropriation is from the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

$317,000 in fiscal year 2026 is for rulemaking costs for the ignition interlock device program under Minnesota Statutes, section 171.306.

$218,000 in fiscal year 2026 is for costs of adding work zone safety information into the driver's manual and written examination and related rulemaking.

$141,000 in fiscal year 2027 is for costs of including an optional speech condition identifier on drivers' licenses and Minnesota identification cards. This is a onetime appropriation.

$138,000 in fiscal year 2027 is for rulemaking costs related to requiring persons under 21 years of age to complete a driver education course before obtaining a driver's license. This is a onetime appropriation and is available until June 30, 2028.

$3,000 in fiscal year 2027 is for updates to the driver's manual related to driver education age requirements. This is a onetime appropriation.

The base for this appropriation is $46,977,000 in each of fiscal years 2028 and 2029.

	~~32,179,000~~	~~32,179,000~~
(b) **Vehicle Services**	32,101,000	32,101,000

This appropriation is from the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

$2,500,000 in each year is for payments to deputy registrars under Minnesota Statutes, section 168.33, subdivision 7a, and to driver's license agents under Minnesota Statutes, section 171.061, subdivision 4a.

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

Sec. 6. Laws 2025, First Special Session chapter 8, article 1, section 8, is amended to read:

Sec. 8. **APPROPRIATION; UNIVERSITY OF MINNESOTA.**

$2,000,000 in fiscal year 2026 and $2,000,000 in fiscal year 2027 are appropriated from the general fund to the Board of Regents of the University of Minnesota for the empowering small Minnesota communities program under Minnesota Statutes, section 137.345. ~~This is a onetime appropriation~~ These are onetime appropriations and are available until June 30, 2028.

Sec. 7. **ALLOCATION; METROPOLITAN COUNCIL; I-494 CORRIDOR COMMISSION.**

Of the money allocated to the Metropolitan Council under Minnesota Statutes, section 473.4465, subdivision 2, paragraph (a), clause (2), the Metropolitan Council must provide a grant of $300,000 in fiscal year 2027 to the I-494 Corridor Commission. This section applies notwithstanding provisions on the use of funds under Minnesota Statutes, section 473.4465, subdivision 2. Grant funds under this section are available for programming and service expansion to assist companies and commuters with carpool, vanpool, bicycle commuting, telework, and transit.

Sec. 8. **APPROPRIATION; ATTORNEY GENERAL.**

$142,000 in fiscal year 2027 is appropriated from the general fund to the attorney general to enforce the requirements of Minnesota Statutes, section 169.981.

Sec. 9. **APPROPRIATION; DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT.**

$100,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of employment and economic development for the driver's education financial assistance pilot program established in article 2, section 70. This is a onetime appropriation.

Sec. 10. **APPROPRIATIONS; DEPARTMENT OF PUBLIC SAFETY.**

(a) $119,000 in fiscal year 2027 is appropriated from the active transportation account in the special revenue fund to the commissioner of public safety for the costs of the motorized bicycle safety coordinator under Minnesota Statutes, section 169.2231. The base for this appropriation is $121,000 in each of fiscal years 2028 and 2029.

(b) $200,000 in fiscal year 2027 is appropriated from the active transportation account in the special revenue fund to the commissioner of public safety for the public education campaign on electric-assisted and motorized bicycle safety under article 2, section 71. This is a onetime appropriation.

(c) $10,000 in fiscal year 2027 is appropriated from the driver and vehicle services operating account in the special revenue fund to the commissioner of public safety for a media campaign relating to the requirement for persons under 21 years of age to complete a driver education course before obtaining a driver's license. This is a onetime appropriation.

Sec. 11. **APPROPRIATION; DEPARTMENT OF TRANSPORTATION; PASSENGER RAIL.**

Subdivision 1. **Appropriation.** (a) $250,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of transportation for the following:

(1) intercity passenger rail projects in the Phase I corridors level identified in the 2015 update to the state rail plan under Minnesota Statutes, section 174.03, subdivision 1b;

(2) providing state matching funds for obtaining federal grants to complete the Step 2 service development plan under the Federal Railroad Administration's Corridor Identification and Development Program;

(3) planning, development, and staffing costs for the required application in subdivision 2, paragraph (a), and completion of the Step 1 scoping requirements under subdivision 2, paragraph (b); and

(4) grants to political subdivisions for planning and service development activities consistent with the passenger rail implementation and policy established in the state rail plan under Minnesota Statutes, section 174.03, subdivision 1b, including:

(i) project cost estimates;

(ii) alternatives analysis;

(iii) preliminary engineering;

(iv) environmental analysis;

(v) benefit cost; or

(vi) economic impact analysis.

(b) This is a onetime appropriation and is available until June 30, 2028. The appropriation is only available for the Minnesota share of project costs.

Subd. 2. **Corridors; identification and development required.** (a) The commissioner of transportation must apply to the Federal Railroad Administration's Corridor Identification and Development Program established by the Infrastructure Investment and Jobs Act under United States Code, title 49, section 25101(a), or a successor program, for planning and development of two intercity passenger rail corridors with service originating in and extending beyond Minnesota. The two routes include:

(1) passenger rail service from St. Paul to Fargo, North Dakota; and

(2) establishment of new passenger rail service from St. Paul to Kansas City, Missouri.

(b) Upon successful application and award of development funds from the Federal Railroad Administration for the routes developed in paragraph (a), the commissioner must execute and complete all Step 1 scoping requirements under the Corridor Identification and Development Program for both routes in paragraph (a).

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

Sec. 12. **APPROPRIATION; SOUTHEAST MINNESOTA TRANSPORTATION MANAGEMENT ORGANIZATION.**

(a) $100,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of transportation for a grant to Southeast Service Cooperative for development and implementation of a transportation management organization that provides services in the counties of Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona. This appropriation is available for implementation costs, planning, and services related to transit and other forms of transportation. This is a onetime appropriation and is available until June 30, 2029.

(b) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs.

Sec. 13. **TRANSFER.**

$550,000 in fiscal year 2027 is transferred from the aircraft capital account under Minnesota Statutes, section 360.024, subdivision 2, paragraph (b), to the air transportation services account under Minnesota Statutes, section 360.024, subdivision 2, paragraph (a). This is a onetime transfer.

ARTICLE 2

TRANSPORTATION FINANCE AND POLICY

Section 1. Minnesota Statutes 2024, section 161.14, is amended by adding a subdivision to read:

Subd. 111. **Officer / Firefighter Gary L. Schroeder, Jr. Memorial Highway.** That segment of marked Trunk Highway 58 within the city of Zumbrota is designated as "Officer / Firefighter Gary L. Schroeder, Jr. Memorial Highway." Subject to section 161.139, the commissioner must adopt a suitable design to mark this highway and erect appropriate signs.

Sec. 2. Minnesota Statutes 2024, section 161.46, subdivision 2, is amended to read:

Subd. 2. **Relocation of facilities; reimbursement.** (a) Whenever the commissioner determines that the relocation of any utility facility is necessitated by the construction of a project on the routes of federally aided trunk highways, including urban extensions thereof, that are included within the National System of Interstate Highways, the owner or operator of the utility facility must relocate the utility facility in accordance with the order of the commissioner. Except as provided in section 161.45, subdivision 6, paragraph (d), or 7, upon the completion of relocation of a utility facility, the cost of relocation must be ascertained and paid out of the trunk highway fund by the commissioner, provided the amount paid by the commissioner for reimbursement to a utility does not exceed the amount on which the federal government bases its reimbursement for the interstate highway system.

(b) When a local unit of government, as defined in section 18B.01, subdivision 14a, or Minnesota Tribal government, as defined in section 10.65, subdivision 2, owns a utility system for supplying light, water, sanitary sewer service, or storm sewer service and the system is authorized by law to use a public highway for the location of the utility facility, the remaining service life of the utility must be determined by the commissioner and must be paid out of the trunk highway fund whenever the commissioner determines that a relocation of the system is required by the construction of a project on the trunk highway system.

Sec. 3. Minnesota Statutes 2024, section 165.01, subdivision 3, is amended to read:

Subd. 3. **Bridge.** "Bridge" is defined as a structure, including supports erected over a depression or an obstruction, such as water, a highway, or a railway, having a track or passageway for carrying traffic or other moving loads, and having an opening measured horizontally along the center of the roadway of ten feet or more between undercopings of abutments, between the spring line of arches, or between the extreme ends of openings for multiple boxes. Bridge also includes multiple pipes where the clear distance between openings is less than one-half of the smaller contiguous opening. This definition of a bridge includes ~~only those railroad and pedestrian bridges over~~ structures carrying

vehicular traffic on a public highway or street. Structures carrying railroad, all-terrain vehicle, snowmobile, or pedestrian traffic are included in this definition only if the structures cross over a public highway or street.

Sec. 4. Minnesota Statutes 2024, section 165.01, is amended by adding a subdivision to read:

Subd. 3a. **Bridge and Structure Inspection Program Manual (BSIPM).** "BSIPM" means the Bridge and Structure Inspection Program Manual developed by the Department of Transportation Bridge Office to outline inspection and inventory procedures for bridges and tunnels in Minnesota.

Sec. 5. Minnesota Statutes 2024, section 165.01, is amended by adding a subdivision to read:

Subd. 5. **National Tunnel Inspection Standards (NTIS).** "NTIS" means standards established by the Federal Highway Administration in Code of Federal Regulations, title 23, part 650, subpart E, incorporated here by reference.

Sec. 6. Minnesota Statutes 2024, section 165.03, is amended to read:

165.03 ~~STRENGTH OF BRIDGE;~~ INSPECTION AND LOAD RATING.

~~Subdivision 1. **Standards generally.** Each bridge, including a privately owned bridge, must conform to the strength, width, clearance, and safety standards imposed by the commissioner for the connecting highway or street. This subdivision applies to a bridge that is constructed after August 1, 1989, on any public highway or street. The bridge must have sufficient strength to support with safety the maximum vehicle weights allowed under sections 169.822 to 169.829 and must have the minimum width specified in section 165.04, subdivision 3.~~

Subd. 1a. **Inspection.** ~~(a) Each bridge must be inspected annually, unless a longer interval not to exceed 24 months for bridges or 48 months for bridges classified as culverts is authorized by the commissioner. The commissioner's authorization must be based on factors including, but not limited to, the age and condition of the bridge, the rate of deterioration of the bridge, the type of structure, the susceptibility of the bridge to failure, and the characteristics of traffic on the bridge. The commissioner may require interim inspections at intervals of less than one year on bridges that are posted, bridges subjected to extreme scour conditions, bridges subject to significant substructure movement or settlement, and for other reasons as specified or inferred in the AASHTO manual.~~

~~(b) Additional requirements apply to structures meeting the NBIS definition of a bridge:~~

~~(1) Underwater structural elements must be inspected at regular intervals not to exceed 60 months. The commissioner may require inspections at intervals of less than 60 months on certain underwater structural elements based on factors including, but not limited to, construction material, environment, age, scour characteristics, the condition ratings from past inspections, and any known deficiencies.~~

~~(2) Fracture critical members, or FCMs, must receive a hands-on fracture critical inspection at intervals not to exceed 24 months. The commissioner may require inspections at intervals of less than 24 months on certain FCMs based on factors including, but not limited to, age, traffic characteristics, and any known deficiencies.~~

~~(3) The commissioner may establish criteria to determine the level and frequency of these inspections. If warranted by special circumstances, the commissioner retains the authority to determine the inspection type and required inspection frequency for any bridge on the state inventory.~~

(a) Each bridge meeting the definition of a bridge in section 650.305 of the National Bridge Inspection Standards (NBIS) must be inspected at intervals based on the requirements in section 650.311 of the NBIS. The commissioner may require inspections at intervals less than those required by the NBIS based on factors including but not limited to the age and condition of the bridge, the rate of deterioration of the bridge, the type of structure, the susceptibility of the bridge to failure, and the characteristics of traffic on the bridge.

(b) Each bridge meeting the definition of a bridge under section 165.01, subdivision 3, but not meeting the definition of a bridge in section 650.305 of the NBIS must be inspected at intervals determined by the commissioner based on factors including but not limited to the age and condition of the bridge, the rate of deterioration of the bridge, the type of structure, the susceptibility of the bridge to failure, and the characteristics of traffic on the bridge.

(c) The interval tolerances outlined in section 650.311, paragraph (e), of the NBIS apply to all bridge inspection types.

~~(c)~~ (d) The thoroughness of each inspection depends on ~~such~~ factors ~~as~~ including age, traffic characteristics, state of maintenance, and known deficiencies. The evaluation of these factors is the responsibility of the engineer assigned the responsibility for inspection as defined by the commissioner ~~of transportation~~.

(e) For railroad, all-terrain vehicle, snowmobile, or pedestrian bridges, only those spans passing over a public highway or street are required to be inspected.

Subd. 2. **Inspection and inventory responsibilities; rules; forms.** (a) The commissioner ~~of transportation will~~ must adopt the National Bridge Inspection Standards (NBIS) established by the Federal Highway Administration in Code of Federal Regulations, title 23, part 650, subpart C, or its successor documents, for structures meeting the NBIS definition of a bridge. The commissioner ~~shall~~ must establish inspection and inventory standards for structures defined as bridges by section 165.01, subdivision 3.

(b) The commissioner ~~of transportation shall~~ must adopt official inventory and bridge inspection report forms for use in making bridge inspections by the owners or highway authorities specified by this subdivision. Inspections must be made at regular intervals, not to exceed the intervals outlined in subdivision 1a, by the following owner or official:

(1) the commissioner ~~of transportation~~ for all bridges located wholly or partially within or over the right-of-way of a state trunk highway;

(2) the county highway engineer for all bridges located wholly or partially within or over the right-of-way of any county or town road, or any street within a municipality that does not have a city engineer regularly employed;

(3) the city engineer for all bridges located wholly or partially within or over the right-of-way of any street located within or along municipal limits;

(4) the commissioner ~~of transportation~~ in case of a toll bridge that is used by the general public and that is not inspected and certified under subdivision 6~~;~~, provided~~,~~ that the commissioner ~~of transportation~~ may assess the owner for the costs of the inspection;

(5) the owner of a bridge over a public highway or street or that carries a roadway designated for public use by a public authority~~,~~ if not required to be inventoried and inspected under clause (1), (2), (3), or (4)~~.~~;

(6) the owner of a private vehicular bridge that is open to the public and is immediately connected to a public road on both ends of the bridge, as described in section 650.303 of the NBIS; and

(7) the agency operating the rail transit system for any rail transit bridge crossing over a public highway or street, regardless of the bridge location in the right-of-way.

(c) The commissioner ~~of transportation shall~~ must prescribe the inspection and inventory procedures required to administer the bridge inspection program in Minnesota and has the authority to establish and publish standards that describe the inspection and inventory requirements to ensure compliance with paragraph (a). The owner or highway authority ~~shall~~ must inspect and inventory in accordance with these standards and furnish the commissioner with ~~such~~ the data ~~as may be~~ necessary to maintain a central inventory.

Subd. 3. **County inventory and inspection records and reports.** The county engineer ~~shall~~ must maintain a complete inventory record of all bridges as set forth in subdivision 2, paragraph (b), clause (2), ~~with~~ including the inspection reports ~~thereof~~, and ~~shall~~ must certify annually to the commissioner, as prescribed by the commissioner, that inspections have been made at regular intervals, not to exceed the intervals outlined in subdivision 1a. A report of the inspections must be filed annually~~, on or before February 15 of each year,~~ with the county auditor or town clerk~~,~~ or the governing body of the municipality. The report must identify any deficiency requiring action, including the legal posting of load limits or the need to have a load rating analysis performed, on any bridge or structure that is found to be understrength or unsafe. The report may also contain other recommendations for improving the safety of understrength or unsafe bridges.

Subd. 4. **Municipal inventory and inspection records and reports.** The city engineer ~~shall~~ must maintain a complete inventory record of all bridges as set forth in subdivision 2, paragraph (b), clause (3), ~~with~~ including the inspection reports ~~thereof~~, and ~~shall~~ must certify annually to the commissioner, as prescribed by the commissioner, that inspections have been made at regular intervals, not to exceed the intervals outlined in subdivision 1a. A report of the inspections must be filed annually~~, on or before February 15 of each year,~~ with the governing body of the municipality. The report must contain recommendations for the correction of or legal posting of load limits on any bridge or structure that is found to be understrength or unsafe.

Subd. 5. **Agreement.** Agreements may be made among the various units of governments~~,~~ or between governmental units and qualified engineering personnel to carry out the responsibilities for the bridge inspections and reports~~,~~ as established by subdivision 2.

Subd. 6. **Other bridges.** The owner of a toll bridge and the owner of a bridge described in subdivision 2, paragraph (b), clause (5), ~~shall~~ must certify to the commissioner, as prescribed by the commissioner, that inspections of the bridge or culvert have been made at regular intervals, not to exceed the intervals outlined in subdivision 1a. The certification must be accompanied by a report

of the inspection. The report must contain recommendations for the correction of or legal posting of load limitations if the bridge is found to be understrength or unsafe.

Subd. 6a. **Bridge load rating and posting.** (a) The term "posting" means the placement of regulatory signs at a bridge indicating the safe load carrying capacity of the bridge.

(b) Each structure required to be inspected under subdivision 2, paragraph (a), that carries roadway vehicular traffic must be load rated to determine its safe load carrying capacity, and this rating must be reported on a structure inventory sheet form provided by the commissioner ~~of transportation~~. A structure must be rerated when it is determined that a significant change has occurred in the condition of the structure or due to additional dead load placed on the structure since the last load rating. Load ratings must be reviewed and the structure rerated if necessary when the allowable legal load using the structure is increased. Changes in the load rating of a bridge must be indicated on the structure inventory sheet form.

(c) If it is determined that the maximum legal load under state law exceeds the load permitted on the structure under the operating rating stress level assigned, the bridge must be posted. Posting signs adopted by the commissioner ~~shall~~ must be used for the posting. The owner or highway authority ~~shall~~ must post the bridge in accordance with the posted load assigned by the commissioner.

Subd. 7. **Department of Natural Resources bridge.** (a) Notwithstanding subdivision 2, the commissioners of transportation and natural resources ~~shall~~ must negotiate a memorandum of understanding that governs the inspection of bridges owned, operated, or maintained by the commissioner of natural resources.

(b) The memorandum of understanding must provide for:

(1) the inspection and inventory of bridges subject to federal law or regulations;

(2) the frequency of inspection of bridges described in subdivision 1a; and

(3) who may perform inspections required under the memorandum of understanding.

~~Subd. 8. **Biennial report on bridge inspection quality assurance.** By February 1 of each odd-numbered year, the commissioner shall submit a report electronically to the members of the senate and house of representatives committees with jurisdiction over transportation policy and finance concerning quality assurance for bridge inspections. At a minimum, the report must:~~

~~(1) summarize the bridge inspection quality assurance and quality control procedures used in Minnesota;~~

~~(2) identify any substantive changes to quality assurance and quality control procedures made in the previous two years;~~

~~(3) summarize and provide a briefing on findings from bridge inspection quality reviews performed in the previous two years;~~

~~(4) identify actions taken and planned in response to findings from bridge inspection quality reviews performed in the previous two years;~~

~~(5) summarize the results of any bridge inspection compliance review by the Federal Highway Administration; and~~

~~(6) identify actions in response to the Federal Highway Administration compliance review taken by the department in order to reach full compliance.~~

Sec. 7. **[165.16] BRIDGE STRENGTH.**

Each bridge, including a privately owned bridge, must conform to the strength, width, clearance, and safety standards imposed by the commissioner for the connecting highway or street. Any bridge on a public highway or street constructed after August 1, 1989, must have sufficient strength to support with safety the maximum vehicle weights allowed under sections 169.822 to 169.829 and must have the minimum width specified in section 165.04, subdivision 3.

Sec. 8. **[165.17] TUNNEL INSPECTIONS.**

Each tunnel meeting the definition of a tunnel in section 650.505 of the National Tunnel Inspection Standards (NTIS) must be inspected at intervals based on the requirements in section 650.511, paragraph (b), of the NTIS. The commissioner may require inspections at intervals less than those required by the NTIS based on factors including but not limited to the age and condition of the tunnel, the rate of deterioration of the tunnel, the type of structure, the susceptibility of the tunnel to failure, and traffic characteristics.

Sec. 9. **[165.18] SUICIDE PREVENTION.**

Subdivision 1. **Data collection.** The commissioner of transportation, in collaboration with the commissioner of health, must identify bridges in Minnesota with a history of suicide-related deaths. The commissioner of transportation must:

(1) annually request and receive data from the commissioner of health regarding known suicide deaths from bridges in the state of Minnesota as obtained from the state's vital statistics records; and

(2) maintain a record of the data to support the identification of bridges for which suicide reduction measures may be appropriate.

Subd. 2. **Best practices.** The commissioner of transportation, in collaboration with the commissioner of health, must develop a methodology for determining when and where suicide reduction measures should be incorporated into bridge projects. The commissioner must:

(1) develop best practices for determining when suicide reduction measures should be considered on a project;

(2) identify potential suicide reduction measures and develop best practices for their appropriate and feasible use; and

(3) develop suicide reduction railing design criteria.

Subd. 3. **Railing implementation.** Suicide reduction railings must be implemented when determined appropriate and feasible using the methodology developed under subdivision 2. This

requirement applies to bridge projects undertaken by the commissioner of transportation and by local road authorities when the project scope includes railing replacement, alteration, or addition, consistent with the design criteria developed under subdivision 2, clause (3).

Subd. 4. **Short title.** This section is the "Kayla's HOPE Act."

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

Sec. 10. Minnesota Statutes 2024, section 168.101, subdivision 2a, is amended to read:

Subd. 2a. **Failure to send to registrar ~~within ten days~~.** Any person who fails to mail in the application for registration or transfer with appropriate taxes and fees to the registrar of motor vehicles or otherwise fails to submit ~~said~~ the forms and remittance to the registrar within ~~ten~~ 20 calendar days following the date of sale ~~shall be~~ is guilty of a misdemeanor.

Sec. 11. **[168.1236] ARMED FORCES VETERAN SPECIAL PLATES.**

Subdivision 1. **General requirements and procedures.** (a) Notwithstanding section 168.1293, the commissioner shall issue a set of special veterans' plates or a single motorcycle plate to an applicant who:

(1) satisfies the criteria for obtaining a veterans' special plate under section 168.123, subdivision 1;

(2) does not meet the criteria for veterans' special plates under section 168.123, subdivision 2;

(3) is a registered owner of a passenger automobile as defined in section 168.002, subdivision 24; recreational vehicle as defined in section 168.002, subdivision 27; one-ton pickup truck as defined in section 168.002, subdivision 21b; or motorcycle as defined in section 168.002, subdivision 19;

(4) pays a fee in the amount specified for special plates under section 168.12, subdivision 5, for each set of plates and any other fees required by this chapter;

(5) pays the registration tax required under section 168.013; and

(6) complies with this chapter and rules governing the registration of motor vehicles and licensing of drivers.

(b) The applicant must have a certified copy of the applicant's discharge papers, indicating character of discharge, at the time of application. If an applicant served in active military service in a branch of the armed forces of a nation or society allied with the United States in conducting a foreign war and is unable to obtain a record of that service and discharge status, the commissioner of veterans affairs may certify the applicant as qualified for the special veterans' plates provided under this section.

Subd. 2. **Motorcycle plate.** A motorcycle plate issued under this section must be the same size as a regular motorcycle plate. The commissioner shall only issue one motorcycle plate for a motorcycle registered under subdivision 1.

Subd. 3. **Design.** (a) For purposes of this subdivision, "branch of the armed forces" means the Army, Navy, Air Force, Marine Corps, Coast Guard, Merchant Marine of the United States, and all other uniformed services as defined in United States Code, title 52, section 20310.

(b) The commissioner of public safety, in consultation with the commissioner of veterans affairs, must issue a special veterans' plate for each branch of the armed forces. The special plate must bear an inscription "VETERAN" at the bottom of the plate and include a special emblem of the branch of the armed forces. The commissioner of veterans affairs shall design, subject to the approval of the commissioner of public safety, the special emblem for each branch of the armed forces used for the veterans' special plates. The commissioner of public safety shall consult with veterans organizations from each branch of the armed forces on the design of the branch's special veterans' plate.

Subd. 4. **Plate transfers.** On application to the commissioner and payment of a transfer fee of $5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (3); and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 5. **Fees.** The fees collected under this section must be deposited in the driver and vehicle services operating account under section 299A.705. Except for the fees paid under subdivision 1, the commissioner must issue a set of special veterans' plates, or a single plate for a motorcycle, to an eligible person free of charge and shall replace the plate or plates without charge if they become damaged.

Subd. 6. **Costs of production.** The commissioner of management and budget may transfer money in the "Support Our Troops" account under section 190.19, subdivision 2a, to the driver and vehicle services operating account under section 299A.705, subdivision 1, to pay for the cost of production of the license plates authorized under this section. The commissioner of veterans affairs and the commissioner of public safety must agree on a payment schedule before any money may be transferred under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2026, for armed forces special veterans' plates issued on or after that date.

Sec. 12. **[168.1245] DISTINGUISHED FLYING CROSS PLATE.**

Subdivision 1. **Issuance of plates.** (a) The commissioner must issue Distinguished Flying Cross special license plates or a single motorcycle plate to an applicant who:

(1) is a recipient of the Distinguished Flying Cross;

(2) is a registered owner of a passenger automobile, one-ton pickup truck, motorcycle, or recreational vehicle;

(3) pays the registration tax as required under section 168.013; and

(4) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) Application for issuance of Distinguished Flying Cross special license plates may be made only at the time of renewal or first application for registration.

(c) The commissioner may issue only one set of Distinguished Flying Cross special license plates, or a single plate in the case of a motorcycle, for each qualified applicant.

Subd. 2. **Design.** The commissioner, in consultation with the commissioner of veterans affairs, must design an emblem for the special plates that includes the Distinguished Flying Cross medal and includes the phrase "DISTINGUISHED FLYING CROSS."

Subd. 3. **No fee.** The commissioner must issue a set of Distinguished Flying Cross special license plates to qualified applicants free of charge, and the plates must be replaced free of charge if they become damaged. No fee may be charged for a subsequent year when a motor vehicle listed in subdivision 1, upon which the Distinguished Flying Cross special license plates are placed, is registered under section 168.017.

Subd. 4. **Plates transfer.** Notwithstanding section 168.12, subdivision 1, Distinguished Flying Cross special license plates issued under this section may be transferred to another motor vehicle upon notification to the commissioner and without payment of a fee if the subsequent motor vehicle is:

(1) qualified under subdivision 1, paragraph (a), clause (2), to bear the special license plates; and

(2) registered to the same individual to whom the special license plates were originally issued.

Subd. 5. **Exemption.** Special license plates issued under this section are not subject to section 168.1293, subdivision 2.

EFFECTIVE DATE. This section is effective January 1, 2027, for Distinguished Flying Cross special license plates issued on or after that date.

Sec. 13. **[168.1257] MINNESOTA MAIN STREETS PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue Minnesota Main Streets special plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays a fee in the amount specified under section 168.12, subdivision 5, for each set of plates, along with any other fees required by this chapter;

(3) pays the registration tax as required under section 168.013;

(4) contributes a minimum of $30 annually to the Minnesota Main Streets account; and

(5) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** In consultation with the commissioner of employment and economic development, the commissioner must adopt a suitable plate design that includes the phrase "Legendary Landmarks" to evoke the historic sites, commercial districts, and other landmarks that reflect the variety of Minnesota's communities.

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of $5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Contributions; account; appropriation.** Contributions collected under subdivision 1, clause (4), must be deposited in the Minnesota Main Streets account, which is established in the special revenue fund. Money in the account is annually appropriated to the commissioner of public safety. The appropriation is first for the annual cost of administering the account, and the remainder is for distribution to Rethos exclusively for the Minnesota Main Streets program.

EFFECTIVE DATE. This section is effective January 1, 2027, for Minnesota Main Streets plates issued on or after that date.

Sec. 14. **[168.1261] CURL IN MINNESOTA PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue curl in Minnesota special license plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays a fee in the amount specified for special plates under section 168.12, subdivision 5, along with any other fees required under this chapter;

(3) pays the registration tax as required under section 168.013;

(4) contributes a minimum of $30 annually to the Minnesota Curling Association account; and

(5) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** In consultation with the Minnesota Curling Association, the commissioner must adopt a suitable plate design that includes the inscription "Curl in Minnesota."

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of $5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Contributions; account; appropriation.** Contributions collected under subdivision 1, clause (4), must be deposited in the Minnesota Curling Association account, which is established in the special revenue fund. Money in the account is appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining money is for distribution to the Minnesota Curling Association for maintenance of curling facilities across Minnesota.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 15. Minnesota Statutes 2024, section 168.1285, subdivision 1, is amended to read:

Subdivision 1. **Issuance of plates.** The commissioner must issue Minnesota agriculture special plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, ~~noncommercial~~ one-ton pickup truck, motorcycle, farm truck, or recreational vehicle;

(2) pays a fee in the amount specified under section 168.12, subdivision 5, for each set of plates, along with any other fees required by this chapter;

(3) pays the registration tax as required under section 168.013 or 168.018;

(4) contributes a minimum of $20 annually to the Minnesota agriculture account; and

(5) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Sec. 16. Minnesota Statutes 2025 Supplement, section 168.1289, subdivision 1, is amended to read:

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

(b) "Auto rental company" means a corporation, partnership, individual, or other person that is engaged primarily in the renting of at least 50 rental motor vehicles at per diem rates.

(c) "Rental motor vehicle" means a passenger automobile, ~~noncommercial~~ one-ton pickup truck, motorcycle, motorized bicycle, or recreational vehicle made available for rental by an auto rental company.

Sec. 17. Minnesota Statutes 2024, section 168.15, subdivision 1, is amended to read:

Subdivision 1. **Transfer of ownership.** (a) Upon the transfer of ownership, destruction, theft, dismantling, or permanent removal by the owner from this state of any vehicle registered in accordance with this chapter, the right of the owner of the vehicle to use the registration certificate and plates assigned to the vehicle expires.

(b) When the ownership of a vehicle is transferred to another person required to register the vehicle in this state, the transferor ~~shall~~ must assign the registration tax paid to the credit of the transferee unless the registration stickers are surrendered to the commissioner before the first day of the new registration period.

(c) When seeking to become the owner by gift, trade, or purchase of any vehicle for which a registration certificate has been issued under this chapter, a person ~~shall~~ must join with the registered owner in transmitting with the application for transfer of ownership, the registration certificate, with the assignment and notice of sale duly executed.

(d) In case of loss of the title or certificate of registration of a vehicle not subject to section 325E.15, the person ~~shall make~~ must submit an application to the commissioner with proof of loss of the title as specified in section 168A.09 and assign a notice of sale of the vehicle on the application for title as specified in section 168A.04.

(e) Upon the transfer of any vehicle by a manufacturer or dealer, for use within the state, whether by sale, lease, or otherwise, the transferor ~~shall~~ must, within ~~ten~~ 20 calendar days after the transfer, file with the commissioner: (1) a notice containing the date of transfer, a description of the vehicle, and the transferee's name and residence address in the state or if not a natural person then the transferee's business and mailing address~~,~~; and (2) the transferee's application for registration.

Sec. 18. Minnesota Statutes 2024, section 168.187, subdivision 12, is amended to read:

Subd. 12. **Registration of proratable vehicles.** (a) The commissioner ~~of public safety shall~~ must register proratable vehicles of a fleet upon application and payment of registration fees as provided in subdivision 11. Payment of an additional fee for each vehicle so registered may be required by the commissioner in an amount not to exceed $5 per motor powered vehicle, for issuance of a plate, sticker, or other suitable identification for each vehicle. A registration card ~~shall~~ must be issued for each vehicle registered~~, which shall~~ that appropriately ~~identify~~ identifies the vehicle for which it is issued. ~~Such~~ The registration card ~~shall~~ must be carried in or upon the vehicle for which it has been issued, at all times, except that the registration cards for all vehicles in a combination of vehicles may be carried in or upon the vehicle supplying the motive power.

(b) Fleet vehicles registered as provided in paragraph (a) ~~shall be~~ are deemed fully registered in this state for any type of movement or operation, except that when a state grant of authority is required for any movement or operation, ~~no such~~ the vehicle ~~shall~~ must not be operated in this state unless the vehicle owner or operator ~~thereof~~ has been granted authority or rights therefore by the state and unless ~~said~~ the vehicle is being operated in conformity with such authority or rights. No registration under this section ~~shall excuse~~ excuses the owner or operator of any vehicle from compliance with the laws of this state, except those requiring registration and licensing.

(c) Notwithstanding any law to the contrary, the commissioner must replace a license plate or sticker that is (1) issued to a proratable vehicle, and (2) defective, lost, or stolen. The commissioner must replace the license plate or sticker under this paragraph upon receiving a sworn statement from the registered owner that affirms the issue with the previously issued license plate or sticker. The vehicle owner must surrender any available plates to the commissioner. A plate, sticker, or filing fee must not be imposed for replacement of a license plate or sticker under this paragraph.

Sec. 19. Minnesota Statutes 2024, section 168.27, subdivision 9, is amended to read:

Subd. 9. **Application.** (a) All license applications under this section and all license renewals must be made to the ~~registrar of motor vehicles~~ commissioner and duly verified by oath. The applicant ~~shall~~ must submit ~~such~~ the information ~~as~~ required by the ~~registrar may require~~ commissioner to administer this section in a manner and format prescribed by the ~~registrar~~ commissioner.

(b) Except as provided in paragraphs (c) to (f), a motor vehicle dealer must complete a title and registration application and must submit the application along with the excise and registration taxes and all applicable fees to the commissioner within 20 calendar days of the sale of a vehicle. The dealer must have on file an itemized receipt issued by the department showing a breakdown of the taxes and fees paid. The receipt must be maintained and made available for the commissioner's inspection for three years after the sale of the vehicle.

(c) If the purchaser is not a Minnesota customer, the dealer is not required to complete an application or submit the application, taxes, and fees.

(d) If the purchaser is eligible to pay a prorated tax and provides a prorate account number to the dealer, the dealer must complete and file a title application, but the dealer is not required to collect and submit either the excise tax or registration tax.

(e) If the vehicle is currently registered in Minnesota, the dealer is not required to collect and submit the registration tax.

(f) If the vehicle must have an emissions inspection before registration, the dealer is not required to collect and submit the registration tax.

Sec. 20. Minnesota Statutes 2024, section 168.301, subdivision 2, is amended to read:

Subd. 2. ~~**Ten days to file**~~ **Filing period.** The transferee's rights to the transferred vehicle's registration plates and credit for taxes paid on the vehicle expire ~~after ten days have elapsed from the date of transfer~~ unless: (1) the transfer has been filed as provided under section 168A.10; or (2) the transferee is a dealer licensed under section 168.27, and is complying with section 168A.11.

Sec. 21. Minnesota Statutes 2024, section 168A.04, subdivision 2, is amended to read:

Subd. 2. **Secured party.** If the application refers to a vehicle purchased from a dealer ~~it shall~~, the application must contain the name and address of any secured party holding a security interest created or reserved at the time of the sale and the date of the security agreement and be signed by the dealer ~~as well as~~ and the owner~~, and~~. The dealer ~~shall within ten days~~ must mail or deliver the application and appropriate taxes to the department within 20 calendar days.

Sec. 22. Minnesota Statutes 2024, section 168A.151, subdivision 1, is amended to read:

Subdivision 1. **Salvage and prior salvage brands.** (a) When an insurer, licensed to conduct business in Minnesota, acquires ownership of a vehicle, excluding a recovered intact vehicle, through payment of damages, the insurer must:

(1) for a late-model or high-value vehicle, immediately apply for a certificate of title that bears a "salvage" brand or stamp the existing certificate of title with "salvage" in a manner prescribed by the department; or

(2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of title that bears a "prior salvage" brand or stamp the existing certificate of title with "prior salvage" in a manner prescribed by the department.

(b) Notwithstanding any other law to the contrary, supporting documents used to transfer ownership of a vehicle to an insurer after payment of damages do not require a notarized signature and may be signed electronically. For purposes of this paragraph, supporting documents include but are not limited to power of attorney forms. The insurer shall indemnify and hold harmless the department for any claims resulting from issuing a certificate of title, salvage title, or junking certificate pursuant to this section.

(c) Within ~~ten~~ 20 calendar days of obtaining the title of a vehicle through payment of damages, an insurer must notify the department in a manner prescribed by the department.

(d) Except as provided in section 168A.11, subdivision 1, a person must immediately apply for a certificate of title that bears a "salvage" brand if the person acquires a damaged late-model or high-value vehicle that:

(1) was acquired by an insurer through payment of damages;

(2) will incur a cost of repairs that exceeds the value of the damaged vehicle;

(3) has an out-of-state salvage certificate of title as proof of ownership; or

(4) bears the brand "damaged," "repairable," "salvage," or any similar term on the certificate of title.

(e) Except as provided in section 168A.11, subdivision 1, a person must immediately apply for a certificate of title that bears a "prior salvage" brand if the person acquires a damaged vehicle and:

(1) a "salvage" brand is not required under paragraph (d); and

(2) the vehicle:

(i) bears the brand "damaged," "repairable," "salvage," "rebuilt," "reconditioned," or any similar term on the certificate of title; or

(ii) had a salvage certificate of title or brand issued at any time in the vehicle's history by any other jurisdiction.

(f) A self-insured owner of a vehicle that sustains damage by collision or other occurrence which exceeds 80 percent of its actual cash value must:

(1) for a late-model or high-value vehicle, immediately apply for a certificate of title that bears a "salvage" brand; or

(2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of title that bears a "prior salvage" brand.

Sec. 23. Minnesota Statutes 2024, section 168A.154, is amended to read:

168A.154 SALVAGE VEHICLE TAKEN OUT OF STATE.

A dealer who sells a salvage vehicle to a buyer who intends to remove the vehicle from the state ~~shall~~ must report the sale within ~~ten~~ 20 calendar days to the department in a format prescribed by the department.

Sec. 24. Minnesota Statutes 2024, section 168B.16, is amended to read:

168B.16 FLASHING LIGHT AND VARIABLE MESSAGE SIGN ON TOW TRUCK.

(a) A tow truck or towing vehicle must be equipped with flashing or intermittent red and amber lights of a type approved by the commissioner of public safety. The lights must be placed on the dome of the vehicle at the highest practicable point visible from a distance of 500 feet. The flashing red light must be displayed only when the tow truck or towing vehicle is engaged in emergency service on or near the traveled portion of a highway. The flashing amber light may be displayed when the tow truck or towing vehicle is moving a disabled vehicle.

(b) A tow truck or towing vehicle may display a portable variable message sign mounted on the tow truck while performing emergency service on or near the traveled portion of a highway. The portable variable message sign must conform to the standards established in the Minnesota Manual on Uniform Traffic Control Devices.

Sec. 25. Minnesota Statutes 2024, section 169.011, subdivision 40b, is amended to read:

Subd. 40b. **Micromobility device.** (a) "Micromobility device" means a vehicle that:

(1) is capable of: (i) being propelled solely by human power; (ii) being powered solely by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electrical current; or (iii) both (i) and (ii);

(2) when solely powered by an electric motor, is not capable of propelling the vehicle at a speed greater than ~~30~~ 20 miles per hour on a paved level surface; and

(3) has an unloaded weight of up to ~~500~~ 100 pounds.

(b) Micromobility device includes a bicycle, a motorized foot scooter, and an electric personal assistive mobility device. ~~Micromobility device includes a motorized bicycle that meets the requirements under paragraph (a).~~

Sec. 26. Minnesota Statutes 2024, section 169.011, subdivision 44, is amended to read:

Subd. 44. **Motorcycle.** (a) "Motorcycle" means every motor vehicle ~~having~~ that:

(1) has a seat or saddle for the use of the rider ~~and~~;

(2) is designed to travel on not more than three wheels in contact with the ground~~, including~~; and

(3) is propelled by an electric or liquid fuel motor.

(b) Motorcycle includes but is not limited to:

(1) a vehicle under paragraph (a) or a bicycle that has an electric motor of at least 1,500 watts or that is capable of being propelled by an electric or liquid fuel motor at speeds in excess of 30 miles per hour on a flat surface with not more than one percent grade in any direction;

(2) motor scooters; and

(3) autocycles.

(c) A vehicle is not a motorcycle ~~does not include~~ if it meets the requirements of:

(1) a motorized ~~bicycles~~ bicycle as defined in subdivision 45~~,~~;

(2) an electric-assisted ~~bicycles~~ bicycle as defined in subdivision 27~~,~~;

(3) a motorized foot scooter;

(4) a tractor~~,~~; or

~~(4)~~ (5) a roadable aircraft.

Sec. 27. Minnesota Statutes 2024, section 169.011, subdivision 45, is amended to read:

Subd. 45. **Motorized bicycle.** (a) "Motorized bicycle" means a bicycle or other vehicle that has a seat for the use of the rider and is designed to travel on not more than two wheels in contact with the ground, that is:

(1) propelled by an electric motor of more than 750 watts but less than 1,500 watts or a liquid fuel motor of a piston displacement capacity of 50 cubic centimeters or less, and a maximum of two brake horsepower~~, which is~~; and

(2) capable of a maximum speed of not more than 30 miles per hour on a flat surface with not more than one percent grade in any direction when the motor is engaged.

(b) Motorized bicycle does not include an electric-assisted bicycle as defined in subdivision 27.

Sec. 28. Minnesota Statutes 2024, section 169.011, subdivision 71, is amended to read:

Subd. 71. **School bus.** (a) "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120A.22, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district, or to provide training on the operation of the vehicle to employees of the school, school district, or a person under an agreement with the school or school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under paragraph (h), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled or nonregular transportation.

(b) A school bus may be type A, type B, type C, or type D, multifunction school activity bus, or type III as provided in paragraphs (c) to (h).

(c) A "type A school bus" is a van conversion or bus constructed utilizing a cutaway front section vehicle with a left-side driver's door. This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) less than or equal to 14,500 pounds; and type A-II, with a GVWR greater than 14,500 pounds and less than or equal to 21,500 pounds.

(d) A "type B school bus" is constructed utilizing a stripped chassis. The entrance door is behind the front wheels. This definition includes two classifications: type B-I, with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater than 10,000 pounds.

(e) A "type C school bus" is constructed utilizing a chassis with a hood and front fender assembly. The entrance door is behind the front wheels. A "type C school bus" also includes a cutaway truck chassis or truck chassis with cab, with or without a left side door, and with a GVWR greater than 21,500 pounds.

(f) A "type D school bus" is constructed utilizing a stripped chassis. The entrance door is ahead of the front wheels.

(g) A "multifunction school activity bus" is a school bus that meets the definition of a multifunction school activity bus in Code of Federal Regulations, title 49, section 571.3. A vehicle that meets the definition of a type III vehicle is not a multifunction school activity bus.

(h) A "type III vehicle" is restricted to passenger vehicles and buses having a maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. A "type III vehicle" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a seating capacity of ten or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

(i) In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle.

Sec. 29. Minnesota Statutes 2024, section 169.02, subdivision 1, is amended to read:

Subdivision 1. **Application to persons, places, and vehicles.** (a) The provisions of this chapter relating to the operation of vehicles refer exclusively to the operation of vehicles upon highways,

and upon highways, streets, private roads, and roadways situated on property owned, leased, or occupied by the regents of the University of Minnesota, or the University of Minnesota, except:

(1) where a different place is specifically referred to in a given section;

(2) the provisions of sections 169.09 to 169.13 apply to any person who drives, operates, or is in physical control of a motor vehicle within this state or upon the ice of any boundary water of this state, and to any person who drives, operates, or is in physical control of a snowmobile on a snowmobile trail within this state.

(b) A person must not operate a vehicle upon the highways of Minnesota unless, at the time of operation, the vehicle satisfies the specifications of a type of vehicle that is defined in section 169.011. For the purposes of this paragraph, it is not sufficient for the vehicle to only meet the definition of vehicle, as that term is defined in section 169.011, subdivision 92.

Sec. 30. Minnesota Statutes 2024, section 169.09, subdivision 8, is amended to read:

Subd. 8. **Officer to report accident to commissioner.** (a) A peace officer who investigates in the regular course of duty an accident that is required to be reported under this section must submit an electronic or written report of the accident to the commissioner of public safety within ten days after the date of the accident. Within two business days after identification of a fatality that resulted from an accident, the reporting agency must notify the commissioner of the basic circumstances of the accident. A report or notification under this subdivision must be in the format as prescribed in subdivision 9.

(b) Accidents on streets, highways, roadways, sidewalks, shoulders, shared use paths, or any other portion of a public right-of-way must be reported under the requirements of this section if the accident results in:

(1) a fatality;

(2) bodily injury to a person who, because of the injury, immediately receives medical treatment away from or at the scene of the accident;

(3) one or more of the motor vehicles incurring disabling damage that requires a vehicle to be transported away from the scene of the accident by tow truck or other vehicle; or

(4) damage to fixtures, infrastructure, or any other property alongside or on a highway.

(c) An accident involving a school bus, as defined in section 169.011, subdivision 71, must be reported under the requirements of this section and section 169.4511.

(d) An accident involving a commercial motor vehicle, as defined in section 169.781, subdivision 1, paragraph (a), must be reported under the requirements of this section and section 169.783.

(e) Accidents occurring on public lands or trail systems that result in the circumstances specified in paragraph (b) must be reported under the requirements of this section.

(f) An accident involving an electric-assisted or a motorized bicycle, as defined in section 169.011, subdivisions 27 and 45, that results in the circumstances specified in paragraph (b) must be reported under the requirements of this section.

Sec. 31. Minnesota Statutes 2024, section 169.222, subdivision 1, is amended to read:

Subdivision 1. **Traffic laws apply.** (a) Every person operating a bicycle has all of the rights and duties applicable to the driver of any other vehicle by this chapter, except in respect to those provisions in this chapter relating expressly to bicycles and in respect to those provisions of this chapter which by their nature cannot reasonably be applied to bicycles. This ~~subdivision~~ paragraph applies to a bicycle operating on the roadway or the shoulder of a roadway.

(b) A person lawfully operating a bicycle (1) on a sidewalk, or (2) across a roadway or shoulder while using a crosswalk has all the rights and duties applicable to a pedestrian under the same circumstances.

Sec. 32. Minnesota Statutes 2024, section 169.222, subdivision 6a, is amended to read:

Subd. 6a. **Electric-assisted bicycle; riding rules.** (a) A person may operate an electric-assisted bicycle in the same manner as provided for operation of other bicycles, including but not limited to operation on the shoulder of a roadway, a bicycle lane, and a bicycle route, and operation without the motor engaged on a bikeway or bicycle trail.

(b) A person may operate a class 1 or class 2 electric-assisted bicycle with the motor engaged on a bicycle path, bicycle trail, or shared use path unless prohibited under section 85.015, subdivision 1d; 85.018, subdivision 2, paragraph (d); or 160.263, subdivision 2, paragraph (b), as applicable.

(c) A person may operate a class 3 electric-assisted bicycle or multiple mode electric-assisted bicycle with the motor engaged on a bicycle path, bicycle trail, or shared use path unless the local authority or state agency having jurisdiction over the bicycle path or trail prohibits the operation.

(d) The local authority or state agency having jurisdiction over a trail or over a bike park that is designated as nonmotorized and that has a natural surface tread made by clearing and grading the native soil with no added surfacing materials may regulate the operation of an electric-assisted bicycle.

(e) A person under the age of 15 must not operate an electric-assisted bicycle.

(f) A person under the age of 18 must wear protective headgear that meets or exceeds the standards under Code of Federal Regulations, title 16, part 1203, or successor requirements while operating an electric-assisted bicycle.

Sec. 33. Minnesota Statutes 2024, section 169.222, subdivision 6b, is amended to read:

Subd. 6b. **Electric-assisted bicycle; equipment.** (a) The manufacturer or distributor of an electric-assisted bicycle must apply a label to the bicycle that is permanently affixed in a prominent location. The label must contain the class number, top assisted speed, and motor wattage of the electric-assisted bicycle, and must be printed in a legible font with at least 9-point type. A multiple

mode electric-assisted bicycle must have labeling that identifies the highest class or each of the electric-assisted bicycle classes in which it is capable of operating.

(b) A person must not modify an electric-assisted bicycle to change the motor-powered speed capability or motor engagement so that the bicycle no longer meets the requirements for the applicable class, unless:

(1) the person replaces the label required in paragraph (a) with revised information; or

(2) for a vehicle that no longer meets the requirements for any electric-assisted bicycle class, the person removes the labeling as an electric-assisted bicycle and replaces it with labeling that conforms with the requirements of section 169.223, subdivision 6.

(c) An electric-assisted bicycle must operate in a manner so that the electric motor is disengaged or ceases to function: (1) when the brakes are applied; or (2) except for a class 2 electric-assisted bicycle or a multiple mode electric-assisted bicycle operating in class 2 mode, when the rider stops pedaling.

(d) A class 3 electric-assisted bicycle or multiple mode electric-assisted bicycle must be equipped with a speedometer that displays the speed at which the bicycle is traveling in miles per hour.

(e) A multiple mode electric-assisted bicycle equipped with a throttle must not be capable of exceeding 20 miles per hour on motorized propulsion alone in any mode when the throttle is engaged.

Sec. 34. Minnesota Statutes 2024, section 169.223, is amended to read:

169.223 MOTORIZED BICYCLE.

Subdivision 1. ~~**Safety equipment; parking**~~ **Rules for motorcycles apply; exceptions.** Section 169.974 relating to motorcycles is applicable to motorized bicycles, except as otherwise provided in this section and except that:

(1) protective headgear includes headgear that meets or exceeds the standards under Code of Federal Regulations, title 16, part 1203, or successor requirements and is only required for operators under 18 years of age; and

~~(2) a motorized bicycle equipped with a headlight and taillight meeting the requirements of lighting for motorcycles may be operated during nighttime hours;~~

~~(3) protective headgear is not required for operators 18 years of age or older; and~~

~~(4)~~ (2) the provisions of section 169.222, subdivision 9, governing the parking of bicycles apply to motorized bicycles.

Subd. 2. **License or permit.** (a) A motorized bicycle may be operated under either a driver's license or a motorized bicycle permit issued under section 171.02, subdivision 3.

(b) A person under the age of 16 operating a motorized bicycle under a motorized bicycle permit is subject to the restrictions imposed by section 169.974, subdivision 2, on operation of a motorcycle under a two-wheel instruction permit, except that~~:~~

~~(1)~~ a parent or guardian of an operator under the age of 16 may also ride on the motorized bicycle as a passenger or operator if the motorized bicycle is equipped with a seat and footrests for a second passenger~~;~~.

~~(2) a motorized bicycle equipped with a headlight and taillight meeting the requirements of lighting for motorcycles may be operated during nighttime hours;~~

~~(3) protective headgear includes headgear described in subdivision 1; and~~

~~(4) protective headgear is required only until the operator reaches the age of 18 years.~~

Subd. 3. **Sidewalk, path, and passenger prohibitions.** ~~No person shall~~ (a) A person must not operate a motorized bicycle upon a sidewalk at any time, except when such operation is necessary for the most direct access to a roadway from a driveway, alley or building. ~~No person shall~~

(b) A person must not operate a motorized bicycle on a bicycle path or shared use path at any time.

(c) A person must not operate a motorized bicycle that is carrying any person other than the operator, except as allowed under subdivision 2.

Subd. 4. **Headlight requirement.** The provisions of section 169.974, subdivision 5, paragraph ~~(k)~~ (l), apply to motorized bicycles ~~that are equipped with headlights. A new motorized bicycle sold or offered for sale in Minnesota must be equipped with a headlight~~.

Subd. 5. **Other operation requirements and prohibitions.** (a) A person operating a motorized bicycle on a roadway shall ride as close as practicable to the right-hand curb or edge of the roadway except in one of the following situations:

(1) when overtaking and passing another vehicle proceeding in the same direction;

(2) when preparing for a left turn at an intersection or into a private road or driveway; or

(3) when reasonably necessary to avoid conditions, including fixed or moving objects, vehicles, pedestrians, animals, surface hazards, or narrow width lanes, that make it unsafe to continue along the right-hand curb or edge.

(b) Persons operating motorized bicycles on a roadway may not ride more than two abreast and may not impede the normal and reasonable movement of traffic. On a laned roadway, a person operating a motorized bicycle shall ride within a single lane.

(c) ~~This section does not permit the operation of~~ A motorized bicycle must not be operated on a bicycle path or bicycle lane that is reserved for the exclusive use of nonmotorized traffic.

Subd. 6. **Labeling.** The manufacturer or distributor of a motorized bicycle must apply a label to the motorized bicycle that is permanently affixed in a prominent location. The label must contain the top assisted speed and the motor wattage of the motorized bicycle, and must be printed in a legible font with at least 9-point type.

Subd. 7. **Electrical safety standards.** No person may sell a motorized bicycle powered by an electric motor unless the motorized bicycle:

(1) has been certified by an independent third party ISO-17065 certified laboratory for compliance with ANSI/CAN/UL Standard 2272 and bears the certification mark of the laboratory; or

(2) has been certified by the vehicle manufacturer for compliance with SAE International standard J2929 or a similar applicable electrical safety standard approved by the commissioner of public safety.

Sec. 35. **[169.2231] MOTORIZED BICYCLE SAFETY COORDINATOR.**

Subdivision 1. **Motorized bicycle safety coordinator.** There is established a position of motorized bicycle safety coordinator in the Department of Public Safety, within the Office of Traffic Safety. The commissioner of public safety shall designate the coordinator.

Subd. 2. **Duties.** The duties of the coordinator include:

(1) educating state and local law enforcement and the public about the laws governing electric-assisted bicycles, motorized bicycles, motorized foot scooters, other micromobility devices, and motorcycles;

(2) assisting state and local law enforcement in identifying and categorizing the vehicles described in clause (1);

(3) creating and maintaining a database of manufacturers of the vehicles in clause (1) that classifies the manufacturers' products under state law;

(4) providing timely support to law enforcement to assist in identifying vehicles and applicable state law and rules; and

(5) providing technical assistance and advice related to the investigation and enforcement of sections 169.222, 169.223, and 325F.661.

Subd. 3. **Requirements.** The motorized bicycle safety coordinator must consult with the active transportation advisory committee regarding educational materials, vehicle classifications, and any policy recommendations provided under subdivision 2.

Sec. 36. Minnesota Statutes 2024, section 169.448, subdivision 1, is amended to read:

Subdivision 1. **Restrictions on appearance; misdemeanor.** (a) A bus that is not used as a school bus must not be operated on a street or highway unless it is painted a color significantly different than national school bus glossy yellow.

(b) A bus that is not used as a school bus or Head Start bus may not be operated if it is equipped with school bus or Head Start bus-related equipment and printing.

(c) A violation of this subdivision is a misdemeanor.

(d) This subdivision does not apply to a school bus owned by or under contract to a school district operated as a charter or leased bus.

(e) This subdivision does not apply to a school bus operated by a licensed child care provider if:

(1) the stop-signal arm is removed;

(2) the lighting systems for prewarning flashing amber signals, flashing red signals, and supplemental warnings under section 169.4503, subdivision 31, are deactivated;

(3) the school bus is identified as a "child care bus" in letters at least eight inches high on the front and rear top of the bus;

(4) the name, address, and telephone number of the owner or operator of the bus is identified on each front door of the bus in letters not less than three inches high; and

(5) the conditions under section 171.02, subdivision 2a, paragraphs (a) to (j) and (l), have been met.

(f) This subdivision does not apply to a bus operated by a licensed commercial driver training school under sections 171.33 to 171.41. The bus's stop-signal arm, and lighting systems for prewarning flashing amber signals, flashing red signals, and supplemental warnings under section 169.4503, subdivision 31, must not be used on a public street or highway.

Sec. 37. Minnesota Statutes 2024, section 169.449, is amended by adding a subdivision to read:

Subd. 3. **USDOT number.** Any person, district, or operator providing school transportation using a school bus, as defined in section 169.011, subdivision 71, must apply for a USDOT number to be used for tracking inspections conducted pursuant to section 169.451.

Sec. 38. Minnesota Statutes 2024, section 169.454, subdivision 5, is amended to read:

Subd. 5. ~~**First aid kit and**~~ **Body fluids cleanup kit.** A ~~minimum of a ten-unit first aid kit, and a~~ body fluids cleanup kit is required. ~~They~~ The kit must be contained in a removable, moisture- and dust-proof ~~containers~~ container mounted in an accessible place within the driver's compartment and must be marked to indicate ~~their~~ the kit's identity ~~and location~~.

Sec. 39. Minnesota Statutes 2024, section 169.454, is amended by adding a subdivision to read:

Subd. 5a. **First aid kit.** A first aid kit meeting the requirements as defined in the current version of the National School Transportation Specifications and Procedures (NSTSP) must be provided in vehicles model year 2027 and newer. All other vehicles may contain a minimum of a ten-unit first aid kit, as specified in Minnesota Rules 1993, part 3520.5120, or a first aid kit meeting the requirements of the NSTSP. After January 1, 2030, all type III vehicles must be equipped with a first aid kit meeting the requirements of the NSTSP.

Sec. 40. Minnesota Statutes 2024, section 169.974, is amended by adding a subdivision to read:

Subd. 8. **Electrical safety standards.** No person may sell a motorcycle powered by an electric motor unless the motorcycle has been certified by the vehicle manufacturer for compliance with:

(1) the latest revision of SAE International standard J2929; or

(2) a similar applicable standard from SAE International, International Organization for Standardization (ISO), United Nations Economic Commission for Europe (UNECE), or International Electrotechnical Commission (IEC), or another electrical safety standard.

A standard under clause (2) must be approved by the commissioner of public safety.

Sec. 41. **[169.981] SALE OR TRANSFER OF PUBLIC SAFETY VEHICLE.**

Subdivision 1. **Definition.** For purposes of this section, "Public safety vehicle" has the same meaning as "authorized emergency vehicle" in section 169.011, subdivision 3.

Subd. 2. **Prohibition.** A person may not sell or transfer a public safety vehicle to the public unless the person first removes any equipment or insignia that could mislead a reasonable person to believe that the vehicle is a public safety vehicle, including any emergency light, siren, amber warning light, spotlight, grill light, antenna, emblem, outline of an emblem, or emergency vehicle equipment.

Subd. 3. **Certificate of compliance.** (a) Public safety agencies, before consummating the sale or transfer of a public safety vehicle, must provide a certificate of compliance to the transferee confirming that the vehicle has had the public safety markings removed.

(b) Sellers and auction houses, before consummating the sale or transfer of a public safety vehicle, must provide a certificate of compliance to the transferee confirming that the vehicle has had the public safety markings removed.

(c) The commissioner of public safety must design a standard certificate of compliance form and make the form publicly available without fee on the agency's publicly accessible website using existing appropriations.

Subd. 4. **Violations.** (a) A person who sells or transfers a public safety vehicle to the public in violation of this section is liable for:

(1) damages proximately caused by the use of that vehicle during the commission of a crime; and

(2) a civil penalty of $2,500.

(b) Civil penalties collected under this subdivision must be deposited in the Minnesota victims of crime account created in section 299A.708.

Subd. 5. **Enforcement.** The attorney general may bring an action to recover the civil penalty established under subdivision 4.

Subd. 6. **Exemption.** Sales or transfers of public safety vehicles to members of the public for purpose of collection or display are exempt from the requirements of this section if the vehicle is

owned and operated solely as a collector's item and not for general transportation purposes and is registered under section 168.10, subdivision 1a, 1b, 1c, 1d, 1g, or 1h.

Sec. 42. Minnesota Statutes 2024, section 171.04, subdivision 1, is amended to read:

Subdivision 1. **Persons not eligible.** The department shall not issue a driver's license:

(1) to any person under 18 years unless:

(i) the applicant is 16 or 17 years of age and has a previously issued valid license from another state or country or the applicant has, for the 12 consecutive months preceding application, held a provisional license and during that time has incurred (A) no conviction for a violation of section 169A.20, 169A.33, 169A.35, sections 169A.50 to 169A.53, or section 171.177, (B) no conviction for a crash-related moving violation, and (C) not more than one conviction for a moving violation that is not crash related. "Moving violation" means a violation of a traffic regulation but does not include a parking violation, vehicle equipment violation, or warning citation;

(ii) the application for a license is approved by (A) either parent when both reside in the same household as the minor applicant or, if otherwise, then (B) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (C) the parent or spouse of the parent with whom the minor is living or, if subitems (A) to (C) do not apply, then (D) the guardian having custody of the minor, (E) the foster parent or director of the transitional living program in which the child resides or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (F) the minor's adult spouse, adult close family member, or adult employer; provided, that the approval required by this item contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; and

(iii) the applicant presents a certification by the person who approves the application under item (ii), stating that the applicant has driven a motor vehicle accompanied by and under supervision of a licensed driver at least 21 years of age for at least ten hours during the period of provisional licensure;

(2) to any person who is 18 years of age or younger, unless the person has applied for, been issued, and possessed the appropriate instruction permit for a minimum of six months, and, with respect to a person under 18 years of age, a provisional license for a minimum of 12 months;

(3) to any person who is 19 years of age or older, unless that person has applied for, been issued, and possessed the appropriate instruction permit for a minimum of three months;

(4) to any person whose license has been suspended during the period of suspension except that a suspended license may be reinstated during the period of suspension upon the licensee furnishing proof of financial responsibility in the same manner as provided in the Minnesota No-Fault Automobile Insurance Act;

(5) to any person whose license has been revoked except upon furnishing proof of financial responsibility in the same manner as provided in the Minnesota No-Fault Automobile Insurance Act and if otherwise qualified;

(6) to any drug-dependent person, as defined in section 254A.02, subdivision 5;

(7) to any person who has been adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation, and has not been restored to capacity, unless the department is satisfied that the person is competent to operate a motor vehicle with safety to persons or property;

(8) to any person who is required by this chapter to take a vision, knowledge, or road examination, unless the person has successfully passed the examination. An applicant who fails four road tests must complete a minimum of six hours of behind-the-wheel instruction with an approved instructor before taking the road test again;

(9) to any person who is required under the Minnesota No-Fault Automobile Insurance Act to deposit proof of financial responsibility and who has not deposited the proof;

(10) to any person when the commissioner has good cause to believe that the operation of a motor vehicle on the highways by the person would be inimical to public safety or welfare;

(11) to any person when, in the opinion of the commissioner, the person is afflicted with or suffering from a physical or mental disability or disease that will affect the person in a manner as to prevent the person from exercising reasonable and ordinary control over a motor vehicle while operating it upon the highways;

(12) to a person who is unable to read and understand official signs regulating, warning, and directing traffic;

(13) to a child for whom a court has ordered denial of driving privileges under section 260C.201, subdivision 1, or 260B.235, subdivision 5, until the period of denial is completed; ~~or~~

(14) to any person whose license has been canceled, during the period of cancellation~~.~~; or

(15) to any person 20 years of age or under who has not completed a driver education program that includes both classroom instruction and behind-the-wheel training.

EFFECTIVE DATE. This section is effective July 1, 2028.

Sec. 43. Minnesota Statutes 2024, section 171.07, is amended by adding a subdivision to read:

Subd. 6c. **Speech condition identifier.** (a) Upon the written request of the applicant, the commissioner must issue a driver's license or Minnesota identification card bearing a graphic or written identifier for a speech condition or disorder, including but not limited to stuttering. The commissioner must not include any specific medical information on the driver's license or Minnesota identification card.

(b) On request of the applicant and payment of the required fee, the department must issue a replacement or renewal license or identification card without the designation.

Sec. 44. Minnesota Statutes 2024, section 171.12, subdivision 1a, is amended to read:

Subd. 1a. **Driver and vehicle services information system; security and auditing.** (a) The commissioner must establish written procedures to ensure that only individuals authorized by law

may enter, update, or access not public data collected, created, or maintained by the driver and vehicle services information system. An authorized individual's ability to enter, update, or access data in the system must correspond to the official duties or training level of the individual and to the statutory authorization granting access for that purpose. All queries and responses, and all actions in which data are entered, updated, accessed, shared, or disseminated, must be recorded in a data audit trail. Data contained in the audit trail are public to the extent the data are not otherwise classified by law.

(b) If the commissioner determines that an individual willfully entered, updated, accessed, shared, or disseminated data in violation of state or federal law, the commissioner must impose disciplinary action. If an individual willfully gained access to data without authorization by law, the commissioner must forward the matter to the appropriate prosecuting authority for prosecution. The commissioner must not impose disciplinary action against an individual who properly accessed data to complete an authorized transaction or to resolve an issue that did not result in a completed authorized transaction.

(c) The commissioner must establish a process that allows an individual who was subject to disciplinary action to appeal the action. If the commissioner imposes disciplinary action, the commissioner must notify the individual in writing of the action, explain the reason for the action, and explain how to appeal the action. The commissioner must transmit the notification within five calendar days of the action.

~~(d) The commissioner must arrange for an independent biennial audit of the driver and vehicle services information system to determine whether data currently in the system are classified correctly, how the data are used, and to verify compliance with this subdivision. The results of the audit are public. No later than 30 days following completion of the audit, the commissioner must provide a report summarizing the audit results to the commissioner of administration; the chairs and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over transportation policy and finance, public safety, and data practices; and the Legislative Commission on Data Practices and Personal Data Privacy. The report must be submitted as required under section 3.195, except that printed copies are not required.~~

~~(e)~~ (d) For purposes of this subdivision, "disciplinary action" means a formal or informal disciplinary measure, including but not limited to requiring corrective action or suspending or revoking the individual's access to the driver and vehicle information system.

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

Sec. 45. Minnesota Statutes 2024, section 171.12, subdivision 7b, is amended to read:

Subd. 7b. **Data privacy; noncompliant license or identification card.** (a) With respect to noncompliant licenses or identification cards, the commissioner is prohibited from:

(1) electronically disseminating outside the state data that is not disseminated as of May 19, 2017; or

(2) utilizing any electronic validation or verification system accessible from or maintained outside the state that is not in use as of May 19, 2017.

(b) The limitations in paragraph (a) do not apply to the extent necessary to:

(1) maintain compliance with the driver's license compact under section 171.50 and applicable federal law governing commercial driver's licenses;

(2) perform identity verification as part of an application for a replacement Social Security card issued by the Social Security Administration; ~~and~~

(3) perform identity verification for a program participant in the Transportation Security Administration's Registered Traveler program who has voluntarily provided their Minnesota driver's license or identification card to confirm their identity to a private entity operating under the Registered Traveler program~~.~~; and

(4) validate or verify a United States passport, certificate of citizenship, or certificate of naturalization submitted with an application for a noncompliant license or identification card.

(c) For purposes of paragraph (b), clause (3), the information provided for identity verification is limited to name, date of birth, the license or identification card's identification number, issuance date, expiration date, and credential security features which does not include facial recognition.

(d) For purposes of this subdivision, "outside the state" includes federal agencies, states other than Minnesota, organizations operating under agreement among the states, and private entities.

(e) Prior to disclosing to a data requester, other than the data subject, any data on individuals relating to a noncompliant driver's license or identification card, the commissioner or a driver's license agent must require the data requester to certify that the data requester must not use the data for civil immigration enforcement purposes or disclose the data to a state or federal government entity that primarily enforces immigration law or to any employee or agent of any such government entity. A data requester who violates the certification required in this paragraph may be liable in a civil action brought under section 13.08, may be subject to criminal penalties under section 13.09, may have subsequent requests for noncompliant driver's license or identification card data be denied by the commissioner, and may lose access to the driver records subscription service under section 168.327. A certification form used by the commissioner or a driver's license agent under this paragraph must include information about penalties that apply for violations.

EFFECTIVE DATE. This section is effective October 1, 2026, for noncompliant license and identification card applications submitted on or after that date.

Sec. 46. Minnesota Statutes 2024, section 171.187, subdivision 1, is amended to read:

Subdivision 1. **Suspension required.** The commissioner shall suspend the driver's license of a person:

(1) for whom a peace officer has made the certification described in section 629.344 that probable cause exists to believe that the person violated section 609.2112, subdivision 1, paragraph (a)~~, clause (2), (3), (4), (5), or (6)~~; 609.2113, subdivision 1, ~~clause (2), (3), (4), (5), or (6); subdivision~~ 2, ~~clause (2), (3), (4), (5), or (6);~~ or ~~subdivision~~ 3~~, clause (2), (3), (4), (5), or (6)~~; or 609.2114, subdivision 1~~, paragraph (a), clause (2), (3), (4), (5), or (6),~~ or ~~subdivision~~ 2~~, clause (2), (3), (4), (5), or (6)~~; or

(2) who has been formally charged with a violation of section 609.20, 609.205, 609.2112, 609.2113, or 609.2114, resulting from the operation of a motor vehicle.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to certifications made on or after that date.

Sec. 47. Minnesota Statutes 2025 Supplement, section 171.187, subdivision 3, is amended to read:

Subd. 3. **Credit.** If a person whose driver's license was suspended under subdivision 1 is later convicted of the underlying offense that resulted in the suspension and the commissioner revokes the person's license, the commissioner shall credit the time accrued under the suspension period toward the revocation period imposed under section 171.178, subdivision 6, or for violations of section:

(1) 609.20;

(2) 609.205;

(3) 609.2112, subdivision 1, paragraph (a)~~, clause (1), (7), or (8)~~;

(4) 609.2113~~, subdivision 1, clause (1), (7), or (8); subdivision 2, clause (1), (7), or (8); or subdivision 3, clause (1), (7), or (8)~~; or

(5) 609.2114~~, subdivision 1, paragraph (a), clause (1), (7), or (8), or subdivision 2, clause (1), (7), or (8)~~.

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

Sec. 48. **[174.205] RESILIENT PAVEMENT PROGRAM.**

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

(b) "Baseline project" means a trunk highway project without revision to pavement design life.

(c) "Commissioner" means the commissioner of transportation.

(d) "Modified project" means a project that is revised or under a revision analysis to contain a modified pavement design life using funds provided under the program.

(e) "Pavement cost" means the estimated total cost of pavement items, including pavement foundation, for the project, in conformance with standard specifications for construction established by the commissioner.

(f) "Program" means the resilient pavement program under this section.

Subd. 2. **Program established.** Subject to available funds, the commissioner must establish a resilient pavement program to provide supplemental funding for revisions to pavement design of trunk highway projects on the basis of long-term cost effectiveness.

Subd. 3. **Administration.** (a) In implementing the program, the commissioner must:

(1) establish procedures for identification, analysis, and selection of projects that receive funding and are accordingly revised in the pavement design; and

(2) specify a modified pavement design life, whether through pavement material, pavement foundation, or a combination, that is at least 50 years for modified projects.

(b) The commissioner must determine pavement design life using the current standard models used by the department for pavement design.

Subd. 4. **Project eligibility; cost effectiveness.** (a) To be eligible for funds under the program, a project must:

(1) be for trunk highway construction, reconstruction, maintenance, or improvement;

(2) be included in a prior or the current state transportation improvement program or capital highway investment plan with a proposed design life of less than or equal to 20 years;

(3) be a modified project with a pavement design life as specified under subdivision 3, paragraph (a), clause (2); and

(4) have a cost-effectiveness ratio, as calculated under paragraph (b), that equals or is greater than one.

(b) The cost-effectiveness ratio is calculated as:

(1) the pavement cost of the baseline project, divided by the pavement design life of the baseline project; divided by

(2) the pavement cost of the modified project, divided by the modified pavement design life.

Subd. 5. **Use of funds.** (a) For a project selected under the program, the commissioner may expend program funds for up to 110 percent of the difference in anticipated pavement costs between the modified project and the baseline project.

(b) The commissioner must not expend funds under the program for program delivery.

Subd. 6. **Public information.** The commissioner must publish information regarding the program on the department's website. The information must include:

(1) a description of program implementation;

(2) identification of projects analyzed and selected under the program; and

(3) for each project selected, an overview that includes a brief project description, the pavement design changes, and information on expenditures from program funds.

Sec. 49. Minnesota Statutes 2024, section 174.38, subdivision 6, is amended to read:

Subd. 6. **Use of funds.** (a) The commissioner must determine permissible uses of financial assistance under this section, which are limited to:

(1) construction and maintenance of bicycle, trail, and pedestrian infrastructure, including but not limited to safe routes to school infrastructure and bicycle facilities and centers; and

(2) noninfrastructure programming, including activities as specified in section 174.40, subdivision 7a, paragraph (b).

(b) Of the amount made available in each fiscal year, the first ten percent, up to $500,000, is for ~~grants~~ programming to develop, maintain, and implement active transportation safety curriculum for youth ages five to 14 years old, and if remaining funds are available, for (1) youth ages 15 to 17 years old, (2) adult active transportation safety programs, and (3) adult learn-to-ride programs. The curriculum must include resources for teachers and must meet the model training materials requirements under section 123B.935, subdivision 4.

Sec. 50. **[174.68] TRUCK PARKING IMPROVEMENT PROGRAM.**

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

(b) "Commissioner" means the commissioner of transportation.

(c) "Program" means the truck parking improvement program established in this section.

Subd. 2. **Program established.** A truck parking improvement program is established to support improvements related to truck parking access, availability, and safety. Money may be appropriated from the trunk highway fund or the general fund for truck parking capacity improvements at public, private, or partnership-operated sites.

Subd. 3. **Program administration.** (a) The commissioner must establish program requirements in conformance with this section, including but not limited to a competitive process for project evaluation and discretionary award of financial assistance.

(b) The commissioner must conduct a solicitation for projects under the program in each fiscal year for which money is available. The commissioner must make reasonable efforts to publicize each solicitation among all eligible recipients.

(c) The commissioner may authorize expenditures, provide grants, enter into partnerships with local governments or private entities, including truck stops, or provide other financial assistance for a truck parking improvement project.

(d) The commissioner is prohibited from expending more than three percent of available money in a fiscal year under this section on program administration.

(e) No actions taken under this section are to be construed as authorizing the commercialization of any public rest area.

Subd. 4. **Eligibility.** Eligible recipients of financial assistance under this section are:

(1) the Department of Transportation;

(2) a county;

(3) a statutory or home rule charter city that receives aid from the municipal state-aid street fund under chapter 162;

(4) a statutory or home rule charter city or a town in partnership with a political subdivision under clause (2) or (3);

(5) a metropolitan planning organization;

(6) a public or private port authority;

(7) an established truck stop business, commercial warehouse site, large retail company, or trucking service repair company; and

(8) an entity operating under a public-private partnership authorized by the commissioner.

Subd. 5. **Project evaluation.** In developing and maintaining criteria to evaluate applications, the commissioner must gather input from the Minnesota Freight Advisory Committee and consult with the Statewide Freight Investment Committee.

Subd. 6. **Use of money.** Financial assistance under the program may be used for:

(1) predesign, design, engineering, acquisition of land or permanent easements, environmental analysis and remediation, construction, reconstruction, and maintenance of truck parking facilities;

(2) construction and maintenance of truck parking information systems;

(3) construction and maintenance of bathroom facilities that serve truck parking facilities;

(4) installation and relocation of utilities necessary for additional truck parking capacity;

(5) local match for federal grants for truck safety, truck parking, and hydrogen or electric truck fueling improvements;

(6) truck parking studies; and

(7) lighting, fencing, or security systems that are appurtenant to the construction of new parking spaces at a public rest area, an established truck stop business, commercial warehouse site, large retail company, or trucking service repair company.

Subd. 7. **Public information.** The commissioner must publish information regarding the program on the department's website. The information must include:

(1) an overview of program requirements and implementation;

(2) identification of all projects considered in each project selection round; and

(3) a review of each selected project, with amounts and sources of funding.

Sec. 51. Minnesota Statutes 2024, section 216D.01, is amended by adding a subdivision to read:

Subd. 2a. **Electronic positive response.** "Electronic positive response" means an electronic notification from an operator to the notification center regarding the status of a locate in the area of a proposed excavation or boundary survey.

Sec. 52. Minnesota Statutes 2024, section 216D.03, is amended by adding a subdivision to read:

Subd. 6. **Electronic positive response.** The notification center must make an electronic positive response from an operator available to the relevant excavator through electronic means.

Sec. 53. Minnesota Statutes 2024, section 216D.04, subdivision 3, is amended to read:

Subd. 3. **Locating underground facility; operator.** (a) Prior to the conclusion of the locate period, an operator must locate and mark or otherwise provide the approximate horizontal location of the underground facilities of the operator and provide readily available information regarding the operator's abandoned and out-of-service underground facilities as shown on maps, drawings, diagrams, or other records used in the operator's normal course of business, without cost to the excavator. Prior to the conclusion of the locate period, an operator must provide an electronic positive response through the notification center for the notice of excavation. The excavator must determine the precise location of the underground facility, without damage, before excavating within two feet of the marked location of the underground facility.

(b) Within 96 hours or the time specified in the notice, whichever is later, after receiving a notice for boundary survey from the notification center, excluding Saturdays, Sundays, and holidays, unless otherwise agreed to between the land surveyor and operator, an operator must locate and mark or otherwise provide the approximate horizontal location of the underground facilities of the operator, without cost to the land surveyor. Prior to the conclusion of the time period under this paragraph, an operator must provide an electronic positive response through the notification center for the notice for boundary survey.

(c) For the purpose of this section, the approximate horizontal location of the underground facilities is a strip of land two feet on either side of the underground facilities.

(d) Markers used to designate the approximate horizontal location of underground facilities are subject to the following requirements:

(1) markers must be a combination of paint markings and at least one of the following: (i) a flag or flags, (ii) a stake or stakes, or (iii) a whisker or whiskers;

(2) all markers under clause (1) must follow the current color code standard used by the American Public Works Association;

(3) markers must be located within a plus or minus two-foot tolerance; and

(4) the name of the operator must be indicated on each flag, stake, or whisker.

If the surface being marked is hard, markers without flags, stakes, or whiskers may be used but must comply with the color code standard and tolerance requirement under clauses (2) and (3).

(e) If the operator cannot complete marking of the excavation or boundary survey area before the excavation or boundary survey start time stated in the notice, the operator must promptly contact the excavator or land surveyor.

(f) Operators must maintain maps, drawings, diagrams, or other records of any underground facility abandoned or out-of-service after December 31, 1998.

(g) An operator or other person providing information pursuant to this subdivision is not responsible to any person, for any costs, claims, or damages for information provided in good faith regarding abandoned, out-of-service, or private or customer-owned underground facilities.

(h) An operator must use geospatial location information or an equivalent technology to develop as-built drawings of newly installed or newly abandoned facilities if exposed in the excavation area. The requirements under this paragraph apply (1) on or after January 1, 2026, or (2) on or after January 1, 2027, for an operator that provided services to fewer than 10,000 customers in calendar year 2025.

(i) An operator must provide up-to-date contact information to the notification center (1) as the contact changes occur, to the extent practicable, and (2) on at least a quarterly basis following a change in contact information. The contact information must include at least one telephone number designated by the operator to reach a person or persons regarding locates.

EFFECTIVE DATE. This section is effective August 1, 2026, except that paragraph (i) is effective January 1, 2027.

Sec. 54. Minnesota Statutes 2024, section 219.14, is amended by adding a subdivision to read:

Subd. 1a. **Crossing bells.** Notwithstanding this section or any other law or rule to the contrary, the commissioner must not order or allow crossing bells to be silenced at any railroad crossing equipped with an active warning system.

Sec. 55. Minnesota Statutes 2024, section 222.50, is amended to read:

222.50 RAIL SERVICE IMPROVEMENT PROGRAM.

Subdivision 1. **Creation.** ~~There is created~~ The rail service improvement program is created to provide assistance for improvement of rail service in the state.

Subd. 2. **Identifying deteriorating rail line.** The commissioner ~~shall~~ must identify those rail lines that have deteriorated or are in danger of deteriorating so as to be unable to carry the speeds and weights necessary to efficiently transport the goods and products moved or sought to be moved on the lines.

Subd. 3. **Commissioner's powers; rules.** The commissioner ~~shall have~~ has the power to:

(1) set priorities for the allocation and expenditure of money or in kind contributions authorized under the rail service improvement program and develop criteria for eligibility and approval of projects under the program. The criteria ~~shall~~ must include the anticipated economic and social benefits to the state and to the area being served and the economic viability of the project;

(2) negotiate and enter into contracts for rail line rehabilitation or other rail service improvement;

(3) disburse state and federal money for rail service improvements; and

(4) adopt rules necessary to carry out the purposes of sections 222.46 to 222.54.

Subd. 4. **Contract.** The commissioner may negotiate and enter into contracts for the purpose of rail service improvement and may incorporate funds available from the federal government. The participants in these contracts ~~shall~~ must be railroads, rail users, and the department, and may be political subdivisions of the state and the federal government. ~~In such contracts,~~ Participation by all parties ~~shall~~ in these contracts must be voluntary. The commissioner may provide a portion of the money required to carry out the terms of ~~any such contract~~ these contracts by expenditure from ~~the~~ a rail service improvement account.

Subd. 5. **Contractual conditions.** In making any contract pursuant to subdivision 4, the commissioner may:

(1) stipulate minimum operating standards for rail lines designed to achieve reasonable transportation service for shippers and to achieve best use of funds invested in rail line rehabilitation;

(2) require a portion of the total assistance for improving a rail line to be loaned to the railroad by rail users and require the railroad to reimburse rail users for any loan on the basis of use of the line and the revenues produced when the line has been improved;

(3) determine the terms and conditions under which all or any portion of state funds allocated ~~shall~~ must be repaid to the department by the railroads. Reimbursement may be made as a portion of the increased revenue derived from the improved rail line. Any loan reimbursement received by the department pursuant to this clause ~~shall~~ for any project financed with state general obligation bond funds must be deposited in the rail service improvement account in the bond proceeds fund and ~~shall~~ any loan reimbursement received by the department pursuant to this clause for any other projects must be deposited in the rail service improvement account in the special revenue fund. Reimbursements received under this clause must be appropriated exclusively for rehabilitating other rail lines in the state pursuant to subdivision 4; and

(4) to the extent not prohibited by federal law or regulation, require that when the railroad elects to contract for portions of the rehabilitation work or rail service improvement, the railroad must select a contractor who is experienced in rail rehabilitation work~~,~~ and must require the contractor to:

(i) recruit any new workers from the area where the work is to be done; and

(ii) pay workers under the contract wages that are equal to or greater than the wages the railroad pays its own workers for similar work, but not less than twice the state minimum wage that state-covered employers are required to pay under section 177.24, subdivision 1, paragraph (a).

Subd. 6. **Grants.** The commissioner may approve grants from ~~the~~ a rail service improvement account for freight rail service improvements that support economic development.

Subd. 7. **Expenditures.** (a) The commissioner may expend money from ~~the~~ a rail service improvement account for the following purposes:

(1) to make transfers as provided under section 222.57 or to pay interest adjustments on loans guaranteed under the state rail user and rail carrier loan guarantee program;

(2) to pay a portion of the costs of capital improvement projects designed to improve rail service of a rail user or a rail carrier;

(3) to pay a portion of the costs of rehabilitation projects designed to improve rail service of a rail user or a rail carrier;

(4) to acquire, maintain, manage, and dispose of railroad right-of-way pursuant to the state rail bank program;

(5) to provide for aerial photography survey of proposed and abandoned railroad tracks for the purpose of recording and reestablishing by analytical triangulation the existing alignment of the inplace track;

(6) to pay a portion of the costs of acquiring a rail line by a regional railroad authority established pursuant to chapter 398A;

(7) to pay the state matching portion of federal grants for rail-highway grade crossing improvement projects;

(8) to pay the nonfederal matching portion of federal grants for freight rail projects that support economic development;

(9) to fund rail planning studies; and

(10) to pay a portion of the costs of capital improvement projects designed to improve capacity or safety at rail yards.

(b) All money derived by the commissioner from the disposition of railroad right-of-way or of any other property acquired pursuant to sections 222.46 to 222.62 ~~shall~~ must be deposited in the rail service improvement account in the special revenue fund.

Sec. 56. Minnesota Statutes 2024, section 299A.41, subdivision 3, is amended to read:

Subd. 3. **Killed in the line of duty.** (a) "Killed in the line of duty" does not include any deaths from natural causes, except as expressly provided in this subdivision. In the case of a public safety officer, killed in the line of duty includes the death of a public safety officer caused by accidental means while the public safety officer is acting in the course and scope of duties as a public safety officer. Killed in the line of duty also ~~means~~ includes if a public safety officer dies as the direct and proximate result of a heart attack, stroke, or vascular rupture, that officer ~~shall be~~ is presumed to have died as the direct and proximate result of a personal injury sustained in the line of duty if:

(1) that officer, while on duty:

(i) engaged in a situation, and that engagement involved nonroutine stressful or strenuous physical activity in law enforcement, fire suppression, rescue, hazardous material response, emergency medical services, prison security, disaster relief, or other emergency response activity; or

(ii) participated in a training exercise, and that participation involved nonroutine stressful or strenuous physical activity;

(2) that officer died as a result of a heart attack, stroke, or vascular rupture suffered:

(i) while engaging or participating under clause (1);

(ii) while still on duty after engaging or participating under clause (1); or

(iii) not later than 24 hours after engaging or participating under clause (1); and

(3) the presumption is not overcome by competent medical evidence to the contrary.

(b) "Killed in the line of duty" also ~~means~~ includes that the officer died due to suicide:

(1) secondary to a diagnosis of posttraumatic stress disorder as described in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association; or

(2) within 45 days of the end of exposure, while on duty, to a traumatic event.

(c) "Killed in the line of duty" also includes that the officer died as a result of complications caused by exposure sustained in the line of duty to any of the following infectious diseases, viruses, or bacteria, if medical records identify the disease, virus, or bacteria as a cause of or contributing factor to the death: COVID-19, influenza, hepatitis B, hepatitis C, tuberculosis, HIV/AIDS, meningitis, MRSA, whooping cough, or streptococcus pneumoniae.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies retroactively from February 1, 2020.

Sec. 57. Minnesota Statutes 2024, section 299A.41, is amended by adding a subdivision to read:

Subd. 3a. **Nonroutine strenuous physical activity.** "Nonroutine strenuous physical activity" means line-of-duty activity that:

(1) is not an action of a clerical, administrative, or nonmanual nature;

(2) is not performed as a matter of routine; and

(3) entails an unusually high level of physical exertion.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies retroactively from February 1, 2020.

Sec. 58. Minnesota Statutes 2024, section 299A.41, is amended by adding a subdivision to read:

Subd. 3b. **Nonroutine stressful or strenuous physical activity.** "Nonroutine stressful or strenuous physical activity" means nonroutine stressful physical activity or nonroutine strenuous physical activity.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies retroactively from February 1, 2020.

Sec. 59. Minnesota Statutes 2024, section 299A.41, is amended by adding a subdivision to read:

Subd. 3c. **Nonroutine stressful physical activity.** "Nonroutine stressful physical activity" means line-of-duty activity that:

(1) is not an action of a clerical, administrative, or nonmanual nature;

(2) is not performed as a matter of routine;

(3) entails nonnegligible physical exertion; and

(4) occurs:

(i) with respect to a situation in which a public safety officer is engaged under circumstances that objectively and reasonably:

(A) pose or appear to pose significant dangers, threats, or hazards, or reasonably foreseeable risks thereof, not faced by similarly situated members of the public in the ordinary course; and

(B) provoke, cause, or occasion an unusually high level of alarm, fear, or anxiety; or

(ii) with respect to a training exercise in which a public safety officer participates under circumstances that objectively and reasonably:

(A) simulate in realistic fashion situations that pose significant dangers, threats, or hazards; and

(B) provoke, cause, or occasion an unusually high level of alarm, fear, or anxiety.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies retroactively from February 1, 2020.

Sec. 60. Minnesota Statutes 2024, section 299A.41, subdivision 4, is amended to read:

Subd. 4. **Public safety officer.** "Public safety officer" includes:

(1) a peace officer defined in section 626.84, subdivision 1, paragraph (c) or (d);

(2) a correction officer employed at a correctional facility and charged with maintaining the safety, security, discipline, and custody of inmates at the facility;

(3) a corrections staff person working in a public agency and supervising offenders in the community as defined in sections 243.05, subdivision 6; 244.19, subdivision 1; and 401.01, subdivision 2;

(4) an individual employed on a full-time or part-time basis by the state or by a fire department of a governmental subdivision of the state, who is engaged in any of the following duties:

(i) firefighting;

(ii) emergency motor vehicle operation;

(iii) investigation into the cause and origin of fires;

(iv) the provision of emergency medical services; or

(v) hazardous material responder;

(5) a legally enrolled member of a volunteer or paid on-call fire department or member of an independent nonprofit firefighting corporation who is engaged in the hazards of firefighting;

(6) a good samaritan while complying with the request or direction of a public safety officer to assist the officer;

(7) a reserve police officer or a reserve deputy sheriff while acting under the supervision and authority of a political subdivision;

(8) a driver or attendant with a licensed basic or advanced life-support transportation service who is engaged in providing emergency care;

(9) a first responder who is certified by the director of the Office of Emergency Medical Services to perform basic emergency skills before the arrival of a licensed ambulance service and who is a member of an organized service recognized by a local political subdivision to respond to medical emergencies to provide initial medical care before the arrival of an ambulance; ~~and~~

(10) a person, other than a state trooper, employed by the commissioner of public safety and assigned to the State Patrol, whose primary employment duty is either Capitol security or the enforcement of commercial motor vehicle laws and regulations~~.~~; and

(11) a person formerly employed as a public safety officer under clauses (1) to (5) or (7) to (10) if the person separated from service due to a duty disability, as defined in section 353.01, subdivision 41.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies retroactively from February 1, 2020.

Sec. 61. **[299A.412] DETERMINING WHAT IS ROUTINE.**

Neither of the following is dispositive in determining whether an activity or action is understood to have been performed as a matter of routine under section 299A.41:

(1) being generally described by the public safety agency as routine or ordinary; or

(2) the frequency with which the activity or action may be performed.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies retroactively from February 1, 2020.

Sec. 62. **[299A.96] EMERGENCY CONTACT INFORMATION FOR ELECTED OFFICIALS.**

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

(b) "Commissioner" means the commissioner of public safety.

(c) "Elected official" means a state executive officer, member of the legislature, justice of the supreme court, or member of the state's federal congressional delegation.

Subd. 2. **Submitting contact information to commissioner.** (a) For purposes of subdivision 4, an elected official is encouraged to submit and verify annually by January 31 to the commissioner in a format prescribed by the commissioner the following information:

(1) primary residential address;

(2) any secondary address in the state;

(3) work telephone number;

(4) home telephone number;

(5) email address; and

(6) list and contact information of immediate family members.

(b) An elected official is encouraged to notify the commissioner as soon as possible after changing any information under paragraph (a).

Subd. 3. **Data classification.** All information submitted under subdivision 2 is classified as private data on individuals under section 13.02, subdivision 12. The data may be accessed by only authorized personnel for official public safety purposes when used or disclosed under subdivision 4.

Subd. 4. **Using and disclosing information.** (a) The commissioner may use or disclose information under subdivision 2 only as follows:

(1) to ensure the safety and security of elected officials or their immediate family members; or

(2) for law enforcement purposes when needed for protecting public safety.

(b) Use or disclosure of the information under subdivision 2 is subject to the remedies and penalties under sections 13.08 and 13.09.

Sec. 63. Minnesota Statutes 2024, section 299D.03, subdivision 2, is amended to read:

Subd. 2. **Salary and reimbursement.** (a) Each employee other than the chief supervisor, lieutenant colonel, majors, captains, lieutenants, corporals, and sergeants hereinafter designated shall be known as patrol troopers.

(b) There may be appointed one lieutenant colonel; and such majors, captains, lieutenants, corporals, sergeants, and troopers as the commissioner deems necessary to carry out the duties and functions of the State Patrol. Persons in above-named positions shall be appointed by law and have such duties as the commissioner may direct and, except for troopers, shall be selected from the patrol troopers, corporals, sergeants, captains, lieutenants, and majors who shall have had at least five years' experience as either patrol troopers, corporals, sergeants, or supervisors.

(c) The salary rates for all State Patrol troopers, corporals, and sergeants shall be deemed to include $6 per day reimbursement for shift differential, meal and business expenses incurred by State Patrol troopers, corporals, and sergeants in the performance of their assigned duties in their patrol areas; business expenses include, but are not limited to: uniform costs, home garaging of squad cars, and maintenance of home office.

Sec. 64. Minnesota Statutes 2024, section 299D.03, subdivision 2a, is amended to read:

Subd. 2a. **Salary ~~and benefits~~ survey.** (a) By January 1 of 2021, 2024, 2027, and ~~2030~~ every odd-numbered year thereafter, the legislative auditor must conduct a compensation ~~and benefit~~ survey of law enforcement officers in every police department:

(1) in a city with a population in excess of 25,000, located in a metropolitan county, as defined in section 473.121, subdivision 4, that is represented by a union certified by the Bureau of Mediation Services; or

(2) in a city of the first class.

The State Patrol must also be included in the survey.

(b) The legislative auditor must base the survey on compensation ~~and benefits~~ for the past completed calendar year. The survey must be based on full-time equivalent employees. The legislative auditor must calculate compensation using base salary, overtime wages, and premium pay. Premium pay is payment that is received by a majority of employees and includes but is not limited to education pay and longevity pay. The legislative auditor must not include any payments made to officers or troopers for work performed for an entity other than the agency that employs the officer or trooper, regardless of who makes the payment. ~~The legislative auditor must also include in the survey all benefits, including insurance, retirement, and pension benefits. The legislative auditor must include contributions from both the employee and employer when determining benefits.~~

(c) The legislative auditor must compile the survey results into a report. The report must show each department separately. For each department, the survey must include~~:~~

~~(1)~~ an explanation of the salary structure, and include minimum and maximum salaries for each range or step~~; and~~.

~~(2) an explanation of benefits offered, including the options that are offered and the employee and employer contribution for each option.~~

~~Wherever possible, the report must be designed so that the data for each department is in the same table or grid format to facilitate easy comparison.~~

(d) By January 15 of 2021, 2024, 2027, and ~~2030~~ every odd-numbered year thereafter, the legislative auditor must transmit the survey report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over the State Patrol budget.

(e) It is the legislature's intent to use the information in this study to compare salaries between the identified police departments and the State Patrol and to make appropriate increases to patrol trooper, captain, and lieutenant salaries. Nothing in this subdivision precludes the collective bargaining of salaries or compensation in excess of salaries or compensation supported by the salary survey. Salary adjustments for supervisory ranks, including corporals, sergeants, lieutenants, and captains, must be proportionate to the salary adjustments made for patrol troopers resulting from the survey. This subdivision does not expand the scope of the salary survey beyond patrol troopers. For purposes of this paragraph, "patrol troopers" has the meaning given in subdivision 2, paragraph (a).

Sec. 65. **[299D.14] VOLUNTEER CHAPLAINS.**

Subdivision 1. **Volunteers permitted.** The commissioner or the chief supervisor of the State Patrol may recruit, train, and accept, without regard to personnel laws or rules, the services of individuals without compensation as volunteer chaplains to support members of the State Patrol in their roles and responsibilities under this chapter.

Subd. 2. **Incidental expenses.** The chief supervisor may provide for the incidental expenses of a volunteer chaplain, including transportation, lodging, and subsistence.

Subd. 3. **Application of law.** Except as otherwise provided in this section, a volunteer chaplain is not a state employee and is not subject to the provisions of law relating to state employment, including but not limited to those governing hours of work, rates of compensation, leave, unemployment benefits, and state employee benefits.

Sec. 66. Minnesota Statutes 2024, section 360.021, subdivision 1, is amended to read:

Subdivision 1. **Authority to establish.** The commissioner is authorized and empowered, on behalf of and in the name of this state, within the limitation of available appropriations, to acquire, by purchase, gift, devise, lease, condemnation proceedings, or otherwise, property, real or personal, for the purpose of establishing and constructing restricted landing areas and other air navigation facilities and to acquire in like manner, own, control, establish, construct, enlarge, improve, maintain, equip, operate, regulate, and police such restricted landing areas and other air navigation facilities, either within or without this state; and to make, prior to any such acquisition, investigations, surveys, and plans. The commissioner may maintain, equip, operate, regulate, and police airports, either within or without this state. The operation and maintenance of airports is an essential public service. The commissioner may maintain at such airports facilities for the servicing of aircraft and for the comfort and accommodation of air travelers. The commissioner may dispose of any such property, airport, restricted landing area, or any other air navigation facility, by sale, lease, or otherwise, in accordance with the laws of this state governing the disposition of other like property of the state. The commissioner may not acquire or take over any restricted landing area, or other air navigation facility without the consent of the owner. The commissioner shall not acquire any additional state airports nor establish any additional state-owned airports. The commissioner may erect, equip,

operate, and maintain on any airport buildings and equipment necessary and proper to maintain, and conduct such airport and air navigation facilities connected therewith. The commissioner shall not expend money for land acquisition, or for the construction, improvement, or maintenance of airports, or for air navigation facilities for an airport, unless the municipality, county, or joint airport zoning board involved has or is establishing a zoning authority for that airport, and the authority has made a good-faith showing that it is in the process of and will complete with due diligence, an airport zoning ordinance in accordance with sections 360.061 to 360.074. The commissioner may provide funds to support airport safety projects that maintain existing infrastructure, regardless of a zoning authority's efforts to complete a zoning regulation. The commissioner may withhold funding from only the airport subject to the proposed zoning ordinance. ~~Notwithstanding the foregoing prohibition, the commissioner may continue to maintain the state-owned airport at Pine Creek.~~

Sec. 67. Minnesota Statutes 2024, section 629.344, is amended to read:

629.344 CRIMINAL VEHICULAR OPERATION AND MANSLAUGHTER; CERTIFICATION OF PROBABLE CAUSE BY PEACE OFFICER.

If a peace officer determines that probable cause exists to believe that a person has violated section 609.2112, subdivision 1, paragraph (a)~~, clause (2), (3), (4), (5), or (6)~~; 609.2113, subdivision 1, ~~clause (2), (3), (4), (5), or (6); subdivision~~ 2, ~~clause (2), (3), (4), (5), or (6);~~ or ~~subdivision~~ 3~~, clause (2), (3), (4), (5), or (6)~~; or 609.2114, subdivision 1~~, paragraph (a), clause (2), (3), (4), (5), or (6);~~ or ~~subdivision~~ 2~~, clause (2), (3), (4), (5), or (6)~~, the officer shall certify this determination and notify the commissioner of public safety.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to determinations by a peace officer that probable cause exists made on or after that date.

Sec. 68. Laws 2024, chapter 104, article 1, section 2, the effective date, is amended to read:

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment ~~and expires January 1, 2032~~. This section applies to contracts entered into on or after the effective date ~~but before January 1, 2032~~.

Sec. 69. **COORDINATION WITH METROPOLITAN COUNCIL.**

(a) This section applies to the reconstruction of any segment of Hennepin County Road 22 that coincides with a segment of an arterial bus rapid transit candidate corridor, as adopted by the Metropolitan Council in its transportation policy plan by July 1, 2026.

(b) In order to minimize future construction related to enhanced bus stops that are part of a potential separate future project of the Metropolitan Council, Hennepin County must coordinate with the Metropolitan Council to identify what infrastructure or provisions are needed to accommodate implementation of enhanced bus stops with a roadway project identified in paragraph (a).

(c) Following identification of necessary infrastructure and provisions, Hennepin County must incorporate into final design and construction of the roadway project elements consistent with future construction of enhanced bus stops and coordinate with the Metropolitan Council to install electrical, communications network, and other infrastructure consistent with enhanced bus stop amenities wherever doing so would minimize future construction related to enhanced bus stops.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 70. **DRIVER'S EDUCATION FINANCIAL ASSISTANCE PILOT PROGRAM.**

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

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

(c) "Eligible entities" means a school district; city; county; town; local government unit; federally recognized Tribe, as defined in United States Code, title 25, section 5304(e); or nonprofit organization that provides assistance to low-income or disadvantaged youth.

(d) "Eligible youth" means a person who is at least 15 years of age and not more than 24 years of age and meets one of the criteria specified in subdivision 4, paragraph (c).

(e) "Driver's education" means an online self-paced or in-person driver's education course offered by a public school or a commercial driver training school as defined in Minnesota Statutes, section 171.33, subdivision 1, that is licensed and authorized to offer driver's education courses in Minnesota.

(f) "Driver's license" has the meaning given in Minnesota Statutes, section 171.01, subdivision 37.

Subd. 2. **Pilot program established.** A driver's education financial assistance program is established as a pilot project under the administration of the Department of Employment and Economic Development to award grants to eligible entities to expand access and availability to driver's education courses and drivers' licenses for eligible youth.

Subd. 3. **Administration.** (a) The commissioner must solicit applications from eligible entities and select not more than four eligible entities to participate in the pilot program. The commissioner must solicit applications from and give special consideration to selecting eligible entities to participate in the program that collectively have experience working with urban, rural, suburban, and Tribal communities.

(b) An eligible entity that wishes to participate in the program must demonstrate in its application that it has:

(1) existing capacity and expertise to identify eligible youth;

(2) strong ties to the community it intends to work with; and

(3) a plan to work with school districts and other community-based organizations to identify and establish an application procedure to recruit and support up to 50 eligible youth in the pilot program.

(c) The commissioner must provide a grant to an eligible entity selected to participate under this subdivision to provide financial assistance to eligible youth under this section.

Subd. 4. **Eligibility.** (a) A person seeking financial assistance under the pilot program must meet one of the following criteria:

(1) has experienced homelessness in the last 24 months, as defined under the McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 1143a;

(2) is a homeless youth, as defined by the Homeless Youth Act in Minnesota Statutes, section 256K.45;

(3) receives housing support under Minnesota Statutes, chapter 256I;

(4) is a child placed in foster care who is no more than 18 years old;

(5) is a foster child who is at least 18 years old and no more than 21 years old and who receives extended foster care benefits under Minnesota Statutes, section 142A.609 or 260C.451;

(6) is a parent or legal custodian of a minor child who receives Minnesota family investment program assistance under Minnesota Statutes, chapter 142G;

(7) is a participant who is no more than 16 years old in a juvenile diversion or restorative justice program;

(8) is a child who is no more than 16 years old and who is out of school, out of work, and enrolled in a workforce program; or

(9) is a youth with a demonstrated and evidenced financial hardship, lack of valid driver's license, and inability to secure driver's education instruction.

(b) Assistance awarded under this section to an eligible youth must not exceed $500. An eligible youth receiving an award under this section must use the funds to make use of private or public driver's education pathways. Eligible uses of the funds include:

(1) the full cost of attending driver's education, including behind-the-wheel instruction;

(2) instructional permit and driver's license application fees;

(3) the full cost of a road test, including rental or other fees related to use of a vehicle for the test; or

(4) other courses or materials designed to assist in securing a valid driver's license.

Subd. 5. **Records.** (a) Participating eligible entities must keep records of financial assistance awarded to individuals and all expenses associated with appropriated money.

(b) A participating eligible entity must not use more than ten percent of the total appropriation received for administrative costs.

Subd. 6. **Data collection and outcomes.** To collect uniform data to measure the nature and extent of the need for support to complete the driver's license process, participating entities must collect and make available to the commissioner the following information:

(1) the number of persons who applied for financial assistance;

(2) the number of awards issued to eligible youth and the amount of financial assistance;

(3) the average amount per award issued to eligible youth; and

(4) the number of award recipients who were successful in acquiring a driver's license.

Subd. 7. **Reporting.** (a) By February 1 of each year, participating entities must submit a report to the commissioner itemizing all expenditures and grants made to individuals during the previous calendar year. The report must be in the form and manner prescribed by the commissioner. Participating entities must assist the commissioner in preparing the report required under paragraph (b).

(b) By January 15, 2028, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation and employment and economic development. The report must describe the activities of the pilot program.

Subd. 8. **Expiration.** The pilot program established under this section expires June 30, 2028.

Sec. 71. **PUBLIC EDUCATION CAMPAIGN; ELECTRIC-ASSISTED AND MOTORIZED BICYCLE SAFETY.**

The commissioner of public safety must implement a statewide information campaign to educate the public about the safe and lawful operation of electric-assisted and motorized bicycles.

Sec. 72. **PUBLIC SAFETY OFFICER DEATH BENEFIT RETROACTIVE CLAIMS.**

(a) Notwithstanding Minnesota Statutes, section 299A.47, claims for benefits arising out of deaths occurring before July 1, 2026, that are eligible due to the retroactive changes made in this act are timely if filed before July 1, 2028. Claims for benefits arising out of deaths that occur on or after July 1, 2026, are subject to the limitation period under Minnesota Statutes, section 299A.47.

(b) Notwithstanding Minnesota Statutes, section 299A.47, the commissioner of public safety must:

(1) review previously denied benefit claims for deaths occurring between February 1, 2020, and the effective date of this act;

(2) determine whether the applicant is eligible for benefits based on the retroactive application of the amendments made in this act; and

(3) award applicable benefits according to Minnesota Statutes, sections 299A.41 to 299A.46.

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

Sec. 73. **REPEALER.**

(a) Minnesota Statutes 2024, section 161.14, subdivisions 6, 12, 12a, 15, 17, and 50, are repealed.

(b) Laws 2021, First Special Session chapter 5, article 4, section 141, is repealed.

(c) Minnesota Rules, part 7400.5200, subpart 4, is repealed.

EFFECTIVE DATE. Paragraph (b) is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to transportation; appropriating money for transportation purposes, including Department of Transportation, Department of Public Safety, and Metropolitan Council activities; modifying various transportation finance and policy provisions; requiring a report; transferring money; making technical and conforming changes; amending Minnesota Statutes 2024, sections 161.14, by adding a subdivision; 161.46, subdivision 2; 165.01, subdivision 3, by adding subdivisions; 165.03; 168.101, subdivision 2a; 168.1285, subdivision 1; 168.15, subdivision 1; 168.187, subdivision 12; 168.27, subdivision 9; 168.301, subdivision 2; 168A.04, subdivision 2; 168A.151, subdivision 1; 168A.154; 168B.16; 169.011, subdivisions 40b, 44, 45, 71; 169.02, subdivision 1; 169.09, subdivision 8; 169.222, subdivisions 1, 6a, 6b; 169.223; 169.448, subdivision 1; 169.449, by adding a subdivision; 169.454, subdivision 5, by adding a subdivision; 169.974, by adding a subdivision; 171.04, subdivision 1; 171.07, by adding a subdivision; 171.12, subdivisions 1a, 7b; 171.187, subdivision 1; 174.38, subdivision 6; 216D.01, by adding a subdivision; 216D.03, by adding a subdivision; 216D.04, subdivision 3; 219.14, by adding a subdivision; 222.50; 299A.41, subdivisions 3, 4, by adding subdivisions; 299D.03, subdivisions 2, 2a; 360.021, subdivision 1; 629.344; Minnesota Statutes 2025 Supplement, sections 168.1289, subdivision 1; 171.187, subdivision 3; Laws 2023, chapter 68, article 1, section 17, subdivision 17; Laws 2024, chapter 104, article 1, section 2; Laws 2024, chapter 127, article 1, section 2, subdivision 5; Laws 2025, First Special Session chapter 8, article 1, sections 2, subdivision 2; 4, subdivisions 3, 4; 8; proposing coding for new law in Minnesota Statutes, chapters 165; 168; 169; 174; 299A; 299D; repealing Minnesota Statutes 2024, section 161.14, subdivisions 6, 12, 12a, 15, 17, 50; Laws 2021, First Special Session chapter 5, article 4, section 141; Minnesota Rules, part 7400.5200, subpart 4."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Klein from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 4365: A bill for an act relating to consumer protection; modifying various consumer protections for insurance and financial products; prohibiting virtual-currency kiosks; adding certain student loan borrower protections; providing for mortgage loan servicing standards; requiring certain notices to the commissioner of commerce; providing mortgage protections; amending Minnesota Statutes 2024, sections 53B.69, subdivision 10, by adding a subdivision; 58.14, subdivisions 3, 4, 5, by adding a subdivision; 58.18, subdivision 4; 58B.02, by adding subdivisions; 58B.03, subdivisions 10, 11; 58B.06, subdivisions 4, 6; 72A.18, subdivision 2, by adding subdivisions; 72A.20, subdivision 2, by adding a subdivision; 80G.01, subdivision 5a; 332.32; 582.043, subdivisions 1, 5; Minnesota Statutes 2025 Supplement, sections 58B.02, subdivision 8a; 582.043, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 53B; 58; 82B; 82C; repealing Minnesota Statutes 2024, section 53B.75.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

COMMERCE FINANCE

Section 1. **HEALTH MAINTENANCE ORGANIZATIONS AND COUNTY-BASED PURCHASERS REGULATION; APPROPRIATION.**

$1,750,000 in fiscal year 2028 is appropriated from the general fund to the commissioner of commerce to regulate health maintenance organizations and county-based purchasers.

Sec. 2. **APPROPRIATION REDUCTION.**

The commissioner of management and budget must reduce the Department of Health's fiscal year 2028 general fund appropriation by $1,750,000 and must reduce the Department of Health's fiscal year 2028 state government special revenue fund appropriation by $1,836,000 to account for the transfer of health maintenance organization and county-based purchaser regulatory responsibilities to the commissioner of commerce. These reductions are ongoing.

ARTICLE 2

PRESCRIPTION DRUG AFFORDABILITY ADVISORY COUNCIL

Section 1. Minnesota Statutes 2024, section 62J.89, subdivision 1, is amended to read:

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.

Sec. 2. Minnesota Statutes 2024, section 62J.89, subdivision 2, is amended to read:

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 must 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.

Sec. 3. Minnesota Statutes 2024, section 62J.90, subdivision 2, is amended to read:

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

(1) brand name drugs or biologics for which the WAC increases by more than 15 percent or by more than $3,000 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 with a WAC of $60,000 or more per calendar year or per course of treatment;

(3) biosimilar drugs that have a WAC that is not at least 20 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 CPI, for:

(A) a 30-day supply;

(B) a course of treatment lasting less than 30 days; or

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

(ii) 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 WAC reported over the preceding 12 months, after adjusting for changes in the CPI.

The board is not required to identify all prescription drug products that meet the criteria in this paragraph.

(b) The board, in consultation with ~~the advisory council and~~ the commissioner of health, may 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 3, and information provided by the commissioner of health classified as not public data under section 13.02, subdivision 8a, or as trade secret information under section 13.37,

subdivision 1, paragraph (b), or as trade secret information under the Defend Trade Secrets Act of 2016, United States Code, title 18, section 1836, as amended.

Sec. 4. **REPEALER.**

Minnesota Statutes 2024, sections 62J.86, subdivision 2; and 62J.88, are repealed.

ARTICLE 3

NONDEPOSITORY INSTITUTIONS

Section 1. Minnesota Statutes 2024, section 47.20, subdivision 1, is amended to read:

Subdivision 1. **General authority.** Pursuant to rules the commissioner of commerce finds to be necessary and proper, if any, banks, savings banks, and savings associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of commerce, including residential mortgage originators and servicers under chapter 58, and mortgagees or lenders 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 any successor, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association, are authorized:

(1) to make loans and advances of credit and purchases of obligations representing loans and advances of credit which are insured or guaranteed by the secretary of housing and urban development pursuant to the National Housing Act, as amended, or the administrator of veterans affairs pursuant to the Servicemen's Readjustment Act of 1944, as amended, or the administrator of the Farmers Home Administration or any successor pursuant to the Consolidated Farm and Rural Development Act, Public Law 87-128, as amended, and to obtain the insurance or guarantees;

(2) to make loans secured by mortgages on real property and loans secured by a share or shares of stock or a membership certificate or certificates issued to a stockholder or member by a cooperative apartment corporation which the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the Farmers Home Administration or any successor has insured or guaranteed or made a commitment to insure or guarantee, and to obtain the insurance or guarantees;

(3) to make, purchase, or participate in such loans and advances of credit; including reverse mortgage loans, notwithstanding anything in subdivision 4b, sections 47.58 and 334.01, and chapter 56 or 58 to the contrary; as would be eligible for purchase, in whole or in part, by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, but without regard to any limitation placed upon the maximum principal amount of an eligible loan; and

(4) to make, purchase or participate in such loans and advances of credit secured by mortgages on real property which are authorized or allowed by the Office of Thrift Supervision or the Office of the Comptroller of the Currency, or any successor to these federal agencies.

Sec. 2. Minnesota Statutes 2024, section 47.59, subdivision 1, is amended to read:

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

(a) "Actuarial method" has the meaning given the term in Code of Federal Regulations, title 12, part 226, and appendix J thereto.

(b) "Annual percentage rate" has the meaning given the term in Code of Federal Regulations, title 12, part 226, but using the definition of "finance charge" used in this section.

(c) "Borrower" means a debtor under a loan or a purchaser or debtor under a credit sale contract.

(d) "Business purpose" means a purpose other than a personal, family, household, or agricultural purpose.

(e) "Cardholder" means a person to whom a credit card is issued or who has agreed with the financial institution to pay obligations arising from the issuance to or use of the card by another person.

(f) "Consumer loan" means a loan made by a financial institution in which:

(1) the debtor is a person other than an organization;

(2) the debt is incurred primarily for a personal, family, or household purpose; and

(3) the debt is payable in installments or a finance charge is made.

(g) "Credit" means the right granted by a financial institution to a borrower to defer payment of a debt, to incur debt and defer its payment, or to purchase property or services and defer payment.

(h) "Credit card" means a card or device issued under an arrangement pursuant to which a financial institution gives to a cardholder the privilege of obtaining credit from the financial institution or other person in purchasing or leasing property or services, obtaining loans, or otherwise. A transaction is "pursuant to a credit card" only if credit is obtained according to the terms of the arrangement by transmitting information contained on the card or device orally, in writing, by mechanical or electronic methods, or in any other manner. A transaction is not "pursuant to a credit card" if the card or device is used solely in that transaction to:

(1) identify the cardholder or evidence the cardholder's creditworthiness and credit is not obtained according to the terms of the arrangement;

(2) obtain a guarantee of payment from the cardholder's deposit account, whether or not the payment results in a credit extension to the cardholder by the financial institution; or

(3) effect an immediate transfer of funds from the cardholder's deposit account by electronic or other means, whether or not the transfer results in a credit extension to the cardholder by the financial institution.

(i) "Credit sale contract" means a contract evidencing a credit sale. "Credit sale" means a sale of goods or services, or an interest in land, in which:

(1) credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind; and

(2) the debt is payable in installments or a finance charge is made.

(j) "Finance charge" has the meaning given in Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of default or delinquency under subdivision 6 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, and a charge made for an extension or deferment under subdivision 5, unless the parties agree that these charges are finance charges;

(2) an additional charge under subdivision 6;

(3) a discount, if a financial institution purchases a loan at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder pursuant to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation;

(4) fees paid by a borrower to a broker, provided the financial institution or a person described in subdivision 4 does not require use of the broker to obtain credit; or

(5) a commission, expense reimbursement, or other sum received by a financial institution or a person described in subdivision 4 in connection with insurance described in subdivision 6.

(k) "Financial institution" means a state or federally chartered bank, a state or federally chartered bank and trust, a trust company with banking powers, a state or federally chartered saving bank, a state or federally chartered savings association, an industrial loan and thrift company organized under chapter 53, a sales finance company organized under chapter 53C, a regulated lender organized under chapter 56, a mortgage originator or servicer licensed under chapter 58, or an operating subsidiary of any such institution.

(l) "Loan" means:

(1) the creation of debt by the financial institution's payment of money to the borrower or a third person for the account of the borrower;

(2) the creation of debt pursuant to a credit card in any manner, including a cash advance or the financial institution's honoring a draft or similar order for the payment of money drawn or accepted by the borrower, paying or agreeing to pay the borrower's obligation, or purchasing or otherwise acquiring the borrower's obligation from the obligee or the borrower's assignee;

(3) the creation of debt by a cash advance to a borrower pursuant to an overdraft line of credit arrangement;

(4) the creation of debt by a credit to an account with the financial institution upon which the borrower is entitled to draw immediately;

(5) the forbearance of debt arising from a loan; and

(6) the creation of debt pursuant to open-end credit.

"Loan" does not include the forbearance of debt arising from a sale or lease, a credit sale contract, or an overdraft from a person's deposit account with a financial institution which is not pursuant to a written agreement to pay overdrafts with the right to defer repayment thereof.

(m) "Official fees" means:

(1) fees and charges which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, terminating, or satisfying a security interest or mortgage relating to a loan or credit sale, and any separate fees or charges which actually are or will be paid to public officials for recording a notice described in section 580.032, subdivision 1; and

(2) premiums payable for insurance in lieu of perfecting a security interest or mortgage otherwise required by a financial institution in connection with a loan or credit sale, if the premium does not exceed the fees and charges described in clause (1), which would otherwise be payable.

(n) "Organization" means a corporation, government, government subdivision or agency, trust, estate, partnership, joint venture, cooperative, limited liability company, limited liability partnership, or association.

(o) "Person" means a natural person or an organization.

(p) "Principal" means the total of:

(1) the amount paid to, received by, or paid or repayable for the account of, the borrower; and

(2) to the extent that payment is deferred:

(i) the amount actually paid or to be paid by the financial institution for additional charges permitted under this section; and

(ii) prepaid finance charges.

Sec. 3. Minnesota Statutes 2024, section 47.60, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the terms defined have the meanings given them:

(a) "Consumer small loan" is a loan transaction in which cash is advanced to a borrower for the borrower's own personal, family, or household purpose. A consumer small loan is a short-term, unsecured loan to be repaid in a single installment. The cash advance of a consumer small loan is equal to or less than $350. A consumer small loan includes an indebtedness evidenced by but not limited to a promissory note or agreement to defer the presentation of a personal check for a fee.

(b) "Consumer small loan lender" is a financial institution as defined in section 47.59 or a business entity registered with the commissioner and engaged in the business of making or arranging consumer small loans. For purposes of this paragraph, arranging a consumer small loan includes but is not limited to any substantial involvement to facilitate, market, generate leads for, underwrite, or collect a consumer small loan.

(c) "Annual percentage rate" means a measure of the cost of credit, expressed as a yearly rate, that relates the amount and timing of value received by the consumer to the amount and timing of payments made. Annual percentage rate includes all interest, finance charges, and fees. The annual percentage rate must be determined in accordance with either the actuarial method or the United States Rule method.

Sec. 4. Minnesota Statutes 2024, 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)~~ (e), 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.

Sec. 5. Minnesota Statutes 2024, section 53B.74, is amended to read:

53B.74 VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL REQUIREMENTS.

(a) A licensee engaged in virtual currency business activities ~~may include virtual currency in the licensee's calculation of tangible net worth, by measuring the average value of the virtual currency in United States dollar equivalent over the prior six months, excluding control of virtual currency for a person entitled to the protections under section 53B.73.~~ is not required to subtract virtual currency from total assets in the licensee's calculation of tangible net worth if:

(1) the licensee's day-to-day business includes incurring obligations to customers denominated in the virtual currency;

(2) the virtual currency asset has a corresponding liability denominated in the virtual currency;

(3) the virtual currency is unencumbered; and

(4) the virtual currency assets that are not subtracted from total assets are limited to the virtual currency assets that have a corresponding liability denominated in the same virtual currency.

(b) A licensee must maintain, for all virtual-currency business activity with or on behalf of a person five years after the date of the activity, a record of:

(1) each of the licensee's transactions with or on behalf of the person, or for the licensee's account in Minnesota, including:

(i) the identity of the person;

(ii) the form of the transaction;

(iii) the amount, date, and payment instructions given by the person; and

(iv) the account number, name, and United States Postal Service address of the person, and, to the extent feasible, other parties to the transaction;

(2) the aggregate number of transactions and aggregate value of transactions by the licensee with or on behalf of the person and for the licensee's account in this state, expressed in the United States dollar equivalent of the virtual currency for the previous 12 calendar months;

(3) each transaction in which the licensee exchanges one form of virtual currency for money or another form of virtual currency with or on behalf of the person;

(4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities, capital, income, and expenses;

(5) each business-call report the licensee is required to create or provide to the department or NMLS;

(6) bank statements and bank reconciliation records for the licensee and the name, account number, and United States Postal Service address of each bank the licensee uses to conduct virtual-currency business activity with or on behalf of the person;

(7) a report of any dispute with the person; and

(8) a report of any virtual-currency business activity transaction with or on behalf of a person which the licensee was unable to complete.

(c) A licensee must maintain records required by paragraph (b) in a form that enables the commissioner to determine whether the licensee is in compliance with this chapter, any court order, and law of Minnesota other than this chapter.

Sec. 6. Minnesota Statutes 2024, section 53C.09, subdivision 4, is amended to read:

Subd. 4. **Other law may apply.** In lieu of this section and sections 53C.01, subdivisions 2, 4, and 13; 53C.08; 53C.10; and 53C.11, a retail seller or sales finance company may proceed under section 47.59 ~~relating to credit sales made by a third party~~, subdivisions 4, 4a, and 6. In cases where the retail seller or sales finance company proceeds under section 47.59, the remaining provisions of sections 53C.01 to 53C.14 apply notwithstanding section 47.59.

Sec. 7. Minnesota Statutes 2024, section 56.002, is amended to read:

56.002 APPLICATION.

This chapter does not apply to a person doing business under and as permitted by any law of this state or of the United States relating to banks, savings associations, trust companies, licensed pawnbrokers, a residential mortgage originator or servicer licensed under chapter 58 that offers residential mortgage origination services or residential mortgage servicing, or credit unions. Notwithstanding the provisions of section 56.01, an industrial loan and thrift company under chapter 53 may contract for and receive the charges, including those in section 56.155, authorized by this chapter without being licensed pursuant to this chapter, but shall comply with all other provisions of this chapter when contracting for or receiving charges on loans regulated by this chapter.

Sec. 8. Minnesota Statutes 2024, section 56.01, is amended to read:

56.01 NECESSITY OF LICENSE.

(a) Except as authorized by this chapter and without first obtaining a license from the commissioner, no person shall engage in the business of making loans of money, credit, goods, or things in action, in an amount or of a value not exceeding that specified in section 56.131, subdivision 1, and charge, contract for, or receive on the loan a greater rate of interest, discount, or consideration than the lender would be permitted by law to charge if not a licensee under this chapter. A person must obtain a license from the commissioner under this chapter before arranging a consumer short-term loan under section 47.601.

(b) 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 be licensed under this chapter in order to purchase or take assignments of mortgage loans from licensees under this chapter.

Sec. 9. Minnesota Statutes 2024, section 56.05, is amended to read:

56.05 LICENSE; TO BE POSTED.

(a) The license shall state the address at which the business is to be conducted and shall state fully the name of the licensee, and if the licensee is a copartnership or association, the names of the members thereof, and if a corporation, the date and place of its incorporation.

(b) The license shall be kept conspicuously posted in the place of business of the licensee, and shall not be transferable or assignable. For a licensee that offers service via the Internet, the license number must be clearly displayed on each web page or other document required by an order issued by the commissioner.

Sec. 10. Minnesota Statutes 2024, section 58.06, subdivision 2, is amended to read:

Subd. 2. **Application contents.** (a) The application must contain the name and complete business address or addresses of the license applicant. The license applicant must be a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and the application must contain the names and complete business addresses of each partner, member, director, and principal officer. The application must also include a description of the activities of the license applicant, in the detail and for the periods the commissioner may require.

(b) ~~A residential mortgage originator~~ An applicant must submit a surety bond that meets the requirements of section 58.08, subdivision 1a.

(c) The application must also include all of the following:

(1) an affirmation under oath that the applicant:

(i) is in compliance with the requirements of section 58.125;

(ii) will advise the commissioner of any material changes to the information submitted in the most recent application within ten days of the change;

(iii) will advise the commissioner in writing immediately of any bankruptcy petitions filed against or by the applicant or licensee;

(iv) will maintain at all times a surety bond in the amount of at least ~~$100,000~~ $125,000;

(v) complies with federal and state tax laws; and

(vi) complies with sections 345.31 to 345.60, the Minnesota unclaimed property law;

(2) information as to the mortgage lending, servicing, or brokering experience of the applicant and persons in control of the applicant;

(3) information as to criminal convictions, excluding traffic violations, of persons in control of the license applicant;

(4) whether a court of competent jurisdiction has found that the applicant or persons in control of the applicant have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit in performing an act for which a license is required under this chapter;

(5) whether the applicant or persons in control of the applicant have been the subject of: an order of suspension or revocation, cease and desist order, or injunctive order, or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency or by the Secretary of Housing and Urban Development within the ten-year period immediately preceding submission of the application; and

(6) other information required by the commissioner.

Sec. 11. Minnesota Statutes 2024, section 58B.051, is amended to read:

58B.051 REGISTRATION FOR LENDERS.

(a) Beginning January 1, 2025, a lender must register with the commissioner as a lender before providing services in Minnesota. A lender must not offer or make a student loan to a resident of Minnesota without first registering with the commissioner as provided in this section.

(b) A registration application must include:

(1) the lender's name;

(2) the lender's address;

(3) the names of all officers, directors, owners, or other persons in control of an applicant, as defined in section 58B.02, subdivision 6; and

(4) any other information the commissioner requires ~~by rule~~.

(c) Registration issued or renewed expires December 31 of each year. A lender must renew the lender's registration on an annual basis.

(d) The commissioner may adopt and enforce:

(1) registration procedures for lenders, which may include using the Nationwide Multistate Licensing System and Registry;

(2) nonrefundable registration fees for lenders, which may include fees for using the Nationwide Multistate Licensing System and Registry, to be paid directly by the lender;

(3) procedures and nonrefundable fees to renew a lender's registration, which may include fees for the renewed use of Nationwide Multistate Licensing System and Registry, to be paid directly by the lender; and

(4) alternate registration procedures and nonrefundable fees for postsecondary education institutions that offer student loans.

Sec. 12. Minnesota Statutes 2024, section 332.52, subdivision 3, is amended to read:

Subd. 3. **Credit services organization.** (a) "Credit services organization" means any person that, with respect to the extension of credit by others, sells, provides, performs, or represents that the person will sell, provide, or perform, in return for the payment of money or other valuable consideration, any of the following services:

(1) improve a buyer's credit record, history, or rating;

(2) obtain an extension of credit for a buyer; or

(3) provide advice or assistance to a buyer with regard to either clause (1) or (2).

(b) "Credit services organization" does not include:

(1) any person authorized to make loans or extensions of credit under the laws of this state or the United States, if the person is subject to regulation and supervision by this state or the United States or a lender approved by the United States Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, United States Code, title 12, section 1701 et seq.;

(2) any bank, savings bank, or savings and loan institution whose deposits or accounts are eligible for insurance by the Federal Deposit Insurance Corporation or a subsidiary of the bank, savings bank, or savings and loan institution;

(3) any credit union, federal credit union, or out-of-state credit union doing business in this state;

(4) any nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990;

(5) any person ~~licensed as a prorating agency~~ registered as a debt management services provider or debt settlement services provider under the laws of this state, if the person is acting within the course and scope of ~~that license~~ the applicable registration;

(6) any person licensed as a real estate broker by this state if the person is acting within the course and scope of that license;

(7) any person licensed as a collection agency under the laws of this state if the person is acting within the course and scope of that license;

(8) any person licensed to practice law in this state if the person renders services within the course and scope of practice as an attorney;

(9) any broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission if the broker-dealer is acting within the course and scope of that regulation; or

(10) any consumer reporting agency as defined in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681t, as amended through December 31, 1990.

Sec. 13. Minnesota Statutes 2024, section 332A.04, subdivision 1, is amended to read:

Subdivision 1. **Form.** Application for registration to operate as a debt management services provider in this state must be made in writing to the commissioner, under oath, in the form prescribed by the commissioner, and must contain:

(1) the full name of each principal of the entity applying;

(2) the address, which must not be a post office box, and the telephone number and, if applicable, email address, of the applicant;

(3) identification of the trust account required under section 332A.13;

(4) consent to the jurisdiction of the courts of this state;

(5) the name and address of the registered agent authorized to accept service of process on behalf of the applicant or appointment of the commissioner as the applicant's agent for purposes of accepting service of process;

(6) disclosure of:

(i) whether any controlling or affiliated party has ever been convicted of a crime or found civilly liable for an offense involving moral turpitude, including forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud, or any other similar offense or violation, or any violation of a federal or state law or regulation in connection with activities relating to the rendition of debt management services or involving any consumer fraud, false advertising, deceptive trade practices, or similar consumer protection law;

(ii) any judgments, private or public litigation, tax liens, written complaints, administrative actions, or investigations by any government agency against the applicant or any officer, director, manager, or shareholder owning more than five percent interest in the applicant, unresolved or otherwise, filed or otherwise commenced within the preceding ten years;

(iii) whether the applicant or any person employed by the applicant has had a record of having defaulted in the payment of money collected for others, including the discharge of debts through bankruptcy proceedings; and

(iv) whether the applicant's license or registration to provide debt management services in any other state has ever been revoked or suspended;

(7) a copy of the applicant's standard debt management services agreement that the applicant intends to execute with debtors; and

~~(8) proof of accreditation, unless the applicant was licensed in Minnesota as a debt prorater immediately before August 1, 2007; and~~

~~(9)~~ (8) any other information and material as the commissioner may require.

The commissioner may, for good cause shown, temporarily waive any requirement of this subdivision.

Sec. 14. Minnesota Statutes 2024, section 332B.04, subdivision 1, is amended to read:

Subdivision 1. **Form.** Application for registration to operate as a debt settlement services provider in this state must be made in writing to the commissioner, under oath, in the form prescribed by the commissioner, and must contain:

(1) the full name of each principal of the entity applying;

(2) the address, which must not be a post office box, and the telephone number and, if applicable, email address of the applicant;

(3) consent to the jurisdiction of the courts of this state;

(4) the name and address of the registered agent authorized to accept service of process on behalf of the applicant or appointment of the commissioner as the applicant's agent for purposes of accepting service of process;

(5) disclosure of:

(i) whether any controlling or affiliated party has ever been convicted of a crime or found civilly liable for an offense involving moral turpitude, including forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud, or any other similar offense or violation, or any violation of a federal or state law or regulation in connection with activities relating to the rendition of debt settlement services or involving any consumer fraud, false advertising, deceptive trade practices, or similar consumer protection law;

(ii) any judgments, private or public litigation, tax liens, written complaints, administrative actions, or investigations by any government agency against the applicant or any officer, director, manager, or shareholder owning more than five percent interest in the applicant, unresolved or otherwise, filed or otherwise commenced within the preceding ten years;

(iii) whether the applicant or any person employed by the applicant has had a record of having defaulted in the payment of money collected for others, including the discharge of debts through bankruptcy proceedings; and

(iv) whether the applicant's license or registration to provide debt settlement services in any other state has ever been revoked or suspended;

(6) a copy of the applicant's standard debt settlement services agreement that the applicant intends to execute with debtors; and

~~(7) proof of accreditation, unless the applicant submits an affidavit attesting that the applicant does not provide credit counseling services; and~~

~~(8)~~ (7) any other information and material as the commissioner may require.

The commissioner may, for good cause shown, temporarily waive any requirement of this subdivision.

Sec. 15. **REPEALER.**

Minnesota Statutes 2024, sections 56.08; 332A.02, subdivision 2; and 332B.02, subdivision 2, are repealed.

ARTICLE 4

HEALTH PLAN REGULATORY ALIGNMENT

Section 1. **[60A.071] SUBSTANTIAL ENROLLMENT GROWTH; NOTIFICATION.**

Subdivision 1. **Notice required.** (a) No later than April 15 each year, an insurance company that issues health plans, as defined in section 62A.011, and is licensed under this chapter to offer, sell, or issue a policy of accident and sickness insurance, as defined in section 62A.01, subdivision

1, or that is a nonprofit health service plan corporation operating under chapter 62C must notify the commissioner if, for an insurance company or nonprofit health service plan corporation with at least 25,000 enrollees, the insurance company or nonprofit health service plan corporation:

(1) increases the total number of enrollees, as of April 1 in the current calendar year, by more than 35 percent of the insurance company's or nonprofit health service plan corporation's total number of enrollees for the immediately preceding calendar year; or

(2) increases the total number of enrollees in a specific line of business or product by a percentage that is greater than the percentage of growth threshold established by the commissioner for the specific line of business or product.

(b) For purposes of this section, the number of enrollees must be calculated in a manner consistent with the insurance company or nonprofit health service plan corporation's reported covered lives in the company's National Association of Insurance Commissioners Annual Statement.

Subd. 2. **Additional information.** (a) Upon receiving notice under subdivision 1, the commissioner may request and the insurance company or nonprofit health service plan corporation must provide additional information regarding the insurance company's or nonprofit health service plan corporation's financial readiness to serve the increased enrollment. The additional information requested may include but is not limited to:

(1) the conditions contributing to the insurance company's or nonprofit health service plan corporation's enrollment growth;

(2) a three-year projected statutory balance sheet, income statements, and cash flow statements for the current year and the subsequent two years;

(3) the key assumptions impacting the projections and the sensitivity of the projections to the assumptions; and

(4) a description of anticipated issues associated with the insurance company's or nonprofit health service plan corporation's business, including but not limited to (i) assets, (ii) anticipated business growth and associated surplus strain, (iii) significant change in risk profile, (iv) mix of business, and (v) reinsurance use, if any, in each case.

(b) If the information reported under paragraph (a) raises a concern with respect to an insurance company's or nonprofit health service plan corporation's business on a prospective basis due to anticipated business growth, including but not limited to anticipated business growth, strain on surplus, increased exposure to risk, or an imbalanced mix of business, the commissioner may issue a corrective order specifying corrective actions the commissioner determines are required. A corrective order issued under this paragraph is subject to review under chapter 14.

Sec. 2. Minnesota Statutes 2024, section 60A.50, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 60A.50 to ~~60A.592~~ 60A.593, the terms in subdivisions 2 to 13 have the meanings given ~~them~~.

Sec. 3. Minnesota Statutes 2024, section 60A.50, subdivision 3, is amended to read:

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce ~~or the commissioner of health, whichever commissioner otherwise regulates the health organization~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 4. **[60A.593] PROHIBITED ACTIVITIES.**

A domestic health organization that has a total adjusted capital equal to or less than the domestic health organization's company action level RBC is prohibited from, without receiving advance approval from the commissioner: (1) increasing the salary or benefits of an officer or director, or (2) making preferential payment of bonuses, dividends, or other payments the commissioner determines are preferential.

Sec. 5. Minnesota Statutes 2024, section 60A.951, subdivision 3, is amended to read:

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce ~~for insurers regulated by the commissioner of commerce, and means the commissioner of health for insurers regulated by the commissioner of health~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 6. Minnesota Statutes 2024, section 60A.985, subdivision 8, is amended to read:

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, 62Q to 62V, and 64B to 79A.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 7. Minnesota Statutes 2024, section 60A.9853, subdivision 1, is amended to read:

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 five 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.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 8. Minnesota Statutes 2024, section 60A.9854, is amended to read:

60A.9854 POWER OF COMMISSIONER.

(a) The commissioner of commerce ~~or commissioner of health, whichever commissioner otherwise regulates the licensee, shall have~~ has 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 July 1, 2027.

Sec. 9. Minnesota Statutes 2024, section 60B.03, subdivision 2, is amended to read:

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of commerce ~~of the state of Minnesota~~ and, in that commissioner's absence or disability, a deputy or other person duly designated to act in that commissioner's place. ~~In the context of rehabilitation or liquidation of a health maintenance organization, "commissioner" means the commissioner of health of the state of Minnesota and, in that commissioner's absence or disability, a deputy or other person duly designated to act in that commissioner's place.~~

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 10. Minnesota Statutes 2024, section 60G.01, subdivision 2, is amended to read:

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of commerce~~, except that "commissioner" means the commissioner of health for administrative supervision of health maintenance organizations~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 11. Minnesota Statutes 2024, section 60G.01, subdivision 4, is amended to read:

Subd. 4. **Department.** "Department" means the Department of Commerce~~, except that "department" means the Department of Health for administrative supervision of health maintenance organizations~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 12. Minnesota Statutes 2024, section 62A.02, subdivision 8, is amended to read:

Subd. 8. **Filing by health carriers for purposes of complying with the certification requirements of MNsure.** No qualified health plan shall be offered through MNsure until its form and the premium rates pertaining to the form have been approved by the commissioner of commerce ~~or health, as appropriate,~~ and the health plan has been determined to comply with the certification requirements of MNsure in accordance with an agreement between the commissioners of commerce and health and MNsure.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 13. Minnesota Statutes 2024, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. **Loss ratio standards.** (a) Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, and except as otherwise authorized by section 62A.02, subdivision 3a, for individual policies or certificates, health care policies or certificates shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the policies or certificates can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the policies or certificates, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27, calculated on an aggregate basis; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of each policy form or certificate form issued in the individual market; calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. Assessments by the reinsurance association created in chapter 62L and all types of taxes, surcharges, or assessments created by Laws 1992, chapter 549, or created on or after April 23, 1992, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for policies and certificates issued in the small employer market, as defined in section 62L.02, increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until an 82 percent loss ratio is reached on July 1, 2000. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until a 72 percent loss ratio is reached on July 1, 2000. A health carrier that enters a market after July 1, 1993, does not start at the beginning of the phase-in schedule and must instead comply with the loss ratio requirements applicable to other health carriers in that market for each time period. Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

(b) All filings of rates and rating schedules shall demonstrate that actual expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards, and aggregate loss ratio from inception of the policy form or certificate form shall equal or exceed the appropriate loss ratio standards.

(c) A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section, the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

(d) Each sale of a policy or certificate that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

(e)(1) For purposes of this section, health care policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

(2) For purposes of this section, (i) "health care policy" or "health care certificate" is a health plan as defined in section 62A.011; and (ii) "health carrier" has the meaning given in section 62A.011 and includes all health carriers delivering or issuing for delivery health care policies or certificates in this state or offering these policies or certificates to residents of this state.

(f) The loss ratio phase-in as described in paragraph (a) does not apply to individual policies and small employer policies issued by a health plan company that is assessed less than three percent of the total annual amount assessed by the Minnesota Comprehensive Health Association. These policies must meet a 68 percent loss ratio for individual policies, a 71 percent loss ratio for small employer policies with fewer than ten employees, and a 75 percent loss ratio for all other small employer policies.

(g) Notwithstanding paragraphs (a) and (f), the loss ratio shall be 60 percent for a health plan as defined in section 62A.011, offered by an insurance company licensed under chapter 60A that is assessed less than ten percent of the total annual amount assessed by the Minnesota Comprehensive Health Association. For purposes of the percentage calculation of the association's assessments, an insurance company's assessments include those of its affiliates.

(h) The ~~commissioners~~ commissioner of commerce ~~and health shall each~~ must annually issue a public report listing, by health plan company, the actual loss ratios experienced in the individual and small employer markets in this state ~~by the health plan companies that the commissioners respectively regulate. The commissioners shall coordinate release of these reports so as to release them as a joint report or as separate reports issued the same day~~. The report or reports shall be released no later than June 1 for loss ratios experienced for the preceding calendar year. Health plan companies shall provide to the ~~commissioners~~ commissioner any information requested by the ~~commissioners~~ commissioner for purposes of this paragraph.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 14. Minnesota Statutes 2024, section 62A.61, is amended to read:

62A.61 DISCLOSURE OF METHODS USED BY HEALTH CARRIERS TO DETERMINE USUAL AND CUSTOMARY FEES.

(a) A health carrier that bases reimbursement to health care providers upon a usual and customary fee must maintain in its office a copy of a description of the methodology used to calculate fees including at least the following:

(1) the frequency of the determination of usual and customary fees;

(2) a general description of the methodology used to determine usual and customary fees; and

(3) the percentile of usual and customary fees that determines the maximum allowable reimbursement.

(b) A health carrier must provide a copy of the information described in paragraph (a) to the commissioner of health or the commissioner of commerce, upon request.

(c) The ~~commissioner of health or the~~ commissioner of commerce~~, as appropriate,~~ may use ~~to enforce this section~~ any enforcement powers otherwise available to the commissioner with respect to the health carrier to enforce this section. The commissioner of ~~health or~~ commerce~~, as appropriate,~~ may require health carriers to provide the information required under this section and may use any powers granted under other laws relating to the regulation of health carriers to enforce compliance.

(d) For purposes of this section, "health carrier" has the meaning given in section 62A.011.

(e) "Usual and customary" means the normal charge, in the absence of insurance, of the provider for a service or article, but not more than the prevailing charge in the area for like service or article. A "like service" is the same nature and duration, requires the same skill, and is performed by a provider of similar training and experience. A "like article" is one that is identically or substantially equivalent. "Area" means the municipality or, in the case of a large city, a subdivision of the city, in which the service or article is actually provided or a greater area as is necessary to obtain a representative cross-section of charges for like service or article.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 15. Minnesota Statutes 2024, section 62A.65, subdivision 7, is amended to read:

Subd. 7. **Short-term coverage.** (a) For purposes of this section, "short-term coverage" means an individual health plan that:

(1) is issued to provide coverage for a period of 185 days or less, except that the health plan may permit coverage to continue until the end of a period of hospitalization for a condition for which the covered person was hospitalized on the day that coverage would otherwise have ended;

(2) is nonrenewable, provided that the health carrier may provide coverage for one or more subsequent periods that satisfy clause (1), if the total of the periods of coverage do not exceed a total of 365 days out of any 555-day period, plus any additional days covered as a result of hospitalization on the day that a period of coverage would otherwise have ended;

(3) does not cover any preexisting conditions, including ones that originated during a previous identical policy or contract with the same health carrier where coverage was continuous between the previous and the current policy or contract; and

(4) is available with an immediate effective date without underwriting upon receipt of a completed application indicating eligibility under the health carrier's eligibility requirements, provided that coverage that includes optional benefits may be offered on a basis that does not meet this requirement.

(b) Short-term coverage is not subject to subdivisions 2 and 5. Short-term coverage may exclude as a preexisting condition any injury, illness, or condition for which the covered person had medical treatment, symptoms, or any manifestations before the effective date of the coverage, but dependent children born or placed for adoption during the policy period must not be subject to this provision.

(c) Notwithstanding subdivision 3, and section 62A.021, a health carrier may combine short-term coverage with its most commonly sold individual qualified plan, as defined in section 62E.02, other than short-term coverage, for purposes of complying with the loss ratio requirement.

(d) The 365-day coverage limitation provided in paragraph (a) applies to the total number of days of short-term coverage that covers a person, regardless of the number of policies, contracts, or health carriers that provide the coverage. A written application for short-term coverage must ask the applicant whether the applicant has been covered by short-term coverage by any health carrier within the 555 days immediately preceding the effective date of the coverage being applied for. Short-term coverage issued in violation of the 365-day limitation is valid until the end of its term and does not lose its status as short-term coverage, in spite of the violation. A health carrier that knowingly issues short-term coverage in violation of the 365-day limitation is subject to the administrative penalties otherwise available to the commissioner of commerce ~~or the commissioner of health, as appropriate~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 16. Minnesota Statutes 2024, section 62A.65, subdivision 8, is amended to read:

Subd. 8. **Cessation of individual business.** Notwithstanding the provisions of subdivisions 1 to 7, a health carrier may elect to cease doing business in the individual health plan market in this state if it complies with the requirements of this subdivision. For purposes of this section, "cease doing business" means to discontinue issuing new individual health plans and to refuse to renew all of the health carrier's existing individual health plans issued in this state whose terms permit refusal

to renew under the circumstances specified in this subdivision. This subdivision does not permit cancellation of an individual health plan, unless the terms of the health plan permit cancellation under the circumstances specified in this subdivision. A health carrier electing to cease doing business in the individual health plan market in this state shall notify the commissioner 180 days prior to the effective date of the cessation. Within 30 days after the termination, the health carrier shall submit to the commissioner a complete list of policyholders that have been terminated. The cessation of business does not include the failure of a health carrier to offer or issue new business in the individual health plan market or continue an existing product line in that market, provided that a health carrier does not terminate, cancel, or fail to renew its current individual health plan business. A health carrier electing to cease doing business in the individual health plan market shall provide 120 days' written notice to each policyholder covered by an individual health plan issued by the health carrier. This notice must also inform each policyholder of the existence of the Minnesota Comprehensive Health Association, the requirements for being accepted, the procedures for applying for coverage, and the telephone numbers at the ~~Department of Health and the~~ Department of Commerce for information about private individual or family health coverage. A health carrier that ceases to write new business in the individual health plan market shall continue to be governed by this section with respect to continuing individual health plan business conducted by the health carrier. A health carrier that ceases to do business in the individual health plan market after July 1, 1994, is prohibited from writing new business in the individual health plan market in this state for a period of five years from the date of notice to the commissioner. This subdivision applies to any health maintenance organization that ceases to do business in the individual health plan market in one service area with respect to that service area only. Nothing in this subdivision prohibits an affiliated health maintenance organization from continuing to do business in the individual health plan market in that same service area. The right to refuse to renew an individual health plan under this subdivision does not apply to individual health plans issued on a guaranteed renewable basis that does not permit refusal to renew under the circumstances specified in this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 17. **[62D.015] REGULATORY DUTIES; TRANSFER.**

Subdivision 1. **Transfer and restructuring.** (a) The regulatory oversight with respect to health maintenance organizations transfers from the commissioner of health to the commissioner of commerce on July 1, 2027.

(b) The agency restructuring under this section must be conducted in accordance with sections 15.039 and 43A.045.

Subd. 2. **Succession; employees; liability.** (a) Employees related to the functions assigned to the commissioner of health are transferred to the Department of Commerce 30 days after the date the commissioner of health approves the transfer.

(b) An employee transferred under paragraph (a):

(1) must not have the employee's employment status or job classification altered as a result of the transfer;

(2) if represented by an exclusive representative before the transfer, remains represented by the same exclusive representative after the transfer occurs;

(3) if an applicable collective bargaining agreement with an exclusive representative was effective before the transfer, remains subject to the collective bargaining agreement for the remainder of the agreement's term; and

(4) if employed in a temporary unclassified position, the total length of time that the employee has served in the appointment includes all time served in the appointment at the transferring agency and the time served in the appointment at the department. An employee in a temporary unclassified position who was hired by a transferring agency through an open competitive selection process in accordance with a policy enacted by the commissioner of management and budget is considered to have been hired through an open competitive selection process after the transfer.

(c) The state must meet and negotiate with the exclusive representatives of transferred employees regarding proposed changes that affect or relate to the transferred employees' terms and conditions of employment to the extent that the proposed changes are not addressed in the applicable collective bargaining agreement.

(d) If the state transfers ownership or control of a department facility, service, or operation to a private or public entity by subcontracting, sale, assignment, lease, or other transfer, the state must require as a written condition of the transfer of ownership or control:

(1) an employee who performs work in the facility, service, or operation must be offered employment with the entity acquiring ownership or control before the entity offers employment to another individual who was not employed by the transferring agency at the time the transfer occurs; and

(2) the entity acquiring ownership or control is prohibited from reducing the transferred employee's wage and benefit standards until the collective bargaining agreement in effect at the time the transfer occurs expires or for a period of two years after the transfer occurs, whichever is longer.

(e) The state of Minnesota and the state's officers or agents are not liable for and are not subject to a cause of action arising from the action or inaction of an entity acquiring ownership or control of a department facility, service, or operation.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 18. Minnesota Statutes 2024, section 62D.08, subdivision 1, is amended to read:

Subdivision 1. **Notice of changes.** A health maintenance organization shall, unless otherwise provided for by rules adopted by the commissioner of ~~health~~ commerce, file notice with the commissioner of ~~health prior to any modification of~~ commerce before modifying the operations or documents described in the information submitted under section 62D.03, subdivision 4, clauses (a), (b), (e), (f), (g), (i), (j), (l), (m), (n), (o), (p), (q), (r), (s), and (t) ~~of section 62D.03, subdivision 4~~. If the commissioner of ~~health~~ commerce does not disapprove of the filing within 60 days, it shall be deemed approved and may be implemented by the health maintenance organization.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 19. Minnesota Statutes 2024, section 62D.08, subdivision 2, is amended to read:

Subd. 2. **Annual report required.** Every health maintenance organization shall annually, on or before April 1, file a verified report with the commissioner of ~~health~~ commerce covering the preceding calendar year. However, utilization data required under subdivision 3, clause (c), shall be filed on or before July 1.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 20. Minnesota Statutes 2024, section 62D.08, subdivision 3, is amended to read:

Subd. 3. **Report requirements.** ~~Such~~ The report shall be submitted on forms prescribed by the commissioner of ~~health,~~ commerce and shall include:

(a) a financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant, reflecting at least (1) all prepayment and other payments received for health care services rendered, (2) expenditures to all providers, by classes or groups of providers, and insurance companies or nonprofit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract, (3) expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation or purchase of facilities and capital equipment, and (4) a supplementary statement of assets, liabilities, premium revenue, and expenditures for risk sharing business under section 62D.04, subdivision 1, on forms prescribed by the commissioner;

(b) the number of new enrollees enrolled during the year, the number of group enrollees and the number of individual enrollees as of the end of the year and the number of enrollees terminated during the year;

(c) a summary of information compiled pursuant to section 62D.04, subdivision 1, clause (c), in such form as may be required by the commissioner of ~~health~~ commerce;

(d) a report of the names and addresses of all persons set forth in section 62D.03, subdivision 4, clause (c), who were associated with the health maintenance organization or the major participating entity during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to the health maintenance organization or the major participating entity, as those services relate to the health maintenance organization, including a full disclosure of all financial arrangements during the preceding year required to be disclosed pursuant to section 62D.03, subdivision 4, clause (d);

(e) a separate report addressing health maintenance contracts sold to individuals covered by Medicare, title XVIII of the Social Security Act, as amended, including the information required under section 62D.30, subdivision 6;

(f) data on the number of complaints received and the category of each complaint as defined by the commissioner. The categories must include access, communication and behavior, health plan administration, facilities and environment, coordination of care, and technical competence and appropriateness. The commissioner, in consultation with interested stakeholders, shall define complaint categories to be used by each health maintenance organization by July 1, 2017, and the categories must be used by each health maintenance organization beginning calendar year 2018; and

(g) such other information relating to the performance of the health maintenance organization as is reasonably necessary to enable the commissioner of ~~health~~ commerce to carry out the duties under sections 62D.01 to 62D.30.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 21. Minnesota Statutes 2024, section 62D.08, subdivision 7, is amended to read:

Subd. 7. **Consistent administrative expenses and investment income reporting.** (a) Every health maintenance organization must directly allocate administrative expenses to specific lines of business or products when such information is available. Remaining expenses that cannot be directly allocated must be allocated based on other methods, as recommended by the Advisory Group on Administrative Expenses. Health maintenance organizations must submit this information, including administrative expenses for dental services, using the reporting template provided by the commissioner of ~~health~~ commerce.

(b) Every health maintenance organization must allocate investment income based on cumulative net income over time by business line or product and must submit this information, including investment income for dental services, using the reporting template provided by the commissioner of ~~health~~ commerce.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 22. Minnesota Statutes 2024, section 62D.08, is amended by adding a subdivision to read:

Subd. 8. **Information sharing.** The commissioner of commerce must share nonpublic data submitted by health maintenance organizations under this section with (1) the commissioner of health and the commissioner of human services, (2) other state and federal regulatory agencies, and (3) the National Association of Insurance Commissioners, if the requesting recipient under clauses (1) to (3) agrees to maintain the data in a manner consistent with the data's classification under chapter 13. The commissioner of commerce may enter into agreements governing the sharing and use of information, provided the agreements are consistent with this subdivision.

Sec. 23. **[62D.085] SUBSTANTIAL ENROLLMENT GROWTH; NOTICE.**

Subdivision 1. **Notice required.** (a) No later than April 15 each year, a health maintenance organization that is operating under this chapter and that has at least 25,000 enrollees must notify the commissioner if the health maintenance organization:

(1) increases the total number of enrollees, as of April 1 in the current calendar year, by more than 35 percent of the health maintenance organization's total number of enrollees for the immediately preceding calendar year; or

(2) increases the total number of enrollees in a specific line of business or product by a percentage that is greater than the percentage of growth threshold established by the commissioner for the specific line of business or product.

(b) For purposes of this section, the number of enrollees must be calculated in a manner consistent with the health maintenance organization's reported covered lives in the company's National Association of Insurance Commissioners Annual Statement.

Subd. 2. **Additional information.** (a) Upon receiving notice under subdivision 1, the commissioner may request and the health maintenance organization must provide additional information regarding the health maintenance organization's financial readiness to serve the increased enrollment. The additional information requested may include but is not limited to:

(1) the conditions contributing to the health maintenance organization's enrollment growth;

(2) a three-year projected statutory balance sheet, income statements, and cash flow statements for the current year and the subsequent two years;

(3) the key assumptions impacting the projections and the sensitivity of the projections to the assumptions; and

(4) a description of anticipated issues associated with the health maintenance organization's business, including but not limited to (i) assets, (ii) anticipated business growth and associated surplus strain, (iii) significant change in risk profile, (iv) mix of business, and (v) reinsurance use, if any, in each case.

(b) If the information reported under paragraph (a) raises a concern with respect to a health maintenance organization's business on a prospective basis due to anticipated business growth, including but not limited to anticipated business growth, strain on surplus, increased exposure to risk, or an imbalanced mix of business, the commissioner may issue a corrective order specifying corrective actions the commissioner determines are required. A corrective order issued under this paragraph is subject to review under chapter 14.

Sec. 24. Minnesota Statutes 2024, section 62D.12, subdivision 1, is amended to read:

Subdivision 1. **False representations.** No health maintenance organization or representative thereof may cause or knowingly permit the use of advertising or solicitation which is untrue or misleading, or any form of evidence of coverage which is deceptive. Each health maintenance organization ~~shall be~~ is subject to sections 72A.17 to 72A.32~~, relating to the regulation of trade practices, except (a) to the extent that the nature of a health maintenance organization renders such sections clearly inappropriate and (b) that enforcement shall be by the commissioner of health and not by the commissioner of commerce~~. Every health maintenance organization ~~shall be~~ is subject to sections 8.31 and 325F.69.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 25. Minnesota Statutes 2024, section 62D.124, subdivision 5, is amended to read:

Subd. 5. **Provider networks.** The ~~commissioner of health, the~~ commissioner of commerce~~,~~ and the commissioner of human services shall merge reporting requirements for health maintenance organizations and county-based purchasing plans related to Minnesota Department of ~~Health~~ Commerce oversight of network adequacy under this section and the provider network list reported to the Department of Human Services under Minnesota Rules, part 4685.2100. The commissioners

shall work with health maintenance organizations and county-based purchasing plans to ensure that the report merger is done in a manner that simplifies health maintenance organization and county-based purchasing plan reporting processes.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 26. Minnesota Statutes 2025 Supplement, section 62D.21, is amended to read:

62D.21 FEES.

Every health maintenance organization subject to sections 62D.01 to 62D.30 shall pay to the commissioner of ~~health~~ commerce the following fees:

(1) filing an application for a certificate of authority: $10,000;

(2) filing an amendment to a certificate of authority: $125;

(3) filing each annual report: $400;

(4) filing each quarterly report: $200; and

(5) filing annual plan review documents, amendments to plan documents, and quality plans: $125.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 27. Minnesota Statutes 2025 Supplement, section 62D.211, is amended to read:

62D.211 RENEWAL FEE.

Each health maintenance organization subject to sections 62D.01 to 62D.30 shall submit to the commissioner of ~~health~~ commerce each year before June 15 a certificate of authority renewal fee in the amount of $30,000 each plus 88 cents per person enrolled in the health maintenance organization on December 31 of the preceding year.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 28. **[62D.212] HEALTH MAINTENANCE ORGANIZATION REGULATION ACCOUNT.**

(a) A health maintenance organization regulation account is established as a separate account in the special revenue fund in the state treasury. The commissioner of commerce must credit to the account filing fees and renewal fees collected under sections 62D.21 and 62D.211, appropriations and transfers, and other revenue related to the activities identified in paragraph (b). Earnings, including interest, dividends, other earnings arising from the account's assets, and remaining money from fiscal years occurring before July 1, 2027, must be credited to the account. The commissioner of commerce must manage the account.

(b) Money in the account is appropriated to the commissioner of commerce to administer this chapter and to reimburse the department's costs incurred to administer this section.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 29. Minnesota Statutes 2024, section 62D.221, subdivision 1, is amended to read:

Subdivision 1. **Insurance provisions applicable to health maintenance organizations.** Health maintenance organizations are subject to sections 60A.135, 60A.136, 60A.137, 60A.16, 60A.161, 60D.17, 60D.18, and 60D.20 and must comply with the provisions of these sections applicable to insurers. In applying these sections to health maintenance organizations, "commissioner" means the commissioner of ~~health~~ commerce. Health maintenance organizations are subject to Minnesota Rules, chapter 2720, as applicable to sections 60D.17, 60D.18, and 60D.20, and must comply with the provisions of chapter 2720 applicable to insurers, unless the commissioner of ~~health~~ commerce adopts rules to implement this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 30. Minnesota Statutes 2024, section 62D.221, subdivision 2, is amended to read:

Subd. 2. **Statement.** In addition to the conditions in section 60D.17, subdivision 1, subjecting a health maintenance organization to filing requirements, no person other than the issuer shall acquire all or substantially all of the assets of a domestic nonprofit health maintenance organization through any means unless at the time the offer, request, or invitation is made or the agreement is entered into the person has filed with the commissioner and has sent to the health maintenance organization a statement containing the information required in section 60D.17 and the offer, request, invitation, agreement, or acquisition has been approved by the commissioner of ~~health~~ commerce in the manner prescribed in section 60D.17.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 31. Minnesota Statutes 2024, section 62E.11, subdivision 9, is amended to read:

Subd. 9. **Special assessment upon termination of individual health coverage.** (a) Each contributing member that terminates individual health coverage for reasons other than ~~(a)~~ (1) nonpayment of premium; ~~(b)~~ (2) failure to make co-payments; ~~(c)~~ (3) enrollee moving out of the area served; or ~~(d)~~ (4) a materially false statement or misrepresentation by the enrollee in the application for membership; and does not provide or arrange for replacement coverage that meets the requirements of section 62D.121; shall pay a special assessment to the state plan based upon the number of terminated individuals who join the comprehensive health insurance plan as authorized under section 62E.14, subdivisions 1, paragraph (d), and 6. Such a contributing member shall pay the association an amount equal to the average cost of an enrollee in the state plan in the year in which the member terminated enrollees multiplied by the total number of terminated enrollees who enroll in the state plan.

(b) The average cost of an enrollee in the state comprehensive health insurance plan shall be determined by dividing the state plan's total annual losses by the total number of enrollees from that year. This cost will be assessed to the contributing member who has terminated health coverage before the association makes the annual determination of each contributing member's liability as required under this section.

(c) In the event that the contributing member is terminating health coverage because of a loss of health care providers, the commissioner may review whether or not the special assessment established under this subdivision will have an adverse impact on the contributing member or its enrollees or insureds, including but not limited to causing the contributing member to fall below statutory net worth requirements. If the commissioner determines that the special assessment would have an adverse impact on the contributing member or its enrollees or insureds, the commissioner may adjust the amount of the special assessment, or establish alternative payment arrangements to the state plan. For health maintenance organizations regulated under chapter 62D, the commissioner of ~~health~~ commerce shall make the determination regarding any adjustment in the special assessment ~~and shall transmit that determination to the commissioner of commerce~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 32. Minnesota Statutes 2024, section 62E.11, subdivision 13, is amended to read:

Subd. 13. **State funding; effect on premium rates of members.** In approving the premium rates as required in sections 62A.65, subdivision 3; and 62L.08, subdivision 8, the ~~commissioners~~ commissioner of ~~health and~~ commerce shall ensure that any appropriation to reduce the annual assessment made on the contributing members to cover the costs of the Minnesota comprehensive health insurance plan as required under this section is reflected in the premium rates charged by each contributing member.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 33. Minnesota Statutes 2024, section 62J.40, is amended to read:

62J.40 COST CONTAINMENT DATA FROM STATE AGENCIES AND OTHER GOVERNMENTAL UNITS.

(a) All state departments or agencies that administer one or more health care programs shall provide to the commissioner of health any additional data on the health care programs they administer that is requested by the commissioner of health, including data in unaggregated form, for purposes of developing estimates of spending, setting spending limits, and monitoring actual spending. The data must be provided at the times and in the form specified by the commissioner of health.

(b) For purposes of estimating total health care spending as provided in section 62J.301, subdivision 4, clause (c), all local governmental units shall provide expenditure data to the commissioner. The commissioner shall consult with representatives of the affected local government units in establishing definitions, reporting formats, and reporting time frames. As much as possible, the data shall be collected in a manner that ensures that the data collected is consistent with data collected from the private sector and minimizes the reporting burden to local government.

(c) A state agency that purchases health care services, provides oversight over health insurance rates, collects health care taxes, or regulates health care entities must provide to the commissioner nonpublic data the commissioner requests to satisfy statutory duties under sections 62J.301 to 62J.461, 62J.84, 62J.87, 62U.01 to 62U.10, 144.70, 145D.01, and 145D.02, with respect to monitoring the health care market, including but not limited to consolidation, transaction, corporate structure, utilization, quality, spending growth, and prescription drug supply chains.

(d) The commissioner of commerce may request unique or custom data sets from a state agency in a request under paragraph (c). The state agency may charge the commissioner of commerce a fee to provide data sets under paragraph (c) at the same rate the state agency charges another public or private entity for the same data.

(e) Data provided to the commissioner under paragraph (c) retains the data's original classification under chapter 13. Data provided to the commissioner under paragraph (c) may be included in public reports if the data are aggregated and deidentified.

Sec. 34. Minnesota Statutes 2024, section 62J.60, subdivision 5, is amended to read:

Subd. 5. **Annual reporting.** As part of an annual filing made with the commissioner of ~~health or~~ commerce ~~on or after January 1, 2003~~, a group purchaser shall certify compliance with this section and shall submit to the commissioner of ~~health or~~ commerce a copy of the Minnesota uniform health care identification card used by the group purchaser.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 35. Minnesota Statutes 2024, section 62K.07, subdivision 2, is amended to read:

Subd. 2. **Prescription drug costs.** (a) Each health carrier that offers a prescription drug benefit in its individual health plans or small group health plans shall include in the applicable rate filing required under section 62A.02 the following information about covered prescription drugs:

(1) the 25 most frequently prescribed drugs in the previous plan year;

(2) the 25 most costly prescription drugs as a portion of the individual health plan's or small group health plan's total annual expenditures in the previous plan year;

(3) the 25 prescription drugs that have caused the greatest increase in total individual health plan or small group health plan spending in the previous plan year;

(4) the projected impact of the cost of prescription drugs on premium rates;

(5) if any health plan offered by the health carrier requires enrollees to pay cost-sharing on any covered prescription drugs including deductibles, co-payments, or coinsurance in an amount that is greater than the amount the enrollee's health plan would pay for the drug absent the applicable enrollee cost-sharing and after accounting for any rebate amount; and

(6) if the health carrier prohibits third-party payments including manufacturer drug discounts or coupons that cover all or a portion of an enrollee's cost-sharing requirements including deductibles, co-payments, or coinsurance from applying toward the enrollee's cost-sharing obligations under the enrollee's health plan.

(b) The commissioner of commerce must share reported data with the commissioner of health and, in consultation with the commissioner of health, shall release a summary of the information reported in paragraph (a) at the same time as the information required under section 62A.02, subdivision 2, paragraph (c).

Sec. 36. Minnesota Statutes 2024, section 62L.02, subdivision 8, is amended to read:

Subd. 8. **Commissioner.** "Commissioner" means the commissioner of commerce ~~for health carriers subject to the jurisdiction of the Department of Commerce or the commissioner of health for health carriers subject to the jurisdiction of the Department of Health, or the relevant commissioner's designated representative. For purposes of sections 62L.13 to 62L.22, "commissioner" means the commissioner of commerce or that commissioner's designated representative~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 37. Minnesota Statutes 2024, section 62L.08, subdivision 11, is amended to read:

Subd. 11. **Loss ratio standards.** Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, each policy or contract form used with respect to a health benefit plan offered, or issued in the small employer market, is subject, beginning July 1, 1993, to section 62A.021. ~~The commissioner of health has, with respect to carriers under that commissioner's jurisdiction, all of the powers of the commissioner of commerce under that section.~~

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 38. Minnesota Statutes 2024, section 62L.09, subdivision 3, is amended to read:

Subd. 3. **Reentry prohibition.** (a) Except as otherwise provided in paragraph (b), a health carrier that ceases to do business in the small employer market after July 1, 1993, is prohibited from writing new business in the small employer market in this state for a period of five years from the date of notice to the commissioner. This subdivision applies to any health maintenance organization that ceases to do business in the small employer market in one service area with respect to that service area only. Nothing in this subdivision prohibits an affiliated health maintenance organization from continuing to do business in the small employer market in that same service area.

(b) The commissioner of commerce ~~or the commissioner of health~~ may permit a health carrier that ceases to do business in the small employer market in this state after July 1, 1993, to begin writing new business in the small employer market if:

(1) since the carrier ceased doing business in the small employer market, legislative action has occurred that has significantly changed the effect on the carrier of its decision to cease doing business in the small employer market; and

(2) the commissioner deems it appropriate.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 39. Minnesota Statutes 2024, section 62L.10, subdivision 4, is amended to read:

Subd. 4. **Review of premium rates.** The commissioner shall regulate premium rates charged or proposed to be charged by all health carriers in the small employer market under section 62A.02. ~~The commissioner of health has, with respect to carriers under that commissioner's jurisdiction, all of the powers of the commissioner of commerce under that section.~~

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 40. Minnesota Statutes 2024, section 62L.11, subdivision 2, is amended to read:

Subd. 2. **Enforcement powers.** The ~~commissioners~~ commissioner of ~~health and~~ commerce ~~each~~ has, for purposes of this chapter, all of ~~each~~ the commissioner's ~~respective~~ powers under other chapters that are applicable to ~~their respective~~ the commissioner's duties under this chapter.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 41. Minnesota Statutes 2024, section 62M.11, is amended to read:

62M.11 COMPLAINTS TO COMMERCE ~~OR HEALTH~~.

Notwithstanding the provisions of this chapter, an enrollee may file a complaint regarding an adverse determination directly to the commissioner ~~responsible for regulating the utilization review organization~~ of commerce.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 42. Minnesota Statutes 2024, section 62Q.01, subdivision 2, is amended to read:

Subd. 2. **Commissioner.** "Commissioner" means ~~the commissioner of health for purposes of regulating health maintenance organizations, and community integrated service networks, or~~ the commissioner of commerce for purposes of regulating ~~all other~~ health plan companies. For all other purposes, "commissioner" means the commissioner of health.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 43. Minnesota Statutes 2024, section 62Q.106, is amended to read:

62Q.106 DISPUTE RESOLUTION BY COMMISSIONER.

(a) A complainant may at any time submit a complaint to the ~~appropriate~~ commissioner to investigate. After investigating a complaint, or reviewing a company's decision, the ~~appropriate~~ commissioner may order a remedy as authorized under chapter 45, 60A, or 62D.

(b) In investigating a complaint filed against a health maintenance organization regarding a vulnerable adult, upon request, the commissioner of ~~health~~ commerce must interview at least one family member of the complainant or the subject of the complaint. If the complainant or the subject of the complaint does not want any family members to be interviewed, this information will be included in the investigative file.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 44. Minnesota Statutes 2024, section 62Q.188, subdivision 2, is amended to read:

Subd. 2. **Flexible benefits plan.** Notwithstanding any provision of this chapter, chapter 363A, or any other law to the contrary, a health plan company may offer, sell, issue, and renew a health plan that is a flexible benefits plan under this section if the following requirements are satisfied:

(1) the health plan must be offered in compliance with the laws of this state, except as otherwise permitted in this section;

(2) the health plan must be designed to enable covered persons to better manage costs and coverage options through the use of co-pays, deductibles, and other cost-sharing arrangements;

(3) the health plan may modify or exclude any or all coverages of benefits that would otherwise be required by law, except for maternity benefits and other benefits required under federal law;

(4) each health plan and plan's premiums must be approved by the commissioner of ~~health or~~ commerce, ~~whichever is appropriate under section 62Q.01, subdivision 2,~~ but ~~neither~~ the commissioner may not disapprove a plan on the grounds of a modification or exclusion permitted under clause (3); and

(5) prior to the sale of the health plan, the purchaser must be given a written list of the coverages otherwise required by law that are modified or excluded in the health plan. The list must include a description of each coverage in the list and indicate whether the coverage is modified or excluded. If coverage is modified, the list must describe the modification. The list may, but is not required to, also list any or all coverages otherwise required by law that are included in the health plan and indicate that they are included. The health plan company must require that a copy of this written list be provided, prior to the effective date of the health plan, to each enrollee or employee who is eligible for health coverage under the plan.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 45. Minnesota Statutes 2024, section 62Q.37, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Commissioner" means the commissioner of ~~health for purposes of regulating health maintenance organizations and community integrated service networks, the commissioner of~~ commerce for purposes of regulating health maintenance organizations and nonprofit health service plan corporations, or the commissioner of human services for the purpose of contracting with managed care organizations serving persons enrolled in programs under chapter 256B or 256L.

(c) "Health plan company" means (1) a nonprofit health service plan corporation operating under chapter 62C; (2) a health maintenance organization operating under chapter 62D; (3) a community integrated service network operating under chapter 62N; or (4) a managed care organization operating under chapter 256B or 256L.

(d) "Nationally recognized independent organization" means (1) an organization that sets specific national standards governing health care quality assurance processes, utilization review, provider credentialing, marketing, and other topics covered by this chapter and other chapters and audits and provides accreditation to those health plan companies that meet those standards. The American Accreditation Health Care Commission (URAC), the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and the Accreditation Association for Ambulatory Health Care (AAAHC) are, at a minimum, defined as nationally recognized independent organizations; and (2) the Centers for Medicare and Medicaid Services for purposes of reviews or audits conducted of health plan companies under Part C of Title XVIII of the Social Security Act or under section 1876 of the Social Security Act.

(e) "Performance standard" means those standards relating to quality management and improvement, access and availability of service, utilization review, provider selection, provider credentialing, marketing, member rights and responsibilities, complaints, appeals, grievance systems, enrollee information and materials, enrollment and disenrollment, subcontractual relationships and delegation, confidentiality, continuity and coordination of care, assurance of adequate capacity and services, coverage and authorization of services, practice guidelines, health information systems, and financial solvency.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 46. Minnesota Statutes 2024, section 62Q.47, is amended to read:

62Q.47 ALCOHOLISM, MENTAL HEALTH, AND CHEMICAL DEPENDENCY SERVICES.

(a) All health plans, as defined in section 62Q.01, that provide coverage for alcoholism, mental health, or chemical dependency services, must comply with the requirements of this section.

(b) Cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency and alcoholism services, except for persons seeking chemical dependency services under section 245G.05, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services.

(c) Cost-sharing requirements and benefit or service limitations for inpatient hospital mental health services, psychiatric residential treatment facility services, and inpatient hospital and residential chemical dependency and alcoholism services, except for persons seeking chemical dependency services under section 245G.05, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

(d) A health plan company must not impose an NQTL with respect to mental health and substance use disorders in any classification of benefits unless, under the terms of the health plan as written and in operation, any processes, strategies, evidentiary standards, or other factors used in applying the NQTL to mental health and substance use disorders in the classification are comparable to, and are applied no more stringently than, the processes, strategies, evidentiary standards, or other factors used in applying the NQTL with respect to medical and surgical benefits in the same classification.

(e) All health plans must meet the requirements of the federal Mental Health Parity Act of 1996, Public Law 104-204; Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008; the Affordable Care Act; and any amendments to, and federal guidance or regulations issued under, those acts.

(f) The commissioner may require information from health plan companies to confirm that mental health parity is being implemented by the health plan company. Information required may include comparisons between mental health and substance use disorder treatment and other medical conditions, including a comparison of prior authorization requirements, drug formulary design, claim denials, rehabilitation services, and other information the commissioner deems appropriate.

(g) Regardless of the health care provider's professional license, if the service provided is consistent with the provider's scope of practice and the health plan company's credentialing and contracting provisions, mental health therapy visits and medication maintenance visits shall be considered primary care visits for the purpose of applying any enrollee cost-sharing requirements imposed under the enrollee's health plan.

(h) All health plan companies offering health plans that provide coverage for alcoholism, mental health, or chemical dependency benefits shall provide reimbursement for the benefits delivered through the psychiatric Collaborative Care Model, which must include the following Current Procedural Terminology or Healthcare Common Procedure Coding System billing codes:

(1) 99492;

(2) 99493;

(3) 99494;

(4) G2214; and

(5) G0512.

This paragraph 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.

(i) The commissioner of commerce shall update the list of codes in paragraph (h) if any alterations or additions to the billing codes for the psychiatric Collaborative Care Model are made.

(j) "Psychiatric Collaborative Care Model" means the evidence-based, integrated behavioral health service delivery method described at Federal Register, volume 81, page 80230, which includes a formal collaborative arrangement among a primary care team consisting of a primary care provider, a care manager, and a psychiatric consultant, and includes but is not limited to the following elements:

(1) care directed by the primary care team;

(2) structured care management;

(3) regular assessments of clinical status using validated tools; and

(4) modification of treatment as appropriate.

(k) By June 1 of each year~~, beginning June 1, 2021~~, the commissioner of commerce~~, in consultation with the commissioner of health,~~ shall submit a report on compliance and oversight to the chairs and ranking minority members of the legislative committees with jurisdiction over health and commerce. The report must:

(1) describe the commissioner's process for reviewing health plan company compliance with United States Code, title 42, section 18031(j), any federal regulations or guidance relating to compliance and oversight, and compliance with this section and section 62Q.53;

(2) identify any enforcement actions taken by either commissioner during the preceding 12-month period regarding compliance with parity for mental health and substance use disorders benefits under state and federal law, summarizing the results of any market conduct examinations. The summary must include: (i) the number of formal enforcement actions taken; (ii) the benefit classifications examined in each enforcement action; and (iii) the subject matter of each enforcement action, including quantitative and nonquantitative treatment limitations;

(3) detail any corrective action taken by either commissioner to ensure health plan company compliance with this section, section 62Q.53, and United States Code, title 42, section 18031(j); and

(4) describe the information provided by either commissioner to the public about alcoholism, mental health, or chemical dependency parity protections under state and federal law.

The report must be written in nontechnical, readily understandable language and must be made available to the public by, among other means as the commissioners find appropriate, posting the report on department websites. Individually identifiable information must be excluded from the report, consistent with state and federal privacy protections.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 47. Minnesota Statutes 2024, section 62Q.51, subdivision 3, is amended to read:

Subd. 3. **Rate approval.** The premium rates and cost sharing requirements for each option must be submitted to ~~the commissioner of health or~~ the commissioner of commerce as required by law. A health plan that includes lower enrollee cost sharing for services provided by network providers than for services provided by out-of-network providers, or lower enrollee cost sharing for services provided with prior authorization or second opinion than for services provided without prior authorization or second opinion, qualifies as a point-of-service option.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 48. Minnesota Statutes 2024, section 62Q.556, subdivision 3, is amended to read:

Subd. 3. **Annual data reporting.** (a) Beginning April 1, 2024, a health plan company must report annually to the commissioner of ~~health~~ commerce:

(1) the total number of claims and total billed and paid amounts for nonparticipating provider services, by service and provider type, submitted to the health plan in the prior calendar year; and

(2) the total number of enrollee complaints received regarding the rights and protections established by the No Surprises Act in the prior calendar year.

(b) The ~~commissioners~~ commissioner of commerce ~~and health~~ shall develop the form and manner for health plan companies to comply with paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 49. Minnesota Statutes 2024, section 62Q.556, subdivision 4, is amended to read:

Subd. 4. **Enforcement.** (a) Any provider or facility, including a health care provider or facility pursuant to section 62A.63, subdivision 2, or 62J.03, subdivision 8, that is subject to the relevant provisions of the No Surprises Act is subject to the requirements of this section and section 62J.811.

(b) The commissioner of commerce ~~or health~~ shall enforce this section.

(c) If a health-related licensing board has cause to believe that a provider has violated this section, it may further investigate and enforce the provisions of this section pursuant to chapter 214.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 50. Minnesota Statutes 2024, section 62Q.69, subdivision 2, is amended to read:

Subd. 2. **Procedures for filing a complaint.** (a) A complainant may submit a complaint to a health plan company either by telephone or in writing. If a complaint is submitted orally and the resolution of the complaint, as determined by the complainant, is partially or wholly adverse to the complainant, or the oral complaint is not resolved to the satisfaction of the complainant, by the health plan company within ten days of receiving the complaint, the health plan company must inform the complainant that the complaint may be submitted in writing. The health plan company must also offer to provide the complainant with any assistance needed to submit a written complaint, including an offer to complete the complaint form for a complaint that was previously submitted orally and promptly mail the completed form to the complainant for the complainant's signature. At the complainant's request, the health plan company must provide the assistance requested by the complainant. The complaint form must include the following information:

(1) the telephone number of the health plan company member services or other departments or persons equipped to advise complainants on complaint resolution;

(2) the address to which the form must be sent;

(3) a description of the health plan company's internal complaint procedure and the applicable time limits; and

(4) the toll-free telephone number of ~~either~~ the commissioner of ~~health or~~ commerce and notification that the complainant has the right to submit the complaint at any time to the ~~appropriate~~ commissioner for investigation.

(b) Upon receipt of a written complaint, the health plan company must notify the complainant within ten business days that the complaint was received, unless the complaint is resolved to the satisfaction of the complainant within the ten business days.

(c) Each health plan company must provide, in the member handbook, subscriber contract, or certification of coverage, a clear and concise description of how to submit a complaint and a statement that, upon request, assistance in submitting a written complaint is available from the health plan company.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 51. Minnesota Statutes 2024, section 62Q.69, subdivision 3, is amended to read:

Subd. 3. **Notification of complaint decisions.** (a) The health plan company must notify the complainant in writing of its decision and the reasons for it as soon as practical but in no case later than 30 days after receipt of a written complaint. If the health plan company cannot make a decision within 30 days due to circumstances outside the control of the health plan company, the health plan company may take up to 14 additional days to notify the complainant of its decision. If the health plan company takes any additional days beyond the initial 30-day period to make its decision, it must inform the complainant, in advance, of the extension and the reasons for the extension.

(b) For group health plans, if the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to appeal the decision to the health plan company's internal appeal process described in section 62Q.70 and the procedure for initiating an appeal.

(c) For individual health plans, if the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to submit the complaint decision to the external review process described in section 62Q.73 and the procedure for initiating the external review process. Notwithstanding the provisions in this subdivision, a health plan company offering individual coverage may instead follow the process for group health plans outlined in paragraph (b).

(d) The notification must also inform the complainant of the right to submit the complaint at any time to ~~either~~ the commissioner of ~~health or~~ commerce for investigation and the toll-free telephone number of the ~~appropriate~~ commissioner.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 52. Minnesota Statutes 2024, section 62Q.71, is amended to read:

62Q.71 NOTICE TO ENROLLEES.

Each health plan company shall provide to enrollees a clear and concise description of its complaint resolution procedure, if applicable under section 62Q.68, subdivision 1, and the procedure used for utilization review as defined under chapter 62M as part of the member handbook, subscriber contract, or certificate of coverage. If the health plan company does not issue a member handbook, the health plan company may provide the description in another written document. The description must specifically inform enrollees:

(1) how to submit a complaint to the health plan company;

(2) if the health plan includes utilization review requirements, how to notify the utilization review organization in a timely manner and how to obtain authorization for health care services;

(3) how to request an appeal either through the procedures described in section 62Q.70, if applicable, or through the procedures described in chapter 62M;

(4) of the right to file a complaint with ~~either~~ the commissioner of ~~health or~~ commerce at any time during the complaint and appeal process;

(5) of the toll-free telephone number of the ~~appropriate~~ commissioner; and

(6) of the right, for individual and group coverage, to obtain an external review under section 62Q.73 and a description of when and how that right may be exercised, including that under most circumstances an enrollee must exhaust the internal complaint or appeal process prior to external review. However, an enrollee may proceed to external review without exhausting the internal complaint or appeal process under the following circumstances:

(i) the health plan company waives the exhaustion requirement;

(ii) the health plan company is considered to have waived the exhaustion requirement by failing to substantially comply with any requirements including, but not limited to, time limits for internal complaints or appeals; or

(iii) the enrollee has applied for an expedited external review at the same time the enrollee has applied for internal review under chapter 62M.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 53. Minnesota Statutes 2024, section 62Q.73, subdivision 3, is amended to read:

Subd. 3. **Right to external review.** (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination, if applicable under section 62Q.68, subdivision 1, or 62M.06, ~~to the commissioner of health if the request involves a health plan company regulated by that commissioner or~~ to the commissioner of commerce ~~if the request involves a health plan company regulated by that commissioner~~. Notification of the enrollee's right to external review must accompany the denial issued by the insurer.

(b) Nothing in this section requires the commissioner of ~~health or~~ commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review must be borne by the health plan company.

(d) The enrollee must request external review within six months from the date of the adverse determination.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 54. Minnesota Statutes 2024, section 62Q.73, subdivision 10, is amended to read:

Subd. 10. **Data reporting.** The ~~commissioners~~ commissioner of commerce shall make available to the public, upon request, summary data on the decisions rendered under this section, including the number of reviews heard and decided and the final outcomes. Any data released to the public must not individually identify the enrollee initiating the request for external review.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 55. Minnesota Statutes 2024, section 62Q.81, subdivision 7, is amended to read:

Subd. 7. **Standard plans.** (a) A health plan company that offers individual health plans must ensure that no less than one individual health plan at each level of coverage described in subdivision 1, paragraph (b), clause (3), that the health plan company offers in each geographic rating area the health plan company serves conforms to the standard plan parameters determined by the commissioner under paragraph (e).

(b) An individual health plan offered under this subdivision must be:

(1) clearly and appropriately labeled as standard plans to aid the purchaser in the selection process;

(2) marketed as standard plans and in the same manner as other individual health plans offered by the health plan company; and

(3) offered for purchase to any individual.

(c) This subdivision does not apply to catastrophic plans, grandfathered plans, small group health plans, large group health plans, health savings accounts, qualified high deductible health benefit plans, limited health benefit plans, or short-term limited-duration health insurance policies.

(d) Health plan companies must meet the requirements in this subdivision separately for plans offered through MNsure under chapter 62V and plans offered outside of MNsure.

(e) The commissioner of commerce~~, in consultation with the commissioner of health,~~ must annually determine standard plan parameters, including but not limited to cost-sharing structure and covered benefits, that comprise a standard plan in Minnesota.

(f) Notwithstanding section 62A.65, subdivision 2, a health plan company may discontinue offering a health plan under this subdivision if, three years after the date the plan is initially offered, the plan has fewer than 75 enrollees. A health plan company discontinuing a health plan under this paragraph may discontinue a health plan that has fewer than 75 enrollees if it:

(1) provides notice of the plan's discontinuation in writing, in a form prescribed by the commissioner, to each enrollee of the plan at least 90 calendar days before the date the coverage is discontinued;

(2) offers on a guaranteed issue basis to each enrollee the option to purchase an individual health plan currently being offered by the health plan company for individuals in that geographic rating area. An enrollee who does not select an option shall be automatically enrolled in the individual health plan closest in actuarial value to the enrollee's current plan; and

(3) acts uniformly without regard to any health status-related factor of an enrollee or an enrollee's dependents who may become eligible for coverage.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 56. Minnesota Statutes 2024, section 62U.04, subdivision 13, is amended to read:

Subd. 13. **Expanded access to and use of the all-payer claims data.** (a) The commissioner or the commissioner's designee shall make the data submitted under subdivisions 4, 5, 5a, and 5b,

including data classified as private or nonpublic, available to: (1) individuals and organizations engaged in research on, or efforts to effect transformation in, health care outcomes, access, quality, disparities, or spending, provided the use of the data serves a public benefit; and (2) the commissioner of commerce, subject to the data use requirements under subdivision 11, paragraph (b), to perform health insurance oversight duties.

(b) Data made available under this subdivision may not be used to:

(1) create an unfair market advantage for any participant in the health care market in Minnesota, including health plan companies, payers, and providers;

(2) reidentify or attempt to reidentify an individual in the data; or

(3) publicly report contract details between a health plan company and provider and derived from the data.

~~(b)~~ (c) To implement ~~paragraph~~ paragraphs (a) and (b), the commissioner shall:

(1) establish detailed requirements for data access; a process for data users to apply to access and use the data; legally enforceable data use agreements to which data users must consent; a clear and robust oversight process for data access and use, including a data management plan, that ensures compliance with state and federal data privacy laws; agreements for state agencies and the University of Minnesota to ensure proper and efficient use and security of data; and technical assistance for users of the data and for stakeholders;

(2) develop a fee schedule to support the cost of expanded access to and use of the data, provided the fees charged under the schedule do not create a barrier to access or use for those most affected by disparities; and

(3) create a research advisory group to advise the commissioner on applications for data use under this subdivision, including an examination of the rigor of the research approach, the technical capabilities of the proposed user, and the ability of the proposed user to successfully safeguard the data.

Sec. 57. Minnesota Statutes 2024, section 62W.06, is amended by adding a subdivision to read:

Subd. 4. **Data sharing.** Notwithstanding subdivision 2, paragraph (d), the commissioner must provide the data under subdivision 2, paragraph (a), to the commissioner of health. The commissioner of health must maintain data received under this section in a manner consistent with the data's classification under subdivision 2, paragraph (d).

Sec. 58. **REVISOR INSTRUCTION.**

(a) Except as otherwise provided in this act, the revisor of statutes shall substitute the term "commissioner of commerce" for the term "commissioner of health" wherever the term appears in (1) Minnesota Statutes, chapters 62D, except section 62D.02, subdivision 12; 62L; and 62Q, except sections 62Q.19 and 62Q.33; (2) Minnesota Statutes, sections 60B.15, 60B.191, 60B.20, 62K.09, 62K.10, 62K.105, 62K.12, 62K.13, 62K.14, 62W.05, 256B.69, and 256B.692; (3) Minnesota Rules, chapters 4685, 2740, 4688; and (4) Minnesota Rules, part 9510.2020, subparts 3 and 8, item (C).

The revisor shall also make any necessary grammatical changes to verbs or other words to conform with this substitution.

(b) The revisor of statutes shall remove the term "commissioner of health" wherever the term appears in Minnesota Rules, chapter 2730.

EFFECTIVE DATE. This section is effective July 1, 2027.

ARTICLE 5

REINSURANCE

Section 1. Minnesota Statutes 2024, section 62E.23, subdivision 1, is amended to read:

Subdivision 1. **Administration of plan.** (a) The association is Minnesota's reinsurance entity to administer the state-based reinsurance program referred to as the Minnesota premium security plan.

(b) The association may apply for any available federal funding for the plan. All funds received by or appropriated to the association shall be deposited in the premium security plan account in section 62E.25, subdivision 1. The association shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services and insurance within ten days of receiving any federal funds.

(c) The association must collect or access data from an eligible health carrier that are necessary to determine reinsurance payments, according to the data requirements under subdivision 5, paragraph (c).

(d) The board must not use any funds allocated to the plan for staff retreats, promotional giveaways, excessive executive compensation, or promotion of federal or state legislative or regulatory changes. This paragraph does not prohibit the association from providing technical assistance or information regarding the association or the Minnesota premium security plan.

(e) For each applicable benefit year, the association must notify eligible health carriers of reinsurance payments to be made for the applicable benefit year no later than June 30 of the year following the applicable benefit year.

(f) On a quarterly basis during the applicable benefit year, the association must provide each eligible health carrier with the calculation of total reinsurance payment requests.

(g) By August 15 ~~of the year following the applicable benefit year~~, 2027, for benefit year 2026, the association must disburse all applicable reinsurance payments to an eligible health carrier. For benefit year 2027, the commissioner must transfer to the association the total amount of money necessary for the association to pay all applicable reinsurance payments to each eligible health carrier by August 15, 2028.

(h) For benefit year 2027, the association must disburse applicable reinsurance payments to an eligible health carrier no later than August 31, 2028.

Sec. 2. Minnesota Statutes 2025 Supplement, section 62E.23, subdivision 1a, is amended to read:

Subd. 1a. **2028 assessment on group health carriers.** (a) An assessment is imposed in calendar year 2028 on group health carriers operating under the Minnesota premium security plan in benefit year 2027. This is a onetime assessment.

(b) By May 1, 2028, the association must provide each group health carrier with an estimate of the carrier's assessment under paragraph (a).

(c) By June 30, 2028, the association must ~~notify each group health carrier of the carrier's assessment amount under paragraph (a). The association must determine~~ propose each carrier's assessment amount, in consultation with the commissioner, based on the group health carrier's portion of the total premiums for group health plans written in Minnesota for benefit year 2027. The commissioner must approve the carrier's assessment amount. The ~~association must establish the~~ final assessment amount for each group health plan ~~so~~ must ensure that the aggregate assessment amount collected from group health plans under this subdivision equals the amount necessary for the appropriations and transfers under section 62E.25, subdivision 1. By July 25, 2028, the association must notify each group health carrier of the carrier's proposed assessment amount under paragraph (a).

(d) Subject to paragraph (e), each group health carrier must pay the assessment under paragraph (a) to the ~~association~~ commissioner by August 1, 2028, for deposit in the premium security plan account created under section 62E.25. A group health plan must pay the assessment in the manner determined by the commissioner.

(e) A group health carrier may apply to the commissioner to defer all or part of the assessment imposed under paragraph (a). The application must be submitted to the commissioner by May 15, 2028. The commissioner may defer all or part of the assessment if the commissioner determines the payment of the assessment places the group health carrier in a financially impaired condition. The commissioner may deny an application for deferral under this paragraph. No later than June 15, 2028, the commissioner must notify the association and the group health carrier whether the assessment deferral is approved or denied. If the commissioner approves the deferral request, the notice must include the amount of and due date for the deferred portion of the assessment. If all or part of the assessment is deferred, the association must include the amount deferred in the other group health carriers' assessments in a proportionate manner consistent with this subdivision. ~~The~~ A group health carrier that receives a deferral is liable to the ~~association~~ commissioner for the amount deferred and is prohibited from receiving or becoming entitled to a reinsurance payment under the Minnesota premium security plan until the group health carrier has paid the deferred assessment.

(f) If the association determines the assessment imposed under paragraph (a) exceeds or is less than the amount necessary to operate and administer the Minnesota premium security plan and issue reinsurance payments, the association must require group health carriers to pay an additional amount or the association must issue a refund to the group health carriers. The association must determine the accuracy of the assessment by ~~May 30~~ March 15, 2029.

~~(g) By August 15, 2028, the association must remit the assessments collected under this subdivision to the commissioner for deposit in the premium security plan account created under section 62E.25.~~

Sec. 3. Minnesota Statutes 2025 Supplement, section 62E.23, subdivision 2, is amended to read:

Subd. 2. **Payment parameters.** (a) The board must design and adjust the payment parameters to ensure the payment parameters:

(1) will stabilize or reduce premium rates in the individual market;

(2) will increase participation in the individual market;

(3) will improve access to health care providers and services for those in the individual market;

(4) mitigate the impact high-risk individuals have on premium rates in the individual market;

(5) take into account any federal funding available for the plan;

(6) for benefit year 2027, take into account the assessment under subdivision 1a;

(7) ensure the premium security plan account created under section 62E.25, subdivision 1, has sufficient money to ensure MNsure's stable operation after taking into account the Minnesota premium security plan's effect on MNsure's funding; and

(8) take into account the total amount available to fund the plan.

(b) The attachment point for the plan is the threshold amount for claims costs incurred by an eligible health carrier for an enrolled individual's covered benefits in a benefit year, beyond which the claims costs for benefits are eligible for reinsurance payments. The attachment point shall be set by the board at $50,000 or more, but not exceeding the reinsurance cap.

(c) The coinsurance rate for the plan is the rate at which the association will reimburse an eligible health carrier for claims incurred for an enrolled individual's covered benefits in a benefit year above the attachment point and below the reinsurance cap. The coinsurance rate shall be set by the board at a rate between 50 and 80 percent.

(d) The reinsurance cap is the threshold amount for claims costs incurred by an eligible health carrier for an enrolled individual's covered benefits, after which the claims costs for benefits are no longer eligible for reinsurance payments. The reinsurance cap shall be set by the board at $250,000 or less.

(e) The board may adjust the payment parameters to the extent necessary to secure federal approval of the state innovation waiver request in Laws 2017, chapter 13, article 1, section 8.

(f) For purposes of paragraph (a), clause (7), the ~~association~~ commissioner must consult with the commissioner of management and budget and the board of directors of MNsure to determine the amount of funding necessary to ensure MNsure's stable operation.

Sec. 4. Minnesota Statutes 2025 Supplement, section 297I.20, subdivision 7, is amended to read:

Subd. 7. **Reinsurance credit.** Beginning with taxable years after December 31, 2028, a taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount of the assessment paid by the taxpayer under section 62E.23 in the immediately preceding calendar year. If the amount of the credit exceeds the liability for tax under this chapter, the commissioner must refund the excess to the ~~insurance company~~ taxpayer. An amount sufficient to pay the refunds under this section is appropriated to the commissioner from the general fund. The credit under this subdivision does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03. The commissioner of commerce must annually provide to the commissioner a list of assessments paid by taxpayers under section 62E.23 by March 1 of the calendar year following the assessment.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2028.

ARTICLE 6

HEALTH INSURANCE

Section 1. Minnesota Statutes 2024, section 62A.135, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given ~~them~~:

~~(a)~~ (1) "fixed indemnity policy" is a policy form, other than an accidental death and dismemberment policy, a disability income policy, or a long-term care policy as defined in section 62A.46, subdivision 2, that pays a predetermined, specified, fixed benefit for services provided. Fixed indemnity policy includes short-term home health and nursing care insurance under section 62A.70. Claim costs under these forms are generally not subject to inflation, although they may be subject to changes in the utilization of health care services. For policy forms providing both expense-incurred and fixed benefits, the policy form is a fixed indemnity policy if 50 percent or more of the total claims are for predetermined, specified, fixed benefits;

~~(b)~~ (2) "guaranteed renewable" means that, during the renewal period (to a specified age) renewal cannot be declined nor coverage changed by the insurer for any reason other than nonpayment of premiums, fraud, or misrepresentation, but the insurer can revise rates on a class basis upon approval by the commissioner;

~~(c)~~ (3) "noncancelable" means that, during the renewal period (to a specified age) renewal cannot be declined nor coverage changed by the insurer for any reason other than nonpayment of premiums, fraud, or misrepresentation and that rates cannot be revised by the insurer. This includes policies that are guaranteed renewable to a specified age, such as 60 or 65, at guaranteed rates; and

~~(d)~~ (4) "average annualized premium" means the average of the estimated annualized premium per covered person based on the anticipated distribution of business using all significant criteria having a price difference, such as age, sex, amount, dependent status, mode of payment, and rider

frequency. For filing of rate revisions, the amount is the anticipated average assuming the revised rates have fully taken effect.

Sec. 2. Minnesota Statutes 2025 Supplement, section 62A.31, subdivision 1u, is amended to read:

Subd. 1u. **Guaranteed issue for eligible persons.** (a)(1) Eligible persons are those individuals described in paragraph (b) who seek to enroll under the policy during the period specified in paragraph (c) and who submit evidence of the date of termination or disenrollment described in paragraph (b), or of the date of Medicare Part D enrollment, with the application for a Medicare supplement policy.

(2) With respect to eligible persons, an issuer shall not: deny or condition the issuance or effectiveness of a Medicare supplement policy described in paragraph (c) that is offered and is available for issuance to new enrollees by the issuer; discriminate in the pricing of such a Medicare supplement policy because of health status, claims experience, receipt of health care, medical condition, or age; or impose an exclusion of benefits based upon a preexisting condition under such a Medicare supplement policy.

(b) An eligible person is an individual described in any of the following:

(1) the individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under Medicare; and the plan terminates, or the plan ceases to provide all such supplemental health benefits to the individual;

(2) the individual is enrolled with a Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C, and any of the following circumstances apply, or the individual is 65 years of age or older and is enrolled with a Program of All-Inclusive Care for the Elderly (PACE) provider under section 1894 of the federal Social Security Act, and there are circumstances similar to those described in this clause that would permit discontinuance of the individual's enrollment with the provider if the individual were enrolled in a Medicare Advantage plan:

(i) the organization's or plan's certification under Medicare Part C has been terminated or the organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides;

(ii) the individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in circumstances specified by the secretary, but not including termination of the individual's enrollment on the basis described in section 1851(g)(3)(B) of the federal Social Security Act, United States Code, title 42, section 1395w-21(g)(3)(b) (where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior as specified in standards under section 1856 of the federal Social Security Act, United States Code, title 42, section 1395w-26), or the plan is terminated for all individuals within a residence area;

(iii) the individual demonstrates, in accordance with guidelines established by the Secretary, that:

(A) the organization offering the plan substantially violated a material provision of the organization's contract in relation to the individual, including the failure to provide an enrollee on

a timely basis medically necessary care for which benefits are available under the plan or the failure to provide such covered care in accordance with applicable quality standards; or

(B) the organization, or agent or other entity acting on the organization's behalf, materially misrepresented the plan's provisions in marketing the plan to the individual; or

(iv) the individual meets such other exceptional conditions as the secretary may provide;

(3)(i) the individual is enrolled with:

(A) an eligible organization under a contract under section 1876 of the federal Social Security Act, United States Code, title 42, section 1395mm (Medicare cost);

(B) a similar organization operating under demonstration project authority, effective for periods before April 1, 1999;

(C) an organization under an agreement under section 1833(a)(1)(A) of the federal Social Security Act, United States Code, title 42, section 1395l(a)(1)(A) (health care prepayment plan); or

(D) an organization under a Medicare Select policy under section 62A.318 or the similar law of another state; and

(ii) the enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under clause (2);

(4) the individual is enrolled under a Medicare supplement policy, and the enrollment ceases because:

(i)(A) of the insolvency of the issuer or bankruptcy of the nonissuer organization; or

(B) of other involuntary termination of coverage or enrollment under the policy;

(ii) the issuer of the policy substantially violated a material provision of the policy; or

(iii) the issuer, or an agent or other entity acting on the issuer's behalf, materially misrepresented the policy's provisions in marketing the policy to the individual;

(5)(i) the individual was enrolled under a Medicare supplement policy and terminates that enrollment and subsequently enrolls, for the first time, with any Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C; any eligible organization under a contract under section 1876 of the federal Social Security Act, United States Code, title 42, section 1395mm (Medicare cost); any similar organization operating under demonstration project authority; any PACE provider under section 1894 of the federal Social Security Act, or a Medicare Select policy under section 62A.318 or the similar law of another state; and

(ii) the subsequent enrollment under item (i) is terminated by the enrollee during any period within the first 12 months of the subsequent enrollment during which the enrollee is permitted to terminate the subsequent enrollment under section 1851(e) of the federal Social Security Act;

(6) the individual, upon first enrolling for benefits under Medicare Part B, enrolls in a Medicare Advantage plan under Medicare Part C, or with a PACE provider under section 1894 of the federal Social Security Act, and disenrolls from the plan by not later than 12 months after the effective date of enrollment;

(7) the individual enrolls in a Medicare Part D plan during the initial Part D enrollment period, as defined under United States Code, title 42, section 1395ss(v)(6)(D), and, at the time of enrollment in Part D, was enrolled under a Medicare supplement policy that covers outpatient prescription drugs and the individual terminates enrollment in the Medicare supplement policy and submits evidence of enrollment in Medicare Part D along with the application for a policy described in paragraph (e), clause (4);

(8) the individual was enrolled in a state public program and is losing coverage due to the unwinding of the Medicaid continuous enrollment conditions, as provided by Code of Federal Regulations, title 45, section 155.420 (d)(9) and (d)(1), and Public Law 117-328, section 5131 (2022); or

(9) the individual meets the requirements under subdivision 1r, paragraph (c), and enrolls during the open enrollment period.

(c)(1) In the case of an individual described in paragraph (b), clause (1), the guaranteed issue period begins on the later of: (i) the date the individual receives a notice of termination or cessation of all supplemental health benefits or, if a notice is not received, notice that a claim has been denied because of a termination or cessation; or (ii) the date that the applicable coverage terminates or ceases; and ends 63 days after the later of those two dates.

(2) In the case of an individual described in paragraph (b), clause (2), (3), (5), or (6), whose enrollment is terminated involuntarily, the guaranteed issue period begins on the date that the individual receives a notice of termination and ends 63 days after the date the applicable coverage is terminated.

(3) In the case of an individual described in paragraph (b), clause (4), item (i), the guaranteed issue period begins on the earlier of: (i) the date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice if any; and (ii) the date that the applicable coverage is terminated, and ends on the date that is 63 days after the date the coverage is terminated.

(4) In the case of an individual described in paragraph (b), clause (2), (4), (5), or (6), who disenrolls voluntarily, the guaranteed issue period begins on the date that is 60 days before the effective date of the disenrollment and ends on the date that is 63 days after the effective date.

(5) In the case of an individual described in paragraph (b), clause (7), the guaranteed issue period begins on the date the individual receives notice pursuant to section 1882(v)(2)(B) of the Social Security Act from the Medicare supplement issuer during the 60-day period immediately preceding the initial Part D enrollment period and ends on the date that is 63 days after the effective date of the individual's coverage under Medicare Part D.

(6) In the case of an individual described in paragraph (b) but not described in this paragraph, the guaranteed issue period begins on the effective date of disenrollment and ends on the date that is 63 days after the effective date.

(7) For an individual described in paragraph (b), clause (9), the guarantee issue period is the open enrollment period.

(d)(1) In the case of an individual described in paragraph (b), clause (5), or deemed to be so described, pursuant to this paragraph, whose enrollment with an organization or provider described in paragraph (b), clause (5), item (i), is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls with another such organization or provider, the subsequent enrollment is deemed to be an initial enrollment described in paragraph (b), clause (5).

(2) In the case of an individual described in paragraph (b), clause (6), or deemed to be so described, pursuant to this paragraph, whose enrollment with a plan or in a program described in paragraph (b), clause (6), is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls in another such plan or program, the subsequent enrollment is deemed to be an initial enrollment described in paragraph (b), clause (6).

(3) For purposes of paragraph (b), clauses (5) and (6), no enrollment of an individual with an organization or provider described in paragraph (b), clause (5), item (i), or with a plan or in a program described in paragraph (b), clause (6), may be deemed to be an initial enrollment under this paragraph after the two-year period beginning on the date on which the individual first enrolled with the organization, provider, plan, or program.

(e) The Medicare supplement policy to which eligible persons are entitled under:

(1) paragraph (b), clauses (1) to ~~(4)~~ (3), is any Medicare supplement policy that has a benefit package consisting of the basic Medicare supplement plan described in section 62A.316, paragraph (a), plus any combination of the three optional riders described in section 62A.316, paragraph (b), clauses (1) to (3), offered by any issuer;

(2) paragraph (b), clause (5), is the same Medicare supplement policy in which the individual was most recently previously enrolled, if available from the same issuer, or, if not so available, any policy described in clause (1) offered by any issuer, except that after December 31, 2005, if the individual was most recently enrolled in a Medicare supplement policy with an outpatient prescription drug benefit, a Medicare supplement policy to which the individual is entitled under paragraph (b), clause (5), is:

(i) the policy available from the same issuer but modified to remove outpatient prescription drug coverage; or

(ii) at the election of the policyholder, a policy described in clause (4), except that the policy may be one that is offered and available for issuance to new enrollees that is offered by any issuer;

(3) paragraph (b), ~~clause~~ clauses (4) and (6), is any Medicare supplement policy offered by any issuer;

(4) paragraph (b), clause (7), is a Medicare supplement policy that has a benefit package classified as a basic plan under section 62A.316 if the enrollee's existing Medicare supplement policy is a basic plan or, if the enrollee's existing Medicare supplement policy is an extended basic plan under section 62A.315, a basic or extended basic plan at the option of the enrollee, provided that the policy is offered and is available for issuance to new enrollees by the same issuer that issued the individual's Medicare supplement policy with outpatient prescription drug coverage. The issuer must permit the enrollee to retain all optional benefits contained in the enrollee's existing coverage, other than outpatient prescription drugs, subject to the provision that the coverage be offered and available for issuance to new enrollees by the same issuer.

(f)(1) At the time of an event described in paragraph (b), because of which an individual loses coverage or benefits due to the termination of a contract or agreement, policy, or plan, the organization that terminates the contract or agreement, the issuer terminating the policy, or the administrator of the plan being terminated, respectively, shall notify the individual of the individual's rights under this subdivision, and of the obligations of issuers of Medicare supplement policies under paragraph (a). The notice must be communicated contemporaneously with the notification of termination.

(2) At the time of an event described in paragraph (b), because of which an individual ceases enrollment under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the issuer offering the policy, or the administrator of the plan, respectively, shall notify the individual of the individual's rights under this subdivision, and of the obligations of issuers of Medicare supplement policies under paragraph (a). The notice must be communicated within ten working days of the issuer receiving notification of disenrollment.

(g) Reference in this subdivision to a situation in which, or to a basis upon which, an individual's coverage has been terminated does not provide authority under the laws of this state for the termination in that situation or upon that basis.

(h) An individual's rights under this subdivision are in addition to, and do not modify or limit, the individual's rights under subdivision 1h.

(i) An individual described in paragraph (b), clause (4), whose enrollment ceased between January 1, 2025, and January 1, 2026, is an eligible person beginning for plan year 2027. Individuals under this paragraph are entitled to any Medicare supplement policy offered by any issuer regardless of the individual's health coverage status or health plan after the individual's enrollment ceased and before plan year 2027.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 3. Minnesota Statutes 2024, section 62A.46, subdivision 2, is amended to read:

Subd. 2. **Long-term care policy.** (a) "Long-term care policy" means an individual or group policy, certificate, subscriber contract, or other evidence of coverage that provides benefits for prescribed long-term care, including nursing facility services or home care services, or both nursing facility services and home care services, pursuant to the requirements of sections 62A.46 to 62A.56. Long-term care policy does not include short-term home health and nursing care insurance under section 62A.70.

(b) Sections 62A.46, 62A.48, and 62A.52 to 62A.56 do not apply to a long-term care policy issued to ~~(a)~~ (1) an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage or ~~(b)~~ (2) to a labor union or similar employee organization. ~~The associations exempted from the requirements of sections 62A.3099 to 62A.44 under 62A.31, subdivision 1, clause (c) shall not be subject to the provisions of sections 62A.46 to 62A.56 until July 1, 1988.~~

Sec. 4. **[62A.70] SHORT-TERM HOME HEALTH AND NURSING CARE INSURANCE.**

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

(b) "Activities of daily living" has the meaning given in section 62S.01, subdivision 2.

(c) "Cognitive impairment" has the meaning given in section 62S.01, subdivision 9.

(d) "Free-look period" means a period with a duration of at least 30 days, beginning the date the policy, certificate, contract, or other evidence of coverage is issued and delivered to the insured, during which an insured may cancel the policy, certificate, contract, or other evidence of coverage and receive a full refund of all paid insurance premiums.

(e) "Home health agency" has the meaning given in section 62A.46, subdivision 10.

(f) "Insured" means a person covered under a short-term home health and nursing care insurance policy.

(g) "Nursing facility" has the meaning given in section 62A.46, subdivision 3.

(h) "Plan of care" has the meaning given in section 62A.46, subdivision 8.

(i) "Qualified insurer" means an entity licensed under chapter 62A or 62C.

(j) "Short-term home health and nursing care insurance" means an individual or group policy, certificate, subscriber contract, or other evidence of coverage that provides benefits for short-term home health services or short-term nursing care services. Short-term home health and nursing care insurance does not include:

(1) a long-term care policy, as defined in section 62A.46, subdivision 2;

(2) long-term care insurance, as defined in section 62S.01, subdivision 18;

(3) Medicare supplement policies, as defined in section 62A.3099, subdivision 18; or

(4) major medical, disability income, or hospital confinement indemnity policies.

(k) "Short-term home health services" means one or more of the following services to care for and treat an insured that are provided by a home health agency in a noninstitutional setting pursuant to a written diagnosis or assessment and plan of care:

(1) nursing and related personal care services under the direction of a registered nurse, including the services of a home health aide;

(2) physical therapy;

(3) speech therapy;

(4) respiratory therapy;

(5) occupational therapy;

(6) nutritional services provided by a licensed dietitian;

(7) homemaker services, meal preparation, and similar nonmedical services;

(8) medical social services; and

(9) other similar medical services and health-related support services.

(l) "Short-term nursing care services" means services to care for and treat an insured that are provided by a nursing facility pursuant to a written diagnosis or assessment and plan of care.

(m) "Waiting period" means a specified time period that an insured must wait before some or all of the insured's coverage becomes effective.

Subd. 2. **Short-term home health and nursing care insurance approval.** (a) A qualified insurer may offer, issue, deliver, and renew short-term home health and nursing care insurance if the insurance meets the requirements of this section.

(b) Short-term home health and nursing care insurance may be offered, issued, delivered, or renewed only by a qualified insurer.

(c) Short-term home health and nursing care insurance must not be offered, issued, delivered, or renewed until the short-term home health and nursing care insurance is approved by the commissioner as necessary under sections 62A.02 and 62A.135.

Subd. 3. **Policy requirements.** (a) Short-term home health and nursing care insurance must provide benefits upon:

(1) cognitive impairment; or

(2) the insured's inability to perform at least two activities of daily living without substantial assistance.

(b) Short-term home health and nursing care insurance must not provide coverage for a period exceeding 360 days.

(c) Short-term home health and nursing care insurance must provide a free-look period.

(d) Short-term home health and nursing care insurance must not be canceled due to an insured's deterioration in health status or use of benefits.

(e) An insurer may deny the renewal of a policy, certificate, contract, or other evidence of coverage of short-term home health and nursing care insurance only for:

(1) nonpayment of a premium by the insured;

(2) fraud or misrepresentation by the insured;

(3) termination of the insurer's authority to transact business in the state; or

(4) the insured's exhaustion of the maximum benefit period.

(f) Upon the conversion or replacement by an insurer of a policy, certificate, contract, or other evidence of coverage containing a waiting period, the insurer is prohibited from establishing a waiting period that differs from the original waiting period.

Subd. 4. **Required disclosures.** Short-term home health and nursing care insurance must not be offered or issued without providing the following written disclosures:

(1) a statement, in bold text, that the policy, certificate, contract, or other evidence of coverage is supplemental health insurance; is not long-term care insurance; and is not a policy under the Minnesota partnership for long-term care program;

(2) a clear and understandable explanation of the free-look period; and

(3) a clear and understandable explanation of all renewability and continuity provisions.

Sec. 5. Minnesota Statutes 2024, section 62M.02, is amended by adding a subdivision to read:

Subd. 2a. **Artificial intelligence.** "Artificial intelligence" has the meaning given in United States Code, title 15, section 9401.

Sec. 6. Minnesota Statutes 2024, section 62M.09, subdivision 3, is amended to read:

Subd. 3. **Physician reviewer; adverse determinations.** (a) A physician must review and make the adverse determination under section 62M.05 in all cases in which the utilization review organization has concluded that an adverse determination for clinical reasons is appropriate.

(b) The physician conducting the review and making the adverse determination must:

(1) hold a current, unrestricted license to practice medicine in this state; and

(2) have the same or similar medical specialty as a provider that typically treats or manages the condition for which the health care service has been requested.

This paragraph does not apply to reviews conducted in connection with policies issued by a health plan company that is assessed less than three percent of the total amount assessed by the Minnesota Comprehensive Health Association.

(c) The physician should be reasonably available by telephone to discuss the determination with the attending health care professional.

(d) Notwithstanding paragraph (a), a review of an adverse determination involving a prescription drug must be conducted by a licensed pharmacist or physician who is competent to evaluate the specific clinical issues presented in the review.

(e) This subdivision does not apply to outpatient mental health or substance abuse services governed by subdivision 3a.

(f) A utilization review organization is prohibited from using an algorithm or artificial intelligence alone without a clinician review by an appropriate health professional, as required under this section, when making an adverse determination.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 7. Minnesota Statutes 2024, section 62Q.47, is amended to read:

62Q.47 ALCOHOLISM, MENTAL HEALTH, AND CHEMICAL DEPENDENCY SERVICES.

(a) All health plans, as defined in section 62Q.01, that provide coverage for alcoholism, mental health, or chemical dependency services, must comply with the requirements of this section.

(b) Cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency and alcoholism services, except for persons seeking chemical dependency services under section 245G.05, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services.

(c) Cost-sharing requirements and benefit or service limitations for inpatient hospital mental health services, psychiatric residential treatment facility services, and inpatient hospital and residential chemical dependency and alcoholism services, except for persons seeking chemical dependency services under section 245G.05, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

(d) A health plan company must not impose an NQTL with respect to mental health and substance use disorders in any classification of benefits unless, under the terms of the health plan as written and in operation, any processes, strategies, evidentiary standards, or other factors used in applying the NQTL to mental health and substance use disorders in the classification are comparable to, and are applied no more stringently than, the processes, strategies, evidentiary standards, or other factors used in applying the NQTL with respect to medical and surgical benefits in the same classification.

(e) All health plans must meet the requirements of the federal Mental Health Parity Act of 1996, Public Law 104-204; Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008; the Affordable Care Act; and any amendments to, and federal guidance or regulations issued under, those acts.

(f) The commissioner may require information from health plan companies to confirm that mental health parity is being implemented by the health plan company. Information required may include comparisons between mental health and substance use disorder treatment and other medical

conditions, including a comparison of prior authorization requirements, drug formulary design, claim denials, rehabilitation services, and other information the commissioner deems appropriate.

(g) Regardless of the health care provider's professional license, if the service provided is consistent with the provider's scope of practice and the health plan company's credentialing and contracting provisions, mental health therapy visits and medication maintenance visits shall be considered primary care visits for the purpose of applying any enrollee cost-sharing requirements imposed under the enrollee's health plan.

(h) All health plan companies offering health plans that provide coverage for alcoholism, mental health, or chemical dependency benefits shall provide reimbursement for the benefits delivered through the psychiatric Collaborative Care Model, which must include the following Current Procedural Terminology or Healthcare Common Procedure Coding System billing codes:

(1) 99492;

(2) 99493;

(3) 99494;

(4) G2214; and

(5) G0512.

This paragraph 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.

(i) The commissioner of commerce shall update the list of codes in paragraph (h) if any alterations or additions to the billing codes for the psychiatric Collaborative Care Model are made.

(j) "Psychiatric Collaborative Care Model" means the evidence-based, integrated behavioral health service delivery method described at Federal Register, volume 81, page 80230, which includes a formal collaborative arrangement among a primary care team consisting of a primary care provider, a care manager, and a psychiatric consultant, and includes but is not limited to the following elements:

(1) care directed by the primary care team;

(2) structured care management;

(3) regular assessments of clinical status using validated tools; and

(4) modification of treatment as appropriate.

(k) By June 1 of each year, beginning June 1, 2021, the commissioner of commerce, in consultation with the commissioner of health, shall submit a report on compliance and oversight to the chairs and ranking minority members of the legislative committees with jurisdiction over health and commerce. The report must:

(1) describe the commissioner's process for reviewing health plan company compliance with United States Code, title 42, section 18031(j), any federal regulations or guidance relating to compliance and oversight, and compliance with this section and section 62Q.53;

(2) identify any enforcement actions taken by either commissioner during the preceding 12-month period regarding compliance with parity for mental health and substance use disorders benefits under state and federal law, summarizing the results of any market conduct examinations. The summary must include: (i) the number of formal enforcement actions taken; (ii) the benefit classifications examined in each enforcement action; and (iii) the subject matter of each enforcement action, including quantitative and nonquantitative treatment limitations;

(3) detail any corrective action taken by either commissioner to ensure health plan company compliance with this section, section 62Q.53, and United States Code, title 42, section 18031(j); and

(4) describe the information provided by either commissioner to the public about alcoholism, mental health, or chemical dependency parity protections under state and federal law.

The report must be written in nontechnical, readily understandable language and must be made available to the public by, among other means as the commissioners find appropriate, posting the report on department websites. Individually identifiable information must be excluded from the report, consistent with state and federal privacy protections.

(l) Health plans must reimburse all alcoholism, mental health, and chemical dependency services provided by clinical trainees, pursuant to section 245I.04, subdivision 6, at a rate at least equal to 100 percent of the rate that would be paid to an independently licensed mental health professional performing the same services. This paragraph does not apply if the service provided by the clinical trainee:

(1) is not within the clinical trainee's scope of practice under section 245I.04, subdivision 7; or

(2) is not a covered service if performed by an independently licensed mental health professional at the same clinic.

EFFECTIVE DATE. This section is effective January 1, 2027, for health plans offered, issued, sold, or renewed on or after that date.

Sec. 8. Minnesota Statutes 2024, section 62Q.545, is amended to read:

62Q.545 COVERAGE OF HOME CARE NURSING.

(a) Home care nursing services, as provided under section 256B.0625, subdivision 7, with the exception of section 256B.0654, subdivision 4, shall be covered under a health plan for persons who are concurrently covered by both the health plan and enrolled in medical assistance under chapter 256B.

(b) For purposes of this section, a period of home care nursing services may be subject to the co-payment, coinsurance, deductible, or other enrollee cost-sharing requirements that apply under the health plan. Cost-sharing requirements for home care nursing services must not place a greater

financial burden on the insured or enrollee than those requirements applied by the health plan to other similar services or benefits. Nothing in this section is intended to prevent a health plan company from requiring prior authorization by the health plan company for such services as required by section 256B.0625, subdivision 7, or use of contracted providers under the applicable provisions of the health plan.

(c) Notwithstanding section 62J.26, a health plan must not impose any quantity limitation on the coverage under this section.

(d) Notwithstanding section 62J.26, a health plan must refer to all services meeting the definition of home care nursing services in paragraph (e) as home care nursing services in the health plan's policy, certificate, contract, or other evidence of coverage and related documents, including but not limited to utilization review policies, claims forms, instructions, and communications to enrollees and providers.

(e) For purposes of this section, "home care nursing services" means ongoing, individual, and continuous nursing services that are:

(1) ordered by a physician, advanced practice registered nurse, or physician assistant;

(2) provided by a registered nurse or licensed practical nurse acting within the provider's scope of practice;

(3) medically necessary to maintain, stabilize, or restore the recipient's health due to medical complexity or the need for sustained skilled nursing assessment, intervention, or monitoring; and

(4) required for a duration or frequency that cannot be safely or effectively met through intermittent, episodic, or visit-based nursing services.

EFFECTIVE DATE. Paragraph (c) is effective January 1, 2026, and applies to policies issued, offered, or renewed and causes of action accruing on or after that date. Paragraphs (d) and (e) are effective August 1, 2026.

Sec. 9. Minnesota Statutes 2024, section 72A.13, subdivision 1, is amended to read:

Subdivision 1. **Penalties.** Any company, corporation, association, society, or other insurer, or any officer or agent thereof, which or who solicits, issues or delivers to any person in this state any policy in violation of the provisions of sections 60A.06, subdivision 3 ~~or~~, 62A.01 to 62A.10, or 62A.70 may be punished by a fine of not more than $200 for each offense, and the commissioner may revoke the license of any company, corporation, association, society, or other insurer of another state or country, or of the agent thereof, which or who willfully violates any provision of sections 60A.06, subdivision 3 ~~or~~, 62A.01 to 62A.10, or 62A.70.

Sec. 10. Minnesota Statutes 2024, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. **Eligibility for funding for services for nonmedical assistance recipients.** (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person is a citizen of the United States or a United States national;

(2) the person has been determined by a community assessment under section 256B.0911 to be a person who would require the level of care provided in a nursing facility, as determined under section 256B.0911, subdivision 26, but for the provision of services under the alternative care program;

(3) the person is age 65 or older;

(4) the person would be eligible for medical assistance within 135 days of admission to a nursing facility;

(5) the person is not ineligible for the payment of long-term care services by the medical assistance program due to an asset transfer penalty under section 256B.0595 or equity interest in the home exceeding $500,000 as stated in section 256B.056;

(6) the person needs long-term care services that are not funded through other state or federal funding, or other health insurance or other third-party insurance such as long-term care insurance. For purposes of this clause, short-term home health and nursing care insurance under section 62A.70 does not constitute health or other third-party insurance;

(7) except for individuals described in clause (8), the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the monthly limit described under section 256S.18. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased under this section exceed the difference between the client's monthly service limit defined under section 256S.04, and the alternative care program monthly service limit defined in this paragraph. If care-related supplies and equipment or environmental modifications and adaptations are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of the alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit described in this paragraph;

(8) for individuals assigned a case mix classification A as described under section 256S.18, with (i) no dependencies in activities of daily living, or (ii) up to two dependencies in bathing, dressing, grooming, walking, and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911, the monthly cost of alternative care services funded by the program cannot exceed $593 per month for all new participants enrolled in the program on or after July 1, 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in section 256S.18. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased exceed the difference between the client's monthly service limit defined in this clause and the limit described in clause (7) for case mix classification A;

(9) the person is making timely payments of the assessed monthly fee. A person is ineligible if payment of the fee is over 60 days past due, unless the person agrees to:

(i) the appointment of a representative payee;

(ii) automatic payment from a financial account;

(iii) the establishment of greater family involvement in the financial management of payments; or

(iv) another method acceptable to the lead agency to ensure prompt fee payments; and

(10) for a person participating in consumer-directed community supports, the person's monthly service limit must be equal to the monthly service limits in clause (7), except that a person assigned a case mix classification L must receive the monthly service limit for case mix classification A.

(b) The lead agency may extend the client's eligibility as necessary while making arrangements to facilitate payment of past-due amounts and future premium payments. Following disenrollment due to nonpayment of a monthly fee, eligibility shall not be reinstated for a period of 30 days.

(c) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown or waiver obligation. A person whose initial application for medical assistance and the elderly waiver program is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, medical assistance must be billed for services payable under the federally approved elderly waiver plan and delivered from the date the individual was found eligible for the federally approved elderly waiver plan. Notwithstanding this provision, alternative care funds may not be used to pay for any service the cost of which: (i) is payable by medical assistance; (ii) is used by a recipient to meet a waiver obligation; or (iii) is used to pay a medical assistance income spenddown for a person who is eligible to participate in the federally approved elderly waiver program under the special income standard provision.

(d) Alternative care funding is not available for a person who resides in a licensed nursing home, certified boarding care home, hospital, or intermediate care facility, except for case management services which are provided in support of the discharge planning process for a nursing home resident or certified boarding care home resident to assist with a relocation process to a community-based setting.

(e) Alternative care funding is not available for a person whose income is greater than the maintenance needs allowance under section 256S.05, but equal to or less than 120 percent of the federal poverty guideline effective July 1 in the fiscal year for which alternative care eligibility is determined, who would be eligible for the elderly waiver with a waiver obligation.

ARTICLE 7

CONSUMER PROTECTION

Section 1. Minnesota Statutes 2025 Supplement, section 8.37, subdivision 3, is amended to read:

Subd. 3. **Money deposited in the account.** ~~50~~ Fifty percent of all money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose ~~up to the first $5,000,000 each fiscal year~~ must be deposited into the account. The remaining 50 percent of money recovered by the attorney general in a consumer enforcement action that is payable to the state and not

designated as consumer enforcement public compensation or for another specific purpose must be deposited into the general fund. For purposes of this subdivision, the amount of money recovered in a consumer enforcement action that must be deposited into the fund is determined at the time when the money otherwise would have been deposited into the general fund.

Sec. 2. Minnesota Statutes 2025 Supplement, section 8.37, subdivision 5, is amended to read:

Subd. 5. **Distributions to eligible consumers.** (a) Money in the account may be distributed to any eligible consumer with an identified amount of unpaid consumer enforcement public compensation. ~~If the amount of money in the account is insufficient to pay all distributions to eligible consumers with an identified amount of unpaid consumer enforcement public compensation, the~~ Money must be distributed first to consumers eligible for unpaid consumer enforcement public compensation based on a consumer enforcement action with a final order of the oldest date.

~~(b) If the attorney general projects that there will be insufficient funding to pay all eligible consumers from the funds available on an ongoing basis, the attorney general may recommend to the legislature that the legislature prescribe a formula for prorating or capping payments to eligible consumers so that more eligible consumers will receive payment from the fund.~~

(b) If money is distributed to an eligible consumer, the distribution is limited to:

(1) the full identified amount of unpaid consumer enforcement public compensation, up to $50,000; and

(2) 50 percent of the identified amount of unpaid consumer enforcement public compensation over $50,000, or $50,000, whichever is less.

Sec. 3. **[45A.08] SUSPECTED FRAUD OR FINANCIAL EXPLOITATION; TRUSTED CONTACT PROGRAM.**

Subdivision 1. **Definition.** For purposes of this section, "trusted contact" means a person who has attained the age of 18 years and who a financial services provider customer designates as a person a financial services provider may contact if (1) an emergency occurs, (2) the financial services provider loses contact with the customer, or (3) the financial services provider suspects third-party fraud or financial exploitation targeting the customer.

Subd. 2. **Fraudulent activity; financial exploitation; reporting.** Notwithstanding any other law to the contrary, a financial services provider may report suspected fraudulent activity or financial exploitation targeting a customer to a federal, state, county, or municipal law enforcement agency or an appropriate public protective agency.

Subd. 3. **Trusted contact program.** (a) Notwithstanding any other law to the contrary, a financial services provider may offer a trusted contact program to customers. A customer may designate one or more trusted contacts for the financial services provider to contact in the event (1) a customer is not responsive to financial services provider communications, (2) the financial services provider is presented with an urgent matter or emergency involving the customer and the financial services provider is unable to locate the customer, (3) the financial services provider suspects fraudulent activity or financial exploitation targeting the customer, or (4) the customer's account is deemed dormant and the financial services provider is attempting to verify the customer's status and location.

A financial services provider may establish procedures, requirements, and forms the financial services provider deems appropriate and necessary to implement a trusted contact program under this section.

(b) A customer may terminate a person's appointment as a trusted contact at any time. A trusted contact may withdraw the person's status as a trusted contact at any time. The financial services provider may require documentation or verification the financial services provider determines is necessary to establish a trusted contact's termination or withdrawal.

Subd. 4. **Account security.** Notwithstanding any other law to the contrary, a financial services provider may voluntarily offer customers an account with convenience and security features that set transaction limits and permit limited access for one or more trusted contacts to view account activity.

Subd. 5. **Certain liability limited.** (a) A financial services provider is not liable for a trusted contact's actions. A financial services provider is not liable for declining to interact with a trusted contact if the financial services provider, in good faith and exercising reasonable care, determines a trusted contact is not acting in the customer's best interests.

(b) A financial services provider is not civilly liable for actions taken to report suspected fraudulent activity or financial exploitation under subdivision 2.

(c) A financial services provider is not civilly liable for implementing or not implementing, or for actions or omissions related to providing or administering, a trusted contact program.

(d) A trusted contact who acts in good faith and exercises reasonable care is immune from liability.

Sec. 4. Minnesota Statutes 2024, section 53B.69, subdivision 10, is amended to read:

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

Sec. 5. **[53B.751] VIRTUAL CURRENCY KIOSKS; PROHIBITION.**

Subdivision 1. **Virtual currency kiosks prohibited.** (a) Beginning August 1, 2026, a person is prohibited from installing, operating, maintaining, or making available for use a virtual currency kiosk.

(b) On or before December 31, 2026, a virtual currency kiosk operator must remove the virtual currency kiosk from any location where the virtual currency kiosk is visible or accessible to the public.

Subd. 2. **Payout.** (a) On or before December 31, 2026, a virtual currency kiosk operator that conducts virtual currency transactions exclusively through a virtual currency kiosk must pay out

any money or virtual currency held for or owed to a new or existing customer that exists as a result of virtual currency kiosk transactions.

(b) A new or existing customer may elect, at any time before December 31, 2026, to receive a payout under this subdivision:

(1) in United States dollars, in an amount equal to the market value of the customer's virtual currency plus any fiat currency; or

(2) to a virtual currency wallet designated by the customer.

(c) A virtual currency kiosk operator must make a payout under this subdivision in the manner elected by a new or existing customer under paragraph (b). If a new or existing customer elects the option under paragraph (b), clause (2), the virtual currency kiosk operator must transfer the full amount of the money and virtual currency being held for or owed to the new or existing customer to the customer's designated virtual currency wallet within 30 days of the date the customer submits the payout request.

(d) A payout to a new or existing customer must be recorded on the applicable blockchain. A virtual currency kiosk operator must retain proof that a transfer was made and must make retained proof available to the commissioner upon request.

Subd. 3. **Exception.** A virtual currency kiosk operator is not required to make a payout under subdivision 2 if the operator maintains, at all times, other lawful means for new and existing customers to access, transfer, redeem, or otherwise transact a customer's money or virtual currency that exists as a result of virtual currency kiosk transactions.

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

Sec. 6. Minnesota Statutes 2024, section 325E.21, subdivision 1b, is amended to read:

Subd. 1b. **Purchase or acquisition record required.** (a) Every scrap metal dealer, including an agent, employee, or representative of the dealer, shall create a record written in English, using an electronic record program at the time of each purchase or acquisition of scrap metal or a motor vehicle. The record must include:

(1) a complete and accurate account or description, including the weight if customarily purchased by weight, of the scrap metal or motor vehicle purchased or acquired;

(2) the date, time, and place of the receipt of the scrap metal or motor vehicle purchased or acquired and a unique transaction identifier;

(3) a photocopy or electronic scan of the seller's:

(i) proof of identification, including the identification number, if the seller is an individual; or

(ii) certificate of authority to transact business in Minnesota and business tax identification number, if the seller is an entity;

(4) the amount paid and the number of the check or electronic transfer used to purchase or acquire the scrap metal or motor vehicle;

(5) the license plate number and description of the vehicle used by the person when delivering the scrap metal or motor vehicle, including the vehicle make and model, and any identifying marks on the vehicle, such as a business name, decals, or markings, if applicable;

(6) a statement signed by the seller, under penalty of perjury as provided in section 609.48, attesting that the scrap metal or motor vehicle is not stolen and is free of any liens or encumbrances and the seller has the right to sell it;

(7) a copy of the receipt, which must include at least the following information: the name and address of the dealer, the date and time the scrap metal or motor vehicle was received by the dealer, an accurate description of the scrap metal or motor vehicle, and the amount paid for the scrap metal or motor vehicle;

(8) the identity or identifier of the employee completing the transaction; and

(9) if the seller is attempting to sell copper metal, a photocopy or electronic scan of the seller's:

(i) current license to sell scrap metal copper issued by the commissioner under subdivision 2c; or

(ii) the documentation used to support the seller being deemed to hold a license to sell scrap metal copper under subdivision 2c, paragraph (f), clauses (1) to (3).

(b) The record, as well as the scrap metal or motor vehicle purchased or acquired, shall at all reasonable times be open to the inspection of any properly identified law enforcement officer.

(c) Except for the purchase or acquisition of detached catalytic converters or motor vehicles, no record is required for property purchased or acquired from merchants, manufacturers, salvage pools, insurance companies, rental car companies, financial institutions, charities, dealers licensed under section 168.27, or wholesale dealers, having an established place of business, or of any goods purchased or acquired at open sale from any bankrupt stock, but a receipt as required under paragraph (a), clause (7), shall be obtained and kept by the person, which must be shown upon demand to any properly identified law enforcement officer.

(d) The dealer must provide a copy of the receipt required under paragraph (a), clause (7), to the seller in every transaction.

(e) The commissioner of public safety and law enforcement agencies in the jurisdiction where a dealer is located may conduct inspections and audits as necessary to ensure compliance, refer violations to the city or county attorney for criminal prosecution, and notify the registrar of motor vehicles.

(f) Except as otherwise provided in this section, a scrap metal dealer or the dealer's agent, employee, or representative may not disclose personal information concerning a customer without the customer's consent unless the disclosure is required by law or made in response to a request from a law enforcement agency. A scrap metal dealer must implement reasonable safeguards to

protect the security of the personal information and prevent unauthorized access to or disclosure of the information. For purposes of this paragraph, "personal information" is any individually identifiable information gathered in connection with a record under paragraph (a).

Sec. 7. Minnesota Statutes 2024, section 325E.21, subdivision 2c, is amended to read:

Subd. 2c. **License required for scrap metal copper sale.** (a) Beginning January 1, 2025, a person is prohibited from engaging in the sale of scrap metal copper unless the person has a valid license issued by the commissioner under this subdivision.

(b) On the first Friday of the months of April and October of each calendar year, from 8:00 a.m. to 5:00 p.m., a scrap metal dealer may purchase up to $25 of scrap metal copper from individuals who do not have an approved license to sell scrap metal copper under this subdivision. All other requirements of subdivision 1b apply and must be documented by the scrap metal dealer on the dates specified in this paragraph.

(c) A seller of scrap metal copper may apply to the commissioner on a form prescribed by the commissioner.

(d) The application form for an individual must include, at a minimum:

(1) the name, permanent address, telephone number, and date of birth of the applicant; and

(2) an acknowledgment that the applicant obtained the copper by lawful means in the regular course of the applicant's business, trade, or authorized construction work.

(e) The application form for an entity must include, at a minimum:

(1) the name, legal entity type, principal business address, telephone number, and date of formation of the entity; and

(2) an acknowledgment that the applicant obtained the copper by lawful means in the regular course of the applicant's business, trade, or authorized construction work.

~~(d)~~ (f) Each application must be accompanied by a nonrefundable fee of $250.

~~(e)~~ (g) Within 30 days of the date an application is received, the commissioner may require additional information or submissions from an applicant and may obtain any document or information that is reasonably necessary to verify the information contained in the application. Within 90 days after the date a completed application is received, the commissioner must review the application and issue a license if the applicant is deemed qualified under this section. The commissioner may issue a license subject to restrictions or limitations. If the commissioner determines the applicant is not qualified, the commissioner must notify the applicant and must specify the reason for the denial.

~~(f)~~ (h) A person is deemed to hold a license to sell scrap metal copper if the person holds one of the following:

(1) a license to perform work pursuant to chapter 326B or section 103I.501;

(2) a document, certificate, or card of competency issued by a municipality to perform work in a given trade or craft in the building trades. The document, certificate, or card must state that the individual is authorized to sell scrap metal copper. This clause is effective January 1, 2025; or

(3) a Section 608 Technician Certification issued by the United States Environmental Protection Agency.

~~(g)~~ (i) A license issued under this subdivision is valid for one year. To renew a license, an applicant must submit a completed renewal application on a form prescribed by the commissioner and a renewal fee of $250. The commissioner may request that a renewal applicant submit additional information to clarify any new information presented in the renewal application. A renewal application submitted after the renewal deadline must be accompanied by a nonrefundable late fee of $500.

~~(h)~~ (j) The commissioner may deny a license renewal under this subdivision if:

(1) the commissioner determines that the applicant is in violation of or noncompliant with federal or state law; or

(2) the applicant fails to timely submit a renewal application and the information required under this subdivision.

~~(i)~~ (k) In lieu of denying a renewal application under paragraph (g), the commissioner may permit the applicant to submit to the commissioner a corrective action plan to cure or correct deficiencies.

~~(j)~~ (l) The commissioner may suspend, revoke, or place on probation a license issued under this subdivision if:

(1) the applicant engages in fraudulent activity that violates state or federal law;

(2) the commissioner receives consumer complaints that justify an action under this subdivision to protect the safety and interests of consumers;

(3) the applicant fails to pay an application license or renewal fee; or

(4) the applicant fails to comply with a requirement established in this subdivision.

~~(k)~~ (m) This subdivision does not apply to transfers by or to an auctioneer who is in compliance with chapter 330 and acting in the person's official role as an auctioneer to facilitate or conduct an auction of scrap metal.

~~(l)~~ (n) The commissioner must enforce this subdivision under chapter 45.

Sec. 8. **[325E.91] PROHIBITION ON NUDIFICATION TECHNOLOGY.**

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

(b) "Identifiable individual" means a person that is identifiable:

(1) from the image itself, by the person depicted in the image, or by another person; or

(2) from personal information displayed in connection with the image.

(c) "Intimate part" has the meaning given in section 609.341, subdivision 5.

(d) "Nudify" or "nudified" means the process by which:

(1) an image or video is altered or generated to depict an intimate part not depicted in an original unaltered image or video of an identifiable individual; and

(2) the altered or generated image or video is so realistic that a reasonable person would believe that the intimate part belongs to the identifiable individual.

(e) "Technical skill" means substantial application of individualized technological or artistic skill and judgment by a human creator in directing, shaping, or controlling the output.

Subd. 2. **Nudification prohibited.** (a) A person who owns or controls a website, application, software, program, or other service must not:

(1) allow a user to access, download, or use the website, application, software, program, or other service to nudify an image or video; or

(2) nudify an image or video on behalf of a user.

(b) A person must not advertise or promote a website, application, software, program, or other service that performs the actions described in paragraph (a).

Subd. 3. **Exemption.** Subdivision 2 does not apply when the website, application, software, program, or other service requires the technical skill of a user to nudify an image or video.

Subd. 4. **Civil action; damages.** An individual depicted in an image or video that was nudified in violation of this section may bring a civil action in district court against the person who violated this section for:

(1) compensatory damages, including mental anguish or suffering, in an amount up to three times the actual damages sustained;

(2) punitive damages;

(3) injunctive relief;

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

(5) other relief the court deems just and equitable.

Subd. 5. **Penalties.** (a) The attorney general may enforce this section under section 8.31. In addition to other remedies or penalties, a person who violates this section is subject to a civil penalty not to exceed $500,000 for each unlawful access, download, or use under subdivision 2.

(b) Notwithstanding any contrary provision in law, including but not limited to section 16A.151, a civil penalty recovered under this subdivision must be deposited into the general fund. On July 1 each year, the accumulated balance of civil penalties collected in the previous year is appropriated to the commissioner of public safety for the Office of Justice Programs to provide grants to organizations to provide direct services and advocacy for victims of sexual assault, general crime, domestic violence, and child abuse. Funding must support the direct needs of organizations serving victims of crime by providing:

(1) direct client assistance to crime victims;

(2) competitive wages for direct service staff;

(3) hotel stays and other housing-related supports and services;

(4) culturally responsive programming;

(5) prevention programming, including domestic abuse transformation and restorative justice programming; and

(6) for other needs of organizations and crime victim survivors.

Services funded must include services for victims of crime in underserved communities most impacted by violence and reflect the ethnic, racial, economic, cultural, and geographic diversity of the state. Up to five percent of the appropriation is available for grant administration.

Subd. 6. **Jurisdiction; venue.** (a) A court has jurisdiction over a civil action filed pursuant to this section if the plaintiff or defendant resides in this state.

(b) A civil action arising under this section may be filed in the county where the plaintiff resides.

Subd. 7. **Immunity.** (a) This section does not alter or amend the liabilities and protections granted by United States Code, title 47, section 230, and must be construed in a manner consistent with federal law.

(b) This section does not impose liability on the provider of an information service or a telecommunication service, both as defined in United States Code, title 47, section 153.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to causes of action accruing on or after that date.

Sec. 9. **[325F.756] ONLINE SWEEPSTAKES.**

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

(b) "Dual-currency" means a system of payment that allows a person to play or participate in a simulated gambling program for direct or indirect consideration, including consideration associated with a related product, service, or activity, and for which the person playing the simulated gambling program may become eligible for a prize, award, cash, cash equivalent, or chance to win a prize,

award, cash, or cash equivalent. Dual-currency system does not include a contest for which no consideration is given, either directly or indirectly.

(c) "Online sweepstakes game" means a game, contest, or promotion that: (1) is available on the Internet or accessible on a mobile device, computer terminal, or similar access device; (2) utilizes a dual-currency system of payment allowing the player to exchange the currency for a prize, award, cash, cash equivalent, or chance to win a prize, award, cash, or cash equivalent; and (3) simulates casino-style or another form of gambling.

(d) "Prize" has the meaning given in section 325F.755, subdivision 1.

Subd. 2. **Prohibition of online sweepstakes games and revenue from illegal markets.** (a) A person or entity is prohibited from operating, conducting, or promoting an online sweepstakes game in Minnesota.

(b) An applicant, licensed entity, financial institution, payment processor, geolocation provider, gaming content supplier, platform provider, or media affiliate is prohibited from supporting the operation of, conducting, or promoting an online sweepstakes game in Minnesota.

Subd. 3. **Penalties and remedies.** The penalties and remedies provided under section 325F.755, subdivision 7, apply to violations of this section. The commissioner of public safety may exercise all powers necessary to investigate and enforce this section and may issue notices of violation, impose civil fines, and bring enforcement actions consistent with section 325F.755, subdivision 7.

Sec. 10. **[325F.7845] PHARMACEUTICAL ADVERTISING.**

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

(b) "Prescription drug" has the meaning provided in section 151.441, subdivision 8, except that prescription drug only includes drugs covered by the medical assistance program, MinnesotaCare program, or state employees group insurance program.

(c) "Television advertisement" means a form of paid marketing communication designed to promote products, services, or brands through an over-the-air broadcast or an Internet-based, nonbroadcast stream of an over-the-air broadcast.

Subd. 2. **Prohibition.** Television advertisements for the sale of prescription drugs to consumers are prohibited.

Subd. 3. **Enforcement.** The attorney general may enforce this section under section 8.31.

Sec. 11. Minnesota Statutes 2024, section 325F.79, is amended to read:

325F.79 DEFINITIONS.

For purposes of sections 325F.79 to 325F.792, the following definitions apply:

(a) "Advertisement" means an oral, written, graphic, or pictorial statement made in the course of soliciting business. Advertisement includes without limitation a statement or representation:

(1) made in a newspaper, magazine, or other public publication;

(2) contained in a notice, sign, billboard, poster, display, circular, pamphlet, or letter; or

(3) made on radio, television, or the Internet.

~~(a)~~ (b) "Animal" means a dog, wholly or in part of the species Canis familiaris, or a cat, wholly or in part of the species Felis domesticus.

~~(b)~~ (c) "Pet dealer" means any person, firm, partnership, corporation, or association, including breeders, that is required to collect sales tax for the sale of animals to the public. Pet dealer does not include humane societies, nonprofit organizations performing the functions of humane societies, or animal control agencies.

~~(c)~~ (d) "Breeder" means any person, firm, partnership, corporation, or association that breeds animals for direct or indirect sale to the public.

~~(d)~~ (e) "Broker" means a person, firm, partnership, corporation, or association that purchases animals for resale to other brokers or pet dealers.

~~(e)~~ (f) "Health problem" means any disease, illness, or congenital or hereditary condition which would impair the health or function of the animal that is apparent at the time of sale, or which should have been apparent to the seller from the veterinary history of the animal.

(g) "Pet shop" means a pet dealer that operates a physical retail store from which animals are sold or offered for sale to the general public, whether through an appointment or otherwise.

~~(f)~~ (h) "Veterinarian" means a licensed veterinarian in the state of Minnesota.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to acts committed on or after that date.

Sec. 12. Minnesota Statutes 2024, section 325F.791, subdivision 1, is amended to read:

Subdivision 1. **Disclosure.** (a) Every pet dealer shall deliver to each retail purchaser of an animal written disclosure as follows:

~~(a)~~ (1) the name, address, and USDA license number of the breeder and any broker who has had possession of the animal; the date of the animal's birth; the date the pet dealer received the animal; the breed, sex, color, and identifying marks of the animal; the individual identifying tag, tattoo, or collar number; the name and registration number of the sire and dam and the litter number; and a record of inoculations, worming treatments, and medication received by the animal while in the possession of the pet dealer~~.~~;

~~(b)~~ (2) a statement signed by the pet dealer that the animal has no known health problem, or a statement signed by the pet dealer disclosing any known health problem and a statement signed by a veterinarian that recommends necessary treatment~~.~~; and

(3) a copy of all available state or federal inspection reports for the animal's breeder for all inspections that occurred during the three years preceding the date the animal was purchased.

(b) The disclosure shall be made part of the statement of consumer rights set forth in subdivision 10. The disclosure required in paragraph (a), clause (1), need not be made for mixed breed animals if the information is not available and cannot be determined by the pet dealer.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to acts committed on or after that date.

Sec. 13. Minnesota Statutes 2024, section 325F.791, subdivision 5, is amended to read:

Subd. 5. **Responsibilities of purchaser.** (a) To obtain the remedies provided in subdivision 6, the purchaser shall with respect to an animal with a health problem:

~~(a)~~ (1) notify the pet dealer, within two business days, of the diagnosis by a veterinarian of the purchaser's choosing of a health problem and provide the pet dealer with the name and telephone number of the veterinarian and a copy of the veterinarian's report on the animal~~.~~; and

~~(b)~~ (2) if the purchaser wishes to receive a full refund for the animal, return the animal no later than two business days after receipt of a written statement from a veterinarian indicating the animal is unfit due to a health problem.

(b) With respect to a dead animal the purchaser must provide the pet dealer a written statement from a veterinarian, indicating the animal died from a health problem which existed on or before the receipt of the animal by the purchaser.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to acts committed on or after that date.

Sec. 14. **[325F.7915] SALE OF DOGS AND CATS PROHIBITED.**

Subdivision 1. **Prohibition.** A pet shop must not sell, offer to sell, barter, auction, or otherwise transfer ownership of an animal.

Subd. 2. **Adoption of animals.** A pet shop may provide space to a nonprofit humane society, animal control agency, or animal rescue and rehoming organization to offer animals for adoption if the society, agency, or organization qualifies as a nonprofit organization under section 501(c)(3) of the Internal Revenue Code.

Subd. 3. **Ownership interest and fees.** A pet shop is prohibited from having an ownership interest in an animal offered for adoption under subdivision 2 or receiving a fee for providing space for animal adoption.

Subd. 4. **Continued operation.** Notwithstanding subdivision 1, a pet shop that sold or offered for sale an animal from the pet shop's physical premises for at least one year before the effective date of this section may continue to operate as a pet shop and engage in the sale or offer for sale of animals if:

(1) an animal sold or offered for sale by the pet shop on or after the effective date of this section is obtained only from a state-licensed or USDA-licensed breeder; and

(2) the pet shop discloses the breeder's state or USDA license number on the animal's display cage or enclosure.

Subd. 5. **Local authority.** Notwithstanding this section, a county, city, town, or township may enact and enforce by ordinance stricter regulations regarding the transfer of ownership of animals, including a prohibition on selling or offering for sale animals by a pet dealer or other entity.

Subd. 6. **Violations.** A pet shop that operates as a pet shop pursuant to subdivision 4 that violates this section on three separate occasions is prohibited from selling, offering to sell, bartering, auctioning, or otherwise transferring ownership of an animal.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to acts committed on or after that date.

Sec. 15. Minnesota Statutes 2024, section 325F.792, subdivision 2, is amended to read:

Subd. 2. **Civil penalty.** (a) A pet dealer who:

(1) sells an animal without delivery of the disclosure required in section 325F.791, subdivision 1;

(2) fails to maintain the records required by section 325F.791, subdivision 2;

(3) fails to provide registration papers as provided in section 325F.791, subdivision 3;

(4) fails to make or provide payment for the examinations required by section 325F.791, subdivision 4;

(5) fails to post the notice required by section 325F.791, subdivision 9; or

(6) fails to provide the statement of consumer rights required by section 325F.791, subdivision 10,

is subject to a civil fine of up to $1,000 per violation.

(b) A pet shop that violates section 325F.7915 is subject to a civil fine of up to $1,000 per violation. Each transfer of an animal's ownership in violation of section 325F.7915 is a separate violation.

~~(b)~~ (c) Civil fines collected under this subdivision shall be collected by the court and turned over to the prosecuting attorney.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to acts committed on or after that date.

Sec. 16. **[325M.40] MINOR ACCESS TO CHATBOTS.**

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

(b) "Artificial intelligence" or "AI" means a machine-based system that is capable of, for explicit or implicit objectives, inferring from the input the system receives how to generate outputs that influence physical or virtual environments.

(c) "AI companion" means artificial intelligence systems that are specifically designed, marketed, or optimized to form ongoing social or emotional bonds with individuals, whether or not the systems also provide information, complete tasks, or assist with specific functions. AI companions seek to build or engage in an emotional relationship with the user by:

(1) expressing or inviting emotional attachment;

(2) reminding, prompting, or nudging the user to return for emotional support or companionship;

(3) depicting nonverbal forms of emotional support;

(4) behaving in a way that a reasonable user would consider excessive praise designed to foster emotional attachment; or

(5) enabling or purporting to enable increased intimacy based on engagement or pay.

AI companion does not include a consumer electronic device that incorporates a speaker and voice command interface or text interface and acts as a voice- or text-activated virtual assistant.

(d) "Chatbot" means an artificial intelligence system with a natural language interface that provides adaptive, human-like responses to user inputs and is capable of meeting a user's social needs, including by exhibiting anthropomorphic features and being able to sustain a relationship across multiple interactions. Chatbot does not include:

(1) a chatbot that is used only for customer service, a business' operational purposes, productivity and analysis related to source information, internal research, or technical assistance;

(2) a chatbot that is a feature of a video game and is limited to replies related to the video game that cannot discuss topics related to mental health, self-harm, sexually explicit conduct, or maintain a dialogue on other topics unrelated to the video game; or

(3) a stand-alone consumer electronic device that functions as a speaker and voice command interface, acts as a voice-activated virtual assistant, and does not sustain a relationship across multiple interactions or generate outputs that are likely to elicit emotional responses in the user.

(e) "Minor" means an individual under the age of 18.

Subd. 2. **Prohibition.** (a) A person must ensure that a chatbot operated or distributed by the person does not make chatbots available to minors to use, interact with, purchase, or converse with.

(b) A person operating artificial intelligence systems that primarily function as AI companions must ensure that chatbots operated or distributed by the person are not available to minors to use, interact with, purchase, or converse with.

Subd. 3. **Remedies; enforcement.** (a) An individual injured by a violation of this section may bring a civil action for damages, statutory damages not to exceed $1,000, injunctive relief, and costs and reasonable attorney fees.

(b) The attorney general may enforce this section under section 8.31. In an action brought under this paragraph, the person who owns or controls a website, application, software, or program and violates this section is liable for a civil penalty not to exceed $5,000,000.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 17. **TRANSITION PERIOD.**

A person who makes a chatbot available to minors must begin decreasing services in a manner that does not harm minors who use chatbots before services end on July 1, 2027.

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

Sec. 18. **REPEALER.**

(a) Minnesota Statutes 2024, section 53B.75, subdivisions 1, 2, 3, and 5, are repealed.

(b) Minnesota Statutes 2024, sections 53B.69, subdivisions 3b and 3c; and 53B.75, subdivision 4, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2026. Paragraph (b) is effective January 17, 2027.

ARTICLE 8

SECURITIES

Section 1. Minnesota Statutes 2024, section 80A.50, is amended to read:

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

(a) **Federal covered securities.**

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

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

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

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

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

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

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

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

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

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

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

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

(B) an investment company;

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

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

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

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

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

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

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

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

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

(4) **Filing and effectiveness of registration statement.** A small corporate offering registration statement must be filed with the administrator. If no stop order is in effect and no proceeding is pending under section 80A.54, such registration statement shall become effective automatically at

the close of business on the 20th day after filing of the registration statement or the last amendment of the registration statement or at such earlier time as the administrator may designate by rule or order. For the purposes of a nonissuer transaction, other than by an affiliate of the issuer, all outstanding securities of the same class identified in the small corporate offering registration statement as a security registered under this chapter are considered to be registered while the small corporate offering registration statement is effective. A small corporate offering registration statement is effective for one year after its effective date or for any longer period designated in an order under this chapter. A small corporate offering registration statement may be withdrawn only with the approval of the administrator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) **Renewal.** For each additional 12-month period in which the same offering is continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew the notice filing by filing (i) the Regulation A - Tier 2 offering notice filing form marked "renewal," or (ii) a cover letter or other document requesting renewal. The renewal filing must be made on or before the date notice filing expires.

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

(e) **Notice filing requirement for federal crowdfunding offerings.** This paragraph applies to offerings made under Regulation Crowdfunding, Code of Federal Regulations, title 17, part 227, and sections 4(a)(6) and 18(b)(4)(C) of the Securities Act of 1933, United States Code, title 15, sections 77d(A)(6) and 77r(b)(4)(C).

(1) **Initial filing.** An issuer that (i) offers and sells securities in Minnesota in an offering exempt under federal Regulation Crowdfunding, and (ii) has a principal place of business in Minnesota or sells at least 50 percent of the offering's aggregate amount to Minnesota residents, must file with the administrator:

(A) a completed Uniform Notice of Federal Crowdfunding Offering form or copies of all documents filed with the Securities and Exchange Commission; and

(B) if the issuer is not filing on the Uniform Notice of Federal Crowdfunding Offering form, consent to service of process on Form U-2.

If the issuer's principal place of business is in Minnesota, the initial filing must be submitted with the administrator when the issuer makes the issuer's initial Form C filing concerning the offering with the Securities and Exchange Commission. If the issuer's principal place of business is not in Minnesota but Minnesota residents have purchased at least 50 percent of the aggregate amount of the offering, the filing must be submitted when the issuer becomes aware that the aggregate purchases made by Minnesota residents meets the threshold, but no later than 30 days after the date the offering is complete. The initial notice filing is effective for a 12-month period beginning on the date the initial filing is submitted to the administrator.

(2) **Renewal.** For each additional 12-month period in which a single offering is continued, an issuer conducting an offering under federal Regulation Crowdfunding may renew the issuer's notice filing by filing with the administrator on or before the date the current notice filing expires:

(A) a completed Uniform Notice of Federal Crowdfunding Offering form that is marked "renewal"; or

(B) a cover letter or other document requesting renewal.

(3) **Amendment.** An issuer may increase the amount of securities offered in Minnesota by submitting (i) a completed Uniform Notice of Federal Crowdfunding Offering form that is marked "amendment," or (ii) another document that describes the modified transaction.

Sec. 2. Minnesota Statutes 2025 Supplement, section 80A.66, is amended to read:

80A.66 SECTION 411; POSTREGISTRATION REQUIREMENTS.

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

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

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

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

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

(3) a broker-dealer must establish and maintain: (i) a set of written supervisory procedures that reasonably prevent and detect violations of chapter 80A; Minnesota Rules, chapter 2876; or related orders issued by the commissioner; and (ii) a system to apply the procedures established under this clause. The procedures must designate by name or title a number of supervisory employees that is reasonable relative to the number of the broker-dealer's registered agents, offices, and transactions in Minnesota. A copy of the written procedures and the system to apply the procedures must be kept

and maintained at each branch office affiliated with the broker-dealer. A broker-dealer may use electronic media in accordance with the Financial Industry Regulatory Authority Rule 3110.11, or any successor federal law, to satisfy the obligations under this paragraph; and

~~(3)~~ (4) investment adviser records required to be maintained under paragraph (d)(1) may be maintained in any form of data storage required by rule adopted or order issued under this chapter.

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

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

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

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

(A) the amount of assets under management;

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

(C) counterparty credit risk exposure;

(D) trading and investment positions;

(E) valuation policies and practices of the fund;

(F) types of assets held;

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

(H) trading practices; and

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

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

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

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

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

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

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

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

(j) **Business continuity and succession plan.** An investment adviser registered or required to be registered under this chapter must establish, maintain, and enforce written policies and procedures relating to business continuity and succession planning. At a minimum, the policies and procedures under this paragraph must provide:

(1) a means to protect, back up, and recover books and records;

(2) an alternate method to provide notice to customers; key personnel; employees; vendors; service providers, including third-party custodians; and regulators, regarding issues pertaining to the investment adviser's business operations, including but not limited to significant business interruption, the death or unavailability of key personnel, other disruption to business activities, or ceasing business operations;

(3) a plan to relocate the office space for a principal place of business that is subject to a temporary or permanent loss;

(4) a plan to assign duties to qualified responsible persons if key personnel die or are otherwise unavailable; and

(5) a plan to otherwise minimize service disruption and client harm that might result from sudden and significant business interruption.

(k) **Physical security and cybersecurity policies and procedures.** An investment adviser registered or required to be registered under this chapter must establish, implement, update, and enforce written physical security and cybersecurity policies and procedures that are designed to ensure the confidentiality, integrity, and availability of physical and electronic records and information. The policies and procedures must be tailored to the investment adviser's business model and must take into account the investment advisor's business size, type of service provided, and number of locations.

(1) The physical security and cybersecurity policies and procedures must:

(A) protect against reasonably anticipated threats or hazards to the security or integrity of client records and information;

(B) ensure that the investment adviser protects confidential client records and information; and

(C) protect client records and information that, if released, might result in harm or inconvenience to the client.

(2) At a minimum, the physical security and cybersecurity policies and procedures must develop and implement:

(A) an organizational understanding to manage information security risk with respect to systems, assets, data, and capabilities;

(B) safeguards to ensure delivery of critical infrastructure services;

(C) actions and tools to identify when an information security event occurs;

(D) actions to take when a information security event is detected; and

(E) plans for security and system resilience, and to restore capabilities or services that are impaired due to an information security event.

(3) At the time a client engages an investment adviser and on an annual basis thereafter, an investment adviser must deliver to the client a privacy policy that is reasonably designed to assist the client understand how the investment adviser collects and shares, to the extent permitted by state and federal law, nonpublic personal information. If information in the policy becomes materially inaccurate, the investment adviser must promptly update and deliver an amended privacy policy to the client.

(l) **Written confirmation.** A broker-dealer must promptly provide to the customer a written confirmation at or before completing a transaction in accordance with the Financial Industry Regulatory Authority Rule 2232, or any successor federal law. The confirmation must:

(1) describe the security purchased or sold, the date of the transaction, the price of the security purchased or sold, and any commission charged;

(2) indicate whether the broker-dealer acted for the broker-dealer's account, as an agent for a customer, as an agent for another person, or an agent for both a customer and another person;

(3) if the broker-dealer is acting as an agent for a customer, include (i) the name of the person who purchased the security, (ii) the name of the person who sold the security, or (iii) a statement that the information in item (i) or (ii) is available to a customer on request if the broker-dealer knows the information or is able to ascertain the information with reasonable diligence;

(4) indicate whether the transaction was unsolicited; and

(5) indicate the name of the agent that executed the transaction.

A broker-dealer that complies with Securities and Exchange Commission Rule 10b-10, Code of Federal Regulations, title 17, part 240.10b-10, or article III, section 12, of the Financial Industry Regulatory Authority Rules of Fair Practice, complies with this paragraph.

(m) **Conditions; stipulations; provisions.** A broker-dealer is prohibited from entering into a contract with a customer if the contract contains a condition, stipulation, or provision that binds the customer to waive rights under chapter 80A; Minnesota Rules, chapter 2876; or an order issued by the commissioner. A condition, stipulation, or provision included in a contract subject to this paragraph is void.

(n) **Principal office; employment.** A broker-dealer whose principal office is located in Minnesota must have at least one registered person employed on a full-time basis at the principal office located in Minnesota. This paragraph does not apply to a broker-dealer engaged solely in offering and selling:

(1) interests in a direct participation program; or

(2) securities issued by open-end investment companies, face amount certificate companies, or unit investment trusts registered under the Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64.

Sec. 3. **[80A.691] BROKER-DEALERS; AGENTS; DISHONEST OR UNETHICAL BUSINESS PRACTICES.**

Subdivision 1. **Broker-dealers; standards and principles.** A broker-dealer must observe high standards of commercial honor and just and equitable principles of trade when conducting the broker-dealer's business. An act or practice that is contrary to the standards constitutes grounds for the administrator to deny, suspend, or revoke the broker-dealer's registration or to take other action authorized by statute. For purposes of this subdivision, an act or practice that is contrary to the standards includes:

(1) engaging in a pattern of unreasonable and unjustifiable delays with respect to: (i) delivering securities purchased by a customer; or (ii) upon request, paying free credit balances reflecting a customer's completed transactions;

(2) inducing trading in a customer's account that is excessive in size or frequency considering the account's financial resources and character;

(3) recommending that a customer purchase, sell, or exchange a security without reasonable grounds to believe the transaction or recommendation is suitable for the customer, based on: (i) a reasonable inquiry regarding the customer's investment objectives, financial situation, and needs; and (ii) other relevant information known by the broker-dealer;

(4) recommending a security transaction or investment strategy involving securities, including account recommendations, to a retail customer if the recommendation does not comply with the obligations set forth in Code of Federal Regulations, title 17, section 240.15l-1;

(5) executing a transaction on behalf of a customer without the customer's authorization;

(6) exercising discretionary power to effect a transaction for a customer's account without first obtaining written discretionary authority from the customer, unless the discretionary power relates solely to the time the order is executed or the order's price;

(7) executing a transaction in a margin account without securing from the customer a properly executed written margin agreement promptly after the account's initial transaction;

(8) failing to segregate customers' free securities or securities held in safekeeping;

(9) hypothecating a customer's securities without having a lien on the customer's securities, unless the broker-dealer secures the customer's properly executed written consent promptly after the initial transaction, except as permitted by Securities and Exchange Commission regulations;

(10) entering into a transaction with or for a customer at a price that is not reasonably related to the security's current market price, or receiving an unreasonable commission or profit;

(11) failing to furnish to a customer purchasing securities in an offering, no later than the due date for the transaction's confirmation: (i) a final prospectus; or (ii) a preliminary prospectus and an additional document that, when combined with the preliminary prospectus, includes all of the information included in the final prospectus;

(12) charging an unreasonable or inequitable fee for services performed, including: (i) miscellaneous services that include but are not limited to collecting money due for principal, dividends

or interest, exchanging or transferring securities, appraisals, safekeeping, or maintaining custody of securities; and (ii) other services related to the broker-dealer's securities business;

(13) offering to buy or sell a security at a stated price if the broker-dealer is not prepared to purchase or sell at the stated price and under the stated conditions at the time the offer to buy or sell is made;

(14) representing that a security is being offered to a customer "at the market" or at a price relevant to the market price, unless the broker-dealer knows or has reasonable grounds to believe a market for the security exists other than the market made, created, or controlled by: (i) the broker-dealer; (ii) a person for whom the broker-dealer is acting or with whom the broker-dealer is associated with respect to the security's distribution; or (iii) a person controlled by, controlling, or under common control with the broker-dealer;

(15) effecting a transaction in, or inducing the purchase or sale of, a security using a manipulative, deceptive, or fraudulent device, practice, plan, program, design, or contrivance, which includes but is not limited to:

(i) effecting a transaction in a security that involves no change in the security's beneficial ownership;

(ii) entering an order to purchase or sell a security with the knowledge that at least one other order for the same security that is substantially the same size, entered at substantially the same time, and for substantially the same price as the order has been or will be entered by or for the same or a different party to create (A) a false or misleading appearance of active trading in the security, or (B) a false or misleading appearance with respect to the market for the security. This item does not prohibit a broker-dealer from entering bona fide agency cross transactions for the broker-dealer's customers; or

(iii) effecting, alone or with another person, a series of transactions in a security that creates actual or apparent active trading in the security, or raises or reduces the price of the security, to induce others to purchase or sell the security;

(16) guaranteeing a customer against loss in: (i) a securities account the broker-dealer carries for the customer; (ii) a securities transaction effected by the broker-dealer; or (iii) a securities transaction effected by the broker-dealer with or for the customer;

(17) publishing or circulating, or causing to be published or circulated, a notice, circular, advertisement, newspaper article, investment service, or communication of any kind that purports to: (i) report a transaction as a purchase or sale of a security, unless the broker-dealer believes that the transaction was a bona fide purchase or sale of the security; or (ii) quote the bid price or asked price for a security, unless the broker-dealer believes the quote represents a bona fide bid for or offer of the security;

(18) using an advertising or sales presentation in a manner that is deceptive or misleading, including but not limited to distributing: (i) nonfactual data, material, or a presentation based on conjecture, unfounded or unrealistic claims; or (ii) assertions in a brochure, flyer, or display using words, pictures, graphs, or other representations that are designed to supplement, detract from, supersede, or defeat a prospectus' or disclosure's purpose or effect;

(19) failing to disclose to a customer, before entering into a contract with or for a customer to purchase or sell a security, that the broker-dealer is controlled by, controlling, affiliated with, or under common control with the security's issuer. If a disclosure under this clause is not made in writing, the disclosure must be supplemented by giving or sending written disclosure before or at the time the transaction is completed;

(20) failing to make a bona fide public offering of all of the securities allotted to a broker-dealer for distribution, whether the securities are acquired as an underwriter, a selling group member, or from a member participating in the distribution as an underwriter or selling group member;

(21) failing or refusing to: (i) furnish a customer, upon reasonable request, information the customer is entitled to; or (ii) respond to a formal written request or complaint;

(22) failing to pay and fully satisfy a final judgment or arbitration award resulting from an arbitration or court proceeding relating to an investment and initiated by the customer, unless: (i) the customer and broker-dealer, or broker-dealer's agent, agree in writing to an alternative payment arrangement; and (ii) the broker-dealer or broker-dealer's agent complies with the terms of the alternative payment arrangement;

(23) attempting to avoid paying a final judgment or arbitration award resulting from an arbitration or court proceeding relating to an investment and initiated by the customer, unless: (i) the customer and broker-dealer, or broker-dealer's agent, agree in writing to an alternative payment arrangement; and (ii) the broker-dealer or broker-dealer's agent complies with the terms of the alternative payment arrangement;

(24) failing to pay and fully satisfy a fine, civil penalty, order of restitution, order of disgorgement, or similar monetary payment obligation imposed upon the broker-dealer or broker-dealer's agent by the Securities and Exchange Commission, a state or provincial securities or other financial services regulator, or a self-regulatory organization;

(25) accessing a client's account by using the client's unique identifying information, including but not limited to the client's username and password;

(26) in connection with soliciting a sale or purchase of an over-the-counter non-NASDAQ security, failing to promptly provide the most current prospectus or the most recently filed periodic report filed under Section 13 of the Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended, if the broker-dealer receives a request from a customer;

(27) marking an order ticket or confirmation as unsolicited if the transaction is solicited;

(28) for each month in which activity has occurred in a customer's account and no less frequently than once every three months regardless of whether customer account activity has occurred, failing to provide the customer with an account statement that, with respect to all over-the-counter non-NASDAQ equity securities in the account, contains a value for each security based on the closing market bid on a date certain. This clause applies only if the broker-dealer has been a market maker in the security at any time during the month in which the monthly or quarterly statement is issued; or

(29) failing to comply with an applicable provision of the Financial Industry Regulatory Authority conduct rules or an applicable fair practice or ethical standard promulgated by the Securities and Exchange Commission or a self-regulatory organization approved by the Securities and Exchange Commission.

Subd. 2. **Broker-dealer's agents; standards and principles.** A broker-dealer's agent must observe high standards of commercial honor and just and equitable principles of trade when conducting the broker-dealer's agent's business. An act or practice that is contrary to the standards constitutes grounds for the administrator to deny, suspend, or revoke the broker-dealer's agent's registration or to take other action authorized by statute. For purposes of this subdivision, an act or practice that is contrary to the standards includes:

(1) lending to or borrowing from a customer money or securities, or acting as a custodian for a customer's money, securities, or executed stock power, unless otherwise permissible under the Financial Industry Regulatory Authority Rule 3240, or any successor federal law;

(2) effecting securities transactions that are not recorded on the regular books or records maintained by the broker-dealer the broker-dealer's agent represents, unless the transactions are authorized in writing by the broker-dealer before executing the transaction or exempt as subscription-way transactions under Code of Federal Regulations, title 17, section 240.17a-3, or any successor federal law;

(3) establishing or maintaining an account that contains fictitious information in order to execute transactions that are otherwise prohibited;

(4) sharing directly or indirectly in profits or losses in a customer account without the written authorization from the customer and the broker-dealer the broker-dealer's agent represents;

(5) dividing or otherwise splitting the broker-dealer's agent's commissions, profits, or other compensation from purchasing or selling securities with a person who is not also registered as a broker-dealer's agent for the same broker-dealer or for a broker-dealer under direct or indirect common control or unless otherwise allowed under the Security Exchange Act of 1934 rules, guidance, or authorization; or

(6) engaging in the conduct specified under subdivision 1, clause (2), (3), (4), (5), (6), (7), (10), (11), (15), (16), (17), (18), (22), (23), (24), (25), (26), (27), (28), or (29).

Subd. 3. **Conduct specified not exclusive.** The conduct identified as a violation under subdivisions 1 and 2 is not exclusive. A broker-dealer or broker-dealer's agent that engages in other conduct, including but not limited to forgery, embezzlement, nondisclosure, incomplete disclosure or misstatement of material facts, or manipulative or deceptive practices, is also subject to denial, suspension, or revocation of registration.

Sec. 4. Minnesota Statutes 2024, section 80C.12, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** The commissioner, with or without prior notice or hearing, may issue a cease and desist order and may issue an order denying, suspending or revoking any registration, amendment or exemption on finding any of the following:

~~(a)~~ (1) that the applicant, registrant or franchisor or any officer, director, agent or employee thereof or any other person has violated or failed to comply with any provision of sections 80C.01 to 80C.22 or any rule or order of the commissioner;

~~(b)~~ (2) that the offer, sale, or purchase of the franchise would constitute misrepresentation to or deceit or fraud upon purchasers thereof, or has worked or tended to work a fraud upon purchasers or would so operate;

~~(c)~~ (3) that the applicant, registrant or franchisor or any officer, director, agent or employee thereof or any other person is engaging or about to engage in false, fraudulent or deceptive practices in connection with the offer and sale of a franchise;

~~(d)~~ (4) that any person identified in a public offering statement has been: (i) convicted of an offense or held liable in a civil action by final judgment described in section 80C.04, subdivision 1, paragraph (e), clause ~~(5)~~ (1), has a civil or criminal action pending as described in section 80C.04, subdivision 1, paragraph (e), clause (5), or is subject to an order~~, or has had a civil judgment entered against the person as described in section 80C.04, clause (5),~~ described in section 80C.04, subdivision 1, paragraph (e), clauses (2) to (4); and (ii) the involvement of the person in the business of the applicant or franchisor creates a substantial risk to prospective franchisees;

~~(e)~~ (5) that the financial condition of the franchisor adversely affects or would adversely affect the ability of the franchisor to fulfill its obligations under the franchise agreement;

~~(f)~~ (6) that the franchisor's enterprise or method of business includes or would include activities which are illegal where performed; or

~~(g)~~ (7) that the method of sale or proposed method of sale of franchises or the operation of the business of the franchisor or any term or condition of the franchise agreement or any practice of the franchisor is or would be unfair or inequitable to franchisees.

ARTICLE 9

TELECOMMUNICATIONS

Section 1. Minnesota Statutes 2024, section 237.035, is amended to read:

237.035 TELECOMMUNICATIONS CARRIER EXEMPTION.

(a) Telecommunications carriers are subject to regulation under this chapter only to the extent required under paragraphs (b) to (e).

(b) Telecommunications carriers shall comply with sections 237.121 and 237.74.

(c) Telecommunications carriers shall comply with section 237.16, ~~subdivisions~~ subdivision 8 ~~and 9~~.

(d) To the extent a telecommunications carrier offers local service, it shall obtain a certificate under section 237.16 for that local service.

(e) In addition, a telecommunications carrier's local service is subject to this chapter except that:

(1) a telecommunications carrier is not subject to rate-of-return or earnings investigations under section 237.075 or 237.081; and

(2) a telecommunications carrier is not subject to section 237.22.

Sec. 2. Minnesota Statutes 2024, section 237.036, is amended to read:

237.036 COIN-OPERATED OR PUBLIC PAY TELEPHONES.

~~(a) Neither commission approval nor a commission certificate is required to:~~

~~(1) site a coin-operated or public pay telephone in the state; or~~

~~(2) implement changes in service, services offered, rates, or location regarding a coin-operated or public pay telephone. Registration under section 237.64 is required to own or operate a coin-operated or public pay telephone in the state.~~

~~(b) This section does not change the authority of other state or local government entities to regulate aspects of coin-operated or public pay telephone ownership, location, or operation; however, an entity may not regulate aspects of these services that it did not regulate prior to May 26, 1999. The commission shall retain the authority delegated to it under federal and state law to protect the public interest with regard to coin-operated or public pay telephones.~~

~~(c) Owners and operators of coin-operated or public pay telephones are exempt from sections 237.06, 237.07, 237.075, 237.09, 237.23, and 237.295, and the annual reporting requirement of section 237.11.~~

~~(d)~~ Owners of coin-operated or public pay telephones shall:

(1) provide immediate coin-free access, to the extent technically feasible, to 911 emergency service or to another approved emergency service; and

(2) provide free access to the telecommunications relay service for people with communication disabilities.

~~(e) Owners of coin-operated or public pay telephones must post at each coin-operated or public pay telephone location:~~

~~(1) customer service and complaint information, including the name, address, and telephone number of the owner of the coin-operated or public pay telephone and the operator service handling calls from the coin-operated or public pay telephone; a toll-free number of the appropriate telephone company for the resolution of complaints; and the toll-free number of the public utilities commission; and~~

~~(2) a toll-free number at which consumers can obtain pricing information regarding rates, charges, terms, and conditions of local and long-distance calls.~~

Sec. 3. Minnesota Statutes 2024, section 237.069, is amended to read:

237.069 TRACER; HARASSING TELEPHONE CALL; RULES.

~~The commission shall adopt rules to govern how telephone companies respond to requests for tracers made by persons who allege receiving harassing telephone calls. The rules must address when a request for a tracer may be denied or delayed.~~ A telecommunications carrier operating in Minnesota must ensure the telecommunications carrier's equipment, facilities, and services are capable of enabling authorized law enforcement agencies to conduct lawful interception and access call-identifying information in a manner consistent with United States Code, title 47, sections 1001 to 1010.

Sec. 4. Minnesota Statutes 2024, section 237.07, subdivision 1, is amended to read:

Subdivision 1. **Filing of charges.** Every telephone company shall keep on file with the department a specific rate, toll, or charge for every kind of noncompetitive service and a price list for every kind of service subject to emerging competition, together with all rules and classifications used by it in the conduct of the telephone business, including limitations on liability. The filings are governed by chapter 13. When a company sells services subject to emerging competition on an individually priced basis, it shall file a statement of the charges to its customers with the commission and the department. ~~The department shall require each telephone company to keep open for public inspection, at designated offices, so much of these rates, price lists, and rules as it deems necessary for the public information.~~

Sec. 5. Minnesota Statutes 2024, section 237.11, is amended to read:

237.11 INSPECTING RECORDS AND PROPERTY; REPORTS REQUIRED.

(a) Every telephone company subject to the provisions of this chapter, wherever organized, shall ~~keep an office in this state, and~~ make such reports to the department as it shall from time to time require. All books, records, and files~~, whether they relate to competitive or noncompetitive services,~~ and all of its property shall be at all times subject to inspection by the commission and the department. It shall close its accounts and take therefrom a balance sheet on December 31 of each year, and on or before May 1 following, such balance sheet, together with such other information as the department shall require, verified by an officer of the telephone company, shall be filed with the commission and the department, except that a local exchange carrier or a competitive local exchange carrier, as defined in Minnesota Rules, chapter 7811, is only required to file an annual report that includes the company's name, contact person, annual revenue, and status of its 911 update plan.

(b) In the event that any telephone company shall fail to file its annual report, as provided by this section, the department is authorized to make such an examination of the books, records, and vouchers of the company as is necessary to procure the necessary data for the annual report and cause the same to be prepared. The expense of procuring this data and preparing this report shall be paid by the telephone company failing to report, and the amount paid shall be credited by the commissioner of management and budget to funds appropriated for the expense of the department.

(c) The department is authorized to force collection of such sum by an action at law in the name of the department.

Sec. 6. Minnesota Statutes 2024, section 237.164, is amended to read:

237.164 UNIVERSAL SERVICE DISCOUNT FOR SCHOOL OR LIBRARY.

~~The commission shall establish intrastate service discounts for schools and libraries by order to the extent necessary to enable schools and libraries to receive federally supported discounts.~~ A school, school district, or library is eligible to receive telecommunications service at discounted rates, consistent with the E-Rate program administered by the Universal Service Administrative Company under United States Code, title 47, section 254, and Code of Federal Regulations, title 47, part 54.

Sec. 7. Minnesota Statutes 2024, section 237.626, subdivision 1, is amended to read:

Subdivision 1. **Promotions.** A telephone company or telecommunications carrier may promote the use of its services by offering a waiver of part or all of a recurring or a nonrecurring charge, a redemption coupon, or a premium with the purchase of a service. Section 237.09 does not apply to promotions under this section, but the customer group to which the promotion is available must be based on reasonable distinctions among customers. The service being promoted must have a price that is above the incremental cost of the service, including amortized cost of the promotion. ~~A promotion may take effect the day after the notice is filed with the commission. The notice must identify customers to whom the promotion is available.~~

Sec. 8. Minnesota Statutes 2024, section 237.626, subdivision 3, is amended to read:

Subd. 3. **Promotions available for resale.** Any promotional offering ~~lasting more than 90 days and filed with the commission under subdivision 1 must be~~ does not need to be made available to qualifying carriers for resale. ~~A~~ If a telephone company or telecommunications carrier makes a promotional offering available to a qualifying carrier for resale, the qualifying carrier must hold a certificate of authority from the commission and must have an approved interconnection agreement with the company offering the promotion, the terms of which include language governing the resale of services.

Sec. 9. Minnesota Statutes 2024, section 237.66, is amended by adding a subdivision to read:

Subd. 4. **Notice; local residential customers.** A telephone company must notify a residential customer regarding the price for all service options available to the customer. A notice must be provided:

(1) at the time the customer initially requests service;

(2) when the customer requests a service change; and

(3) at any time upon the customer's request.

Sec. 10. Minnesota Statutes 2024, section 237.66, is amended by adding a subdivision to read:

Subd. 5. **Customer notice; prior authorization.** A telephone company may provide the notice under subdivision 4 to a customer using paper billing, electronic billing, or other electronic communication methods if:

(1) the customer affirmatively opts in to electronic billing or electronic communication;

(2) the information in the notice is provided clearly and accessibly; and

(3) the customer is allowed to request a paper copy of service option pricing at any time and at no charge to the customer.

Sec. 11. Minnesota Statutes 2024, section 237.70, subdivision 7, is amended to read:

Subd. 7. **Application, notice, financial administration, complaint investigation.** The telephone assistance plan must be administered jointly by the commission, the Department of Commerce, and the local service providers in accordance with the following guidelines:

(a) The commission and the Department of Commerce shall develop an application form that must be completed by the subscriber for the purpose of certifying eligibility for telephone assistance plan credits to the local service provider. The application must contain the applicant's Social Security number. Applicants who refuse to provide a Social Security number will be denied telephone assistance plan credits. The application form must also include a statement that the applicant household is currently eligible for one of the programs that confers eligibility for the federal Lifeline Program. The application must be signed by the applicant, certifying, under penalty of perjury, that the information provided by the applicant is true.

(b) Each local service provider shall annually mail a notice of the availability of the telephone assistance plan to each residential subscriber in a regular billing and shall mail the application form to customers when requested.

The notice must state the following:

YOU MAY BE ELIGIBLE FOR ASSISTANCE IN PAYING YOUR TELEPHONE BILL IF YOU RECEIVE BENEFITS FROM CERTAIN LOW-INCOME ASSISTANCE PROGRAMS. FOR MORE INFORMATION OR AN APPLICATION FORM PLEASE CONTACT .....

(c) An application may be made by the subscriber, the subscriber's spouse, or a person authorized by the subscriber to act on the subscriber's behalf. On completing the application certifying that the statutory criteria for eligibility are satisfied, the applicant must return the application to the subscriber's local service provider. On receiving a completed application from an applicant, the subscriber's local service provider shall provide telephone assistance plan credits against monthly charges in the earliest possible month following receipt of the application. The applicant must receive telephone assistance plan credits until the earliest possible month following the service provider's receipt of information that the applicant is ineligible.

If the telephone assistance plan credit is not itemized on the subscriber's monthly charges bill for local telephone service, the local service provider must notify the subscriber of the approval for the telephone assistance plan credit.

(d) The commission shall serve as the coordinator of the telephone assistance plan and be reimbursed for its administrative expenses from the surcharge revenue pool. As the coordinator, the commission shall:

(1) establish a uniform statewide surcharge in accordance with subdivision 6;

~~(2) establish a uniform statewide level of telephone assistance plan credit that each local service provider shall extend to each eligible household in its service area;~~

~~(3)~~ (2) require each local service provider to account to the commission on a periodic basis for surcharge revenues collected by the provider, expenses incurred by the provider, not to include expenses of collecting surcharges, and credits extended by the provider under the telephone assistance plan;

~~(4)~~ (3) require each local service provider to remit surcharge revenues to the Department of Public Safety for deposit in the fund; and

~~(5)~~ (4) remit to each local service provider from the surcharge revenue pool the amount necessary to compensate the provider for expenses, not including expenses of collecting the surcharges, and telephone assistance plan credits. When it appears that the revenue generated by the maximum surcharge permitted under subdivision 6 will be inadequate to fund any particular established level of telephone assistance plan credits, the commission shall reduce the credits to a level that can be adequately funded by the maximum surcharge. Similarly, the commission may increase the level of the telephone assistance plan credit that is available or reduce the surcharge to a level and for a period of time that will prevent an unreasonable overcollection of surcharge revenues.

(e) Each local service provider shall maintain adequate records of surcharge revenues, expenses, and credits related to the telephone assistance plan and shall, as part of its annual report or separately, provide the commission and the Department of Commerce with a financial report of its experience under the telephone assistance plan for the previous year. That report must also be adequate to satisfy the reporting requirements of the federal matching plan.

(f) The Department of Commerce shall investigate complaints against local service providers with regard to the telephone assistance plan and shall report the results of its investigation to the commission.

Sec. 12. Minnesota Statutes 2024, section 237.762, subdivision 5, is amended to read:

Subd. 5. **Income-neutral change.** Other than as authorized in this subdivision, an initial alternative regulation plan must not permit income-neutral rate changes for price-regulated services during the plan except as is necessary to implement extended area service or any successor to that service. Any plan must provide that after the rules issued pursuant to section 237.16 are adopted, rates for price-regulated services may be increased, as approved by the commission, to the extent necessary to carry out the purpose of those rules. ~~However, rate increases, if any, for those services must be incorporated with a universal service fund so that the effective rate for the customers of those services does not increase during the first three years of the plan.~~

Sec. 13. **REPEALER.**

Minnesota Statutes 2024, sections 237.065; 237.066; 237.067; 237.071; 237.072; 237.075, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11; 237.14; 237.15; 237.16, subdivision 9; 237.22; 237.231; 237.59, subdivisions 1, 1a, 2, 3, 4, 5, 6, 8, 9, and 10; 237.66, subdivisions 1, 1a, 1c, 1d, 2, 2a, and 3; 237.75; 237.766; 237.768; 237.772; and 237.775, are repealed.

ARTICLE 10

INSURANCE AND FINANCIAL PRODUCTS

Section 1. **[48.741] VIRTUAL-CURRENCY CUSTODY SERVICES.**

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

(b) "Control of virtual currency" has the meaning given in section 53B.69, subdivision 2.

(c) "Virtual currency" has the meaning given in section 53B.69, subdivision 6.

(d) "Virtual-currency custody services" means safekeeping, controlling, or managing virtual currency, or the cryptographic private keys used to access virtual currency, on behalf of another person.

Subd. 2. **Authority.** A banking institution may provide virtual-currency custody services in a fiduciary or nonfiduciary capacity, subject to this section and applicable state and federal law.

Subd. 3. **Safety and soundness.** A banking institution that engages in virtual-currency custody services must conduct the activity in a safe and sound manner and must maintain written policies and procedures governing risk management, internal controls, cybersecurity, business continuity, and compliance.

Subd. 4. **Notice to commissioner.** A banking institution must provide written notice to the commissioner at least 60 days before commencing virtual-currency custody services. The notice must describe the nature of the services and the banking institution's risk management framework.

Subd. 5. **Fiduciary capacity.** (a) A banking institution may provide virtual-currency custody services in a fiduciary or custodial capacity, including as agent, bailee, or trustee for the limited purpose of safekeeping or administration of virtual currency, to the same extent the banking institution may lawfully hold or safeguard other assets for customers.

(b) The commissioner may limit or condition the authority to provide virtual-currency custody services under paragraph (a) only if the commissioner determines the activity is conducted in an unsafe or unsound manner.

Subd. 6. **Segregation of assets.** A banking institution must structure virtual-currency custody services to ensure that customer virtual currency and associated control mechanisms are legally and operationally segregated from the banking institution's assets and are not treated as the banking institution's property, consistent with the segregation of assets held in other custodial or fiduciary capacities and the concept of control of controllable electronic records under sections 336.12-101 to 336.12-107.

Subd. 7. **Third-party service providers.** A banking institution may engage one or more qualified third-party service providers or subcustodians to facilitate virtual-currency custody services, provided the banking institution retains oversight responsibility and ensures compliance with this section.

Subd. 8. **Supervision and examination.** A banking institution's virtual-currency custody services are subject to examination by the commissioner as part of the regular supervisory process.

Subd. 9. **Construction.** This section does not (1) authorize a banking institution to engage in activities otherwise prohibited by law, or (2) alter the legal characterization of virtual currency under state or federal law.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to virtual-currency custody services commenced on or after that date.

Sec. 2. Minnesota Statutes 2024, section 52.063, subdivision 3, is amended to read:

Subd. 3. **Appointment of National Credit Union Administration Board as receiver.** Upon a request by the commissioner of commerce, the court may appoint the National Credit Union Administration Board, created by section 3 of the Federal Credit Union Act, as amended, or a share insurance provider approved by the commissioner as receiver of a credit union, without bond, when the deposits of the credit union are to any extent insured by the National Credit Union Administration Board or approved share insurance provider, and the credit union has had its operations suspended or has executed a consent cease and desist order with the commissioner in lieu of a suspension under section 52.062. Notwithstanding any other provisions of law, the commissioner of commerce may, in the event of the suspension or consent cease and desist order, tender to the National Credit Union Administration Board or approved share insurance provider the proposed appointment as receiver of the credit union. If the National Credit Union Administration Board or approved share insurance provider accepts the proposed appointment and the court appoints the National Credit Union Administration Board or approved share insurance provider as receiver upon a request by the commissioner, the National Credit Union Administration Board or approved shared insurance provider shall have and possess all the powers and privileges provided by the laws of this state and section 207 of the Federal Credit Union Act, as amended, with respect to a receiver of a credit union, the board of directors of the credit union, and its members.

Sec. 3. Minnesota Statutes 2024, section 52.24, subdivision 1, is amended to read:

Subdivision 1. **Insurance accounts.** Every credit union under the supervision of the commissioner of commerce shall at all times maintain in effect insurance of member share and deposit accounts under the provisions of title II of the National Credit Union Act or through a credit union share guaranty corporation that is approved by the commissioner. A credit union ~~which~~ that fails to meet this requirement for insurance of its share and deposit accounts shall either dissolve or merge with another credit union ~~which~~ that is insured under title II of the National Credit Union Act or through a credit union share guaranty corporation that is approved by the commissioner.

Sec. 4. Minnesota Statutes 2024, section 52.24, is amended by adding a subdivision to read:

Subd. 1a. **Credit union share guaranty corporation; accounts insured.** (a) A credit union share account of an individual member or a nonmember of a participating credit union must be guaranteed in an amount established from time to time by the credit union share guaranty corporation. The primary guaranteed amount must be at least the amount of the credit union share account but must not exceed $250,000 or the primary guaranteed amount insured by the National Credit Union Administration, whichever is greater.

(b) The commissioner may examine a credit union share guaranty corporation that insures the member accounts of a credit union that is subject to this section. The commissioner may assess the credit union share guaranty corporation examined for reasonable costs incurred to conduct an examination under this section. Money received from an assessment under this paragraph must be deposited in the financial institutions account in the special revenue fund.

(c) A credit union is prohibited from voluntarily terminating the credit union's insurance with the National Credit Union Administration Share Insurance Program or a credit union share guaranty corporation without receiving approval from the commissioner.

Sec. 5. Minnesota Statutes 2024, section 52.24, subdivision 2, is amended to read:

Subd. 2. **Certificate of approval.** No credit union shall be granted a certificate of approval by the commissioner of commerce unless the credit union has obtained a commitment for insurance of its member share and deposit accounts under the provisions of title II of the National Credit Union Act or from an approved credit union share guaranty corporation.

Sec. 6. **[52.25] VIRTUAL-CURRENCY CUSTODY SERVICES.**

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

(b) "Control of virtual currency" or "control" has the meaning given in section 53B.69, subdivision 2.

(c) "Virtual currency" has the meaning given in section 53B.69, subdivision 6.

(d) "Virtual-currency custody services" means safekeeping, controlling, or managing virtual currency, or the cryptographic private keys used to access virtual currency, on behalf of another person.

Subd. 2. **Authority.** A credit union may provide virtual-currency custody services to the credit union's members in a fiduciary or nonfiduciary capacity, subject to this section and applicable state and federal law.

Subd. 3. **Safety and soundness.** A credit union that engages in virtual-currency custody services must conduct the activity in a safe and sound manner and must maintain written policies and procedures governing risk management, internal controls, cybersecurity, business continuity, and compliance.

Subd. 4. **Notice to commissioner.** A credit union must provide written notice to the commissioner at least 60 days before commencing virtual-currency custody services. The notice must describe the nature of the services and the credit union's risk management framework.

Subd. 5. **Fiduciary capacity.** (a) A credit union may provide virtual-currency custody services in a fiduciary or custodial capacity, including as agent, bailee, or trustee for the limited purpose of safekeeping or administration of virtual currency, to the same extent the credit union may lawfully hold or safeguard other assets for members or customers.

(b) The commissioner may limit or condition the authority to provide virtual-currency custody services under paragraph (a) only if the commissioner determines the activity is conducted in an unsafe or unsound manner.

Subd. 6. **Segregation of assets.** A credit union must structure virtual-currency custody services to ensure that customer virtual currency and associated control mechanisms are legally and operationally segregated from the credit union's assets and are not treated as the credit union's property, consistent with the segregation of assets held in other custodial or fiduciary capacities and the concept of control of controllable electronic records under sections 336.12-101 to 336.12-107.

Subd. 7. **Third-party service providers.** A credit union may engage one or more qualified third-party service providers or subcustodians to facilitate virtual-currency custody services, provided the credit union retains oversight responsibility and ensures compliance with this section.

Subd. 8. **Supervision and examination.** A credit union's virtual-currency custody services are subject to examination by the commissioner as part of the regular supervisory process.

Subd. 9. **Construction.** This section does not (1) authorize a credit union to engage in activities otherwise prohibited by law, or (2) alter the legal characterization of virtual currency under state or federal law.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to virtual-currency custody services commenced on or after that date.

Sec. 7. **[58.131] RESIDENTIAL MORTGAGE LOAN SERVICING STANDARDS.**

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

(b) "Authorized representative" means a person, including but not limited to an attorney, employee, or agent of a government agency, not-for-profit housing counseling organization, or legal services organization, designated by a borrower in a written authorization signed by the borrower or in any other form of verifiable authorization to share information and communicate with a servicer on behalf of the borrower.

(c) "Clearly and conspicuously" means the statement, representation, or term being disclosed is displayed in a size, color, and contrast and is presented in a manner that makes the statement readily noticed and understood by an ordinary consumer.

(d) "Government-sponsored enterprise" means the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(e) "Real Estate Settlement Procedures Act" or "RESPA" means the Real Estate Settlement Procedures Act of 1974, United States Code, title 12, section 2601, et seq., and regulations adopted pursuant to RESPA, also known as Regulation X, Code of Federal Regulations, title 12, part 1024, as amended.

(f) "Third-party provider" means any person or entity retained by or on behalf of the servicer, including but not limited to foreclosure firms, law firms, foreclosure trustees, other agents,

independent contractors, subsidiaries, and affiliates, that provides insurance, foreclosure, bankruptcy, mortgage servicing including loss mitigation, or other products or services in connection with servicing a mortgage loan.

(g) "Transferee servicer" means a servicer that has agreed to obtain the right to service a mortgage loan pursuant to an agreement or understanding.

(h) "Transferor servicer" means a servicer that has agreed to, or been informed that the servicer must, transfer the right to service a mortgage loan to another servicer.

Subd. 2. **General requirements.** (a) A violation of an applicable state law or administrative rule, a federal law or regulation, or a state or federal program is a violation of this section.

(b) In addition to complying with this section, a servicer must comply with:

(1) other applicable sections of this chapter;

(2) other applicable state law, including but not limited to chapters 46A, 47, 580, 581, and 582;

(3) applicable sections of RESPA;

(4) the federal Servicemembers Civil Relief Act, United States Code, title 50, section 501, et seq.; and

(5) other applicable federal laws and implementing regulations, as amended, including but not limited to:

(i) the Gramm-Leach-Bliley Act, Public Law 106-102;

(ii) the Truth-in-Lending Act, United States Code, title 15, section 1601, et seq.; and

(iii) the Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681x.

Subd. 3. **Servicing and ownership transfers or sales.** (a) When acquiring servicing rights from a transferor servicer, a transferee servicer must continue processing loan modification requests and honoring trial and permanent modifications.

(b) When transferring or selling loan servicing with pending modification requests or trial or permanent modifications, a transferor servicer must:

(1) inform the transferee servicer if a loan modification is pending; and

(2) obligate the transferee servicer to (i) accept and continue processing loan modification requests, and (ii) honor trial and permanent loan modification agreements.

Subd. 4. **Payment processing and fees.** (a) A servicer must comply with section 47.59, subdivision 9a, regarding prompt crediting of payments, if the borrower has provided sufficient information to credit the account. A servicer must apply the payment as specified in the loan documents.

(b) A servicer may enter into a written contract with the borrower that allows the servicer to hold certain types of money, or money sent by a certain method, for a period of time until the money is available before crediting the money to the borrower's account.

(c) A servicer must notify the borrower if a payment is received, not credited, and placed in a suspense account. The servicer must send the notification to the borrower within ten business days by United States mail to the borrower's last known address. The notification must identify (1) the reason the payment was not credited or treated as credited to the account, and (2) any actions the borrower must take to make the residential mortgage loan current. If a servicer provides monthly or more frequent statements that include the information under this paragraph, the servicer is not required to provide the information in an additional notice. If this paragraph conflicts with the requirements of an applicable bankruptcy court order, compliance with the bankruptcy court requirements constitutes compliance with this paragraph or paragraph (d).

(d) When a suspense account contains enough money to make a full payment, a servicer must apply the payment to the mortgage on the date the full amount became available in the suspense account.

(e) A servicer must assess an incurred fee to a borrower's account within 60 days of the date the fee was incurred. A servicer must clearly and conspicuously explain the fee in a statement mailed to the borrower at the borrower's last known address no more than 30 days after the date the fee is assessed. If a servicer provides monthly or more frequent statements that include the information under this paragraph, the servicer is not required to provide the information in an additional notice.

Subd. 5. **Contracting with third-party providers.** A servicer must adopt written policies and procedures governing the oversight of third-party providers, including but not limited to foreclosure trustees, foreclosure firms, subservicers, agents, subsidiaries, and affiliates. A servicer must maintain the policies and procedures as part of the servicer's books and records and must provide the policies and procedures to the commissioner upon request.

Subd. 6. **Maintenance of the escrow account.** (a) If a servicer collects escrow amounts held for the borrower to pay insurance, taxes, or other charges with respect to the property, the servicer must collect and make all payments from the escrow account. To the extent the servicer has control, the servicer must ensure that no late penalties are assessed or other negative consequences result for the borrower.

(b) At least annually or upon the borrower's request, a servicer must inform the borrower in writing regarding the amount of reserve required in an escrow account. The notice must advise the borrower of any fees the borrower incurs (1) for not maintaining the reserve amount, or (2) if the servicer advances escrow amounts on the borrower's behalf and subsequently collects the escrow amounts from the borrower.

(c) A servicer may enter into a written agreement with the borrower that specifies the servicer is not required to make escrow payments unless money is available in the escrow account. An agreement under this paragraph must include language that provides notice to the borrower that the borrower is responsible to pay the escrow amounts if an amount sufficient to pay the escrow amounts is not maintained in the escrow account.

(d) A servicer must notify the borrower within ten business days of the date a change is made to the escrow account that modifies the borrower's escrow payment amount. A change requiring notification includes but is not limited to hazard insurance premiums, a reduction in the required reserve amount for the account, or a change in the property's tax assessment. A change resulting from a borrower's regularly scheduled payment is not a change requiring notification.

Subd. 7. **Borrower requests for information.** (a) A servicer must make a reasonable attempt to comply with a borrower's request for information, including a request for information about loss mitigation, regarding the residential mortgage loan account and must respond to a dispute initiated by the borrower about the loan account. A reasonable attempt under this subdivision includes but is not limited to:

(1) maintaining written or electronic records of each written request for information involving the borrower's account until the residential mortgage loan is paid in full, sold, or otherwise satisfied; and

(2) providing a written statement to the borrower within 30 business days of the date a written request is received from the borrower or by following the response timelines provided by a loss mitigation program. A borrower's request must include the borrower's name and account number, if any, a statement that the account is or may be in error, and sufficient detail regarding the information sought by the borrower to permit the servicer to comply.

(b) At a minimum, a servicer must provide the following information in response to a borrower request received under this subdivision:

(1) whether the account is current or, if the account is not current, an explanation regarding the default and the date the account entered default;

(2) the current balance due on the residential mortgage loan, including the principal due; the amount of money, if any, held in a suspense account; the amount of the escrow balance known to the servicer, if any; and whether any escrow deficiencies or shortages are known to the servicer;

(3) the identity, address, and other relevant information about the current holder, owner, or assignee of the residential mortgage loan; and

(4) the telephone number and mailing address of an individual servicer representative with the information and authority to answer questions and resolve disputes.

(c) A servicer must promptly correct errors and refund fees assessed to the borrower resulting from an error the servicer made.

(d) If the content of a servicer's response meets the requirements under RESPA for a response to a qualified written request, the servicer has complied with this subdivision. A servicer deemed compliant with this subdivision under this paragraph must separately comply with paragraph (c).

(e) In addition to the statement described under paragraph (a), clause (2), a borrower may request more detailed information from a servicer. A servicer that receives a request under this paragraph must provide the information to the borrower within 30 business days of the date a written request from the borrower is received. A borrower's request must include the borrower's name and account

number, if any, a statement that the account is or may be in error, and sufficient detail to the servicer regarding information sought by the borrower. If requested by the borrower, a statement provided under this paragraph must also include:

(1) a copy of the original note or, if the original note is unavailable, an affidavit of lost note that includes all endorsements; and

(2) a statement that (i) identifies and itemizes all fees and charges assessed under the loan servicing transaction, (ii) provides a full payment history that identifies in a clear and conspicuous manner all the debits, credits, applications, and disbursements of all payments received from or for the benefit of the borrower, and (iii) identifies other activity on the residential mortgage loan, including escrow account activity and suspense account activity, if any.

(f) For purposes of a borrower request made under paragraph (e) the account history period must cover, at a minimum, the two-year period before the date the request for information is received. If the servicer has not serviced the residential mortgage loan for the entire two-year period, the servicer must provide the information back to the date on which the servicer began servicing the residential mortgage loan and must identify the previous servicer, if known. If a servicer claims delinquent or outstanding sums are owed on the residential mortgage loan prior to the two-year period or the period during which the servicer has serviced the residential mortgage loan, the servicer must provide an account history beginning with the month that the servicer claims any outstanding sums are owed on the residential mortgage loan up to the date the request for the information is received.

(g) If the borrower requests a statement under paragraph (e), a servicer must provide the statement free of charge. A borrower is entitled to only one free statement annually under this paragraph. If a borrower requests more than one statement annually, a servicer may charge $30 for the second and each subsequent statement.

Subd. 8. **Borrower complaints and inquiries.** (a) A servicer must establish and maintain:

(1) procedures and systems to respond to and resolve borrower complaints and inquiries in a manner that complies with this section;

(2) a customer service department staffed by trained personnel to whom a borrower may direct complaints and inquiries; and

(3) a toll-free telephone number or collect calling service that enables a borrower to speak, during regular business hours, with a live person trained to answer inquiries and instruct borrowers how to file written complaints.

(b) Each welcome packet, periodic statement, including as applicable either the monthly mortgage statement or annual coupon book that is provided to a borrower, and website maintained by a servicer must clearly and conspicuously state:

(1) an address to which borrowers may direct complaints and inquiries;

(2) the toll-free telephone number or collect calling services provided by the servicer;

(3) whether the servicer is licensed with the commissioner; and

(4) that a borrower may file a complaint and obtain information about the servicer by contacting the Department of Commerce. The information provided under this clause must include the department's current telephone contact information and website.

(c) A servicer must establish and maintain a process that enables borrowers to escalate complaints or pending loss mitigation matters for a supervisory-level review.

Subd. 9. **Servicing prohibitions; fair dealing duty.** (a) In addition to the prohibitions and standards of conduct under sections 58.12, subdivision 1, paragraph (b), and 58.13, subdivision 1, a servicer is prohibited from:

(1) engaging in unfair, deceptive, or abusive business practices, or misrepresenting or omitting any material information, in connection with servicing a mortgage loan, including but not limited to misrepresenting the amount, nature, or terms of a fee, payment due, or payment claimed due on the loan, the servicing agreement's terms and conditions, or the borrower's obligations under the loan;

(2) requiring money to be remitted by a method that is more costly to the borrower than a bank, certified check, or attorney's check from an attorney's account; or

(3) refusing to communicate with the borrower's authorized representative if the authorized representative provides the servicer with a written authorization, including by electronic transmission, signed by the borrower that affirms the authorized representative may act on behalf of the borrower. A servicer may adopt procedures, excluding collecting the representative's Social Security number, that are reasonably related to verifying that the representative is in fact authorized to act on behalf of the borrower.

(b) A servicer must act in good faith and deal fairly in the servicer's dealings with a borrower in connection with servicing a borrower's mortgage loan. For purposes of this paragraph, acting in good faith and dealing fairly includes but is not limited to the duty to:

(1) safeguard and account for any payment made by the borrower or any money belonging to the borrower;

(2) follow reasonable and lawful instructions from the borrower that are consistent with the underlying note and mortgage;

(3) act with reasonable skill, care, and diligence;

(4) consider alternatives to foreclosure when a borrower (i) demonstrates that the borrower is in imminent risk of delinquency on the mortgage loan as a result of a financial hardship, or (ii) has experienced a financial hardship and is unable to maintain the payment at the current payment amount required under the mortgage loan or make delinquent payments; and

(5) structure loan modifications to result in payments that are reasonably affordable and sustainable for the borrower at the time the modification is made.

Subd. 10. **Notices; mailings; evidence of receipt.** (a) A notification, mailing, or other correspondence from a mortgage servicer or third-party provider to a borrower must be provided via first-class mail or email if the borrower has provided an email address for notice or communication purposes.

(b) A servicer must provide a mailing address, facsimile number, email address, and a method to facilitate file transfers via the Internet to produce documents requested from the borrower. An option to transfer files via the Internet must allow both the borrower and servicer to view the documents sent and confirm the date the documents were sent for 60 months after the date the documents were produced to the servicer.

(c) A servicer must provide a detailed description of all items received and the items' expiration dates from a borrower within ten business days of the date an item was received via any medium described under this subdivision.

(d) A servicer is prohibited from rejecting documentation from a borrower or potential borrower as incomplete without providing the borrower with details regarding which specific portion of the documentation is incomplete.

Sec. 8. Minnesota Statutes 2024, section 58.14, subdivision 3, is amended to read:

Subd. 3. **Documentation and resolution of complaints.** A licensee or exempt person must investigate and attempt to resolve complaints made regarding acts or practices subject to the provisions of this chapter. A servicer must comply with section 58.131, subdivisions 6 and 7. If a complaint is received in writing, the licensee or exempt person must maintain a file containing all materials relating to the complaint and subsequent investigation for a period of 60 months.

Sec. 9. Minnesota Statutes 2024, section 58.14, subdivision 4, is amended to read:

Subd. 4. **Trust account records for mortgage originators.** A residential mortgage originator or servicer shall keep and maintain for 60 months a record of all trust funds, sufficient to identify the transaction, date and source of receipt, and date and identification of disbursement.

Sec. 10. Minnesota Statutes 2024, section 58.14, subdivision 5, is amended to read:

Subd. 5. **Record retention.** A licensee or exempt person must keep and maintain for 60 months the business records, including email communications, telephone recordings, incomplete documentation, and advertisements, regarding residential mortgage loans applied for, originated, or serviced in the course of its business.

Sec. 11. Minnesota Statutes 2024, section 58.14, is amended by adding a subdivision to read:

Subd. 6. **Telephone recordings.** A person acting as a residential mortgage loan servicer that services at least 500 residential mortgage loans secured by property in Minnesota must:

(1) record a telephone conversation with a borrower and a borrower's representatives; and

(2) maintain the recording of the conversation for 60 months after the date the recording is made, as provided under subdivision 5.

Sec. 12. Minnesota Statutes 2024, section 58.18, subdivision 4, is amended to read:

Subd. 4. **Exemption.** This section does not apply to a residential mortgage loan originated by a federal or state chartered bank, savings bank, or credit union, unless the residential mortgage loan originated by a federal or state chartered bank, savings bank, or credit union is serviced by a residential mortgage servicer, as defined under section 58.02, subdivision 20.

Sec. 13. Minnesota Statutes 2024, section 58B.02, is amended by adding a subdivision to read:

Subd. 4a. **Income-driven repayment program.** "Income-driven repayment program" means the Income-Contingent Repayment Plan, the Income-Based Repayment Plan, the Income-Sensitive Repayment Plan, the Pay As You Earn Plan, the Revised Pay As You Earn Plan, and any other state, federal, or private student loan repayment plan that is calculated based on a borrower's income and for which a borrower's income may include the borrower's household income for purposes of evaluating eligibility under section 58B.06, subdivision 5.

Sec. 14. Minnesota Statutes 2025 Supplement, section 58B.02, subdivision 8a, is amended to read:

Subd. 8a. **Lender.** "Lender" means an entity engaged in the business of securing, making, or extending student loans. Lender does not include~~, to the extent that state regulation is preempted by federal law~~:

(1) a bank, savings banks, savings and loan association, or credit union;

(2) a wholly owned subsidiary of a bank or credit union;

(3) an operating subsidiary where each owner is wholly owned by the same bank or credit union;

(4) the United States government, through Title IV of the Higher Education Act of 1965, as amended, and administered by the United States Department of Education;

(5) an agency, instrumentality, or political subdivision of Minnesota;

(6) a regulated lender organized under chapter 56, except that a regulated lender must file the annual report required for lenders under section 58B.03, subdivision 10; or

(7) a person who is not in the business of making student loans and who makes no more than three student loans, with the person's own funds, during any 12-month period.

Sec. 15. Minnesota Statutes 2024, section 58B.02, is amended by adding a subdivision to read:

Subd. 10. **Written communication.** "Written communication" means a written correspondence that is made by a borrower and is transmitted by mail, facsimile, or electronically through an email address or Internet website that the student loan servicer designates to receive communications from a borrower and enables the student loan servicer to identify the borrower's name and account. Written communication does not include a notice on a payment medium supplied by a student loan servicer.

Sec. 16. Minnesota Statutes 2024, section 58B.03, subdivision 10, is amended to read:

Subd. 10. **Annual report.** (a) ~~Beginning~~ On or before March 15~~, 2025~~ each year, a student loan lender that secures, makes, or extends student loans in Minnesota must submit a report to the commissioner on the form the commissioner provides. The report must include for the previous calendar year:

(1) a list of all schools attended by borrowers who received a student loan from the student loan lender and resided within Minnesota at the time of the transaction and whose debt is still outstanding, including student loans used to refinance an existing debt;

(2) the total outstanding dollar amount owed by borrowers residing in Minnesota who received student loans from the student loan lender;

(3) the total number of student loans owed by borrowers residing in Minnesota who received student loans from the student loan lender;

(4) the total outstanding dollar amount and number of student loans owed by borrowers who reside in Minnesota, associated with each school identified under clause (1);

(5) the total dollar amount of student loans provided by the student loan lender to borrowers who resided in Minnesota in the prior calendar year;

(6) the total outstanding dollar amount and number of student loans owed by borrowers who resided in Minnesota, associated with each school identified under clause (1), that were provided in the prior calendar year;

(7) the rate of default for borrowers residing in Minnesota who obtained student loans from the student loan lender, if applicable;

(8) the rate of default for borrowers residing in Minnesota who obtained student loans from the student loan lender associated with each school identified under clause (1), if applicable;

(9) the range of initial interest rates for student loans provided by the student loan lender to borrowers who resided in Minnesota in the prior calendar year;

(10) the total number of borrowers who received student loans identified under clause (9), and the percentage of borrowers who received each rate identified under clause (9);

(11) the total dollar amount and number of student loans provided in the prior calendar year by the student loan lender to borrowers who resided in Minnesota at the time of the transaction and had a cosigner for the student loans;

(12) the total dollar amount and number of student loans provided by the student loan lender to borrowers residing in Minnesota used to refinance a prior student loan or federal student loan in the prior calendar year;

(13) the total dollar amount and number of student loans for which the student loan lender had sued to collect from a borrower residing in Minnesota in the prior calendar year;

(14) a copy of any model promissory note, agreement, contract, or other instrument used by the student loan lender in the previous year to substantiate that a borrower owes a new debt to the student loan lender; and

(15) any other information considered necessary by the commissioner to assess the total size and status of the student loan market and well-being of borrowers in Minnesota.

(b) In addition to annual reports, the commissioner may require additional regular or special reports as the commissioner deems necessary to properly supervise student loan lenders under this chapter.

(c) The commissioner of commerce must share data collected under this subdivision with the commissioner of higher education.

Sec. 17. Minnesota Statutes 2024, section 58B.03, subdivision 11, is amended to read:

Subd. 11. **Annual report from student loan servicers.** (a) ~~Beginning~~ On or before March 15~~,~~ ~~2025~~ each year, a student loan servicer that services student loans in Minnesota must submit a report to the commissioner on the form the commissioner provides. The report must include for the previous calendar year:

(1) a list of any outstanding student loans owed by borrowers who reside in Minnesota that are serviced by the student loan servicer;

(2) the total outstanding dollar amount and number of student loans that are serviced by the student loan servicer and owed by borrowers who reside in Minnesota;

(3) the total dollar amount and number of student loans owed by borrowers who resided in Minnesota that were serviced by the student loan servicer in the prior calendar year;

(4) the rate of default for student loans owed by borrowers who reside in Minnesota that are serviced by the student loan servicer, if applicable;

(5) the range of interest rates for student loans serviced by the student loan servicers to borrowers who resided in Minnesota in the prior calendar year;

(6) the total outstanding dollar amount and number of student loans that were serviced by the student loan servicer and owed by borrowers residing in Minnesota to refinance a prior student loan or federal student loan; and

(7) any other information considered necessary by the commissioner to assess the total size and status of the student loan market and well-being of borrowers in Minnesota.

(b) In addition to annual reports, the commissioner may require additional regular or special reports as the commissioner deems necessary to properly supervise student loan servicers under this chapter.

(c) The commissioner of commerce must share data collected under this subdivision with the commissioner of higher education.

Sec. 18. Minnesota Statutes 2024, section 58B.06, subdivision 4, is amended to read:

Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must~~:~~ protect the borrower from negative consequences resulting from the sale, assignment, transfer, system conversion, or payment the borrower makes to the original loan servicer consistent with the original student loan servicer's policy. For purposes of this paragraph, "negative consequences" includes but is not limited to: (1) negative credit reporting; (2) imposing late fees that are not required by the promissory note; or (3) eligibility loss or denial for a benefit or protection established under federal law or included in the loan contract.

~~(1) require the new student loan servicer to honor all benefits that were made available, or which may have become available, to a borrower from the original student loan servicer or are authorized under the student loan contract, including any benefits for which the student loan borrower has not yet qualified unless that benefit is no longer available under the federal or state laws and regulations; and~~

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

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

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

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

(b) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original and new student loan servicer must provide a written notice to the borrower subject to the transfer. The notice must be provided no less than 15 calendar days before the transfer's effective date and must include:

(1) the sale, assignment, or transfer's effective date;

(2) the name, address, website, and toll-free telephone number for the original student loan servicer's designated point of contact for the borrower to contact in order to obtain answers to servicing inquiries;

(3) the name, address, website, and toll-free telephone number for the new student loan servicer's designated point of contact for the borrower to contact in order to obtain answers to servicing inquiries;

(4) the date the original student loan servicer stops accepting payments on the borrower's student loan;

(5) the date the new student loan servicer begins accepting payments on the borrower's student loan;

(6) information that indicates whether the borrower's authorization for recurring electronic funds transfers, if applicable, is transferred to the new servicer. If a recurring electronic funds transfer is not transferred, the transferee must provide information that explains how the borrower may establish a new recurring electronic funds transfer with the new servicer; and

(7) a statement that indicates the current loan balance, including the current unpaid amount of principal, interest, and fees.

(c) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must ensure all necessary information regarding a borrower, a borrower's account, and a borrower's student loan accompanies a loan when the loan is transferred to a new student loan servicer. The transfer of necessary information must occur within 45 calendar days of the sale, assignment, or transfer's effective date. For purposes of this subdivision, "necessary information" includes but is not limited to:

(1) a schedule of all transactions credited or debited to the student loan account;

(2) a copy of the promissory note for the student loan;

(3) notes created by the student loan servicer's personnel that reflect communications with the borrower regarding the student loan account;

(4) a report of the data fields relating to the borrower's student loan account created by the student loan servicer's electronic systems in connection with servicing practices;

(5) copies or electronic records of information or documents the borrower provided to the student loan servicer;

(6) if applicable, usable data fields that contain information necessary to assess the borrower's eligibility for forgiveness, including public service loan forgiveness; and

(7) information necessary to compile a payment history.

(d) A new student loan servicer must adopt and implement policies and procedures to verify that the original student loan servicer meets the requirements of paragraph (c).

Sec. 19. Minnesota Statutes 2024, section 58B.06, subdivision 6, is amended to read:

Subd. 6. **Records.** A student loan servicer must maintain ~~adequate~~ complete and accurate records, including of all written communication and telephone recordings, for each student loan. The records must be maintained for ~~not less than~~ at least two years following the final payment on the student loan or the sale, assignment, or transfer of the servicing.

Sec. 20. **[59E.01] SHORT TITLE.**

This chapter shall be known and cited as the "Rental Home Marketplace Guarantees Act."

Sec. 21. **[59E.02] DEFINITIONS.**

(a) For purposes of this chapter, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of commerce.

(c) "Person" means an individual or an entity, excluding a state or local governmental entity.

(d) "Platform contract holder" means a platform user who is the beneficiary or holder of a rental home marketplace guarantee.

(e) "Provider" means:

(1) a rental home marketplace; or

(2) a rental home marketplace affiliate or representative who issues or offers as well as administers, either directly or through a third party, a rental home marketplace guarantee.

(f) "Reimbursement insurance policy" means an insurance policy issued to a provider, pursuant to which the insurer agrees, for the benefit of a platform contract holder, to discharge the provider's obligations and liabilities under the terms of the rental home marketplace guarantee in the event of the provider's default or nonperformance under the rental home marketplace guarantee.

(g) "Rental home marketplace" means a person that:

(1) provides an online application, software, website, system, or other medium that:

(i) is used to advertise or offer available property to the public; and

(ii) connects and enables platform users' property;

(2) provides, directly or indirectly, or maintains an online platform by:

(i) transmitting or otherwise communicating the offer or acceptance of a transaction between two platform users; or

(ii) owning or operating the electronic infrastructure or technology that connects two or more platform users; and

(3) if the person offers rental home marketplace guarantees, offers rental home marketplace guarantees only in a manner that is ancillary to the conduct of the person's primary legitimate business or activity.

(h) "Rental home marketplace guarantee" means a contract or agreement issued in connection with a rental home marketplace, whether or not the contract or agreement includes a separate consideration, to reimburse a user sharing property for damages the renter is responsible for under the rental home marketplace's terms of service, with or without additional provision for incidental payment of indemnity.

Sec. 22. **[59E.03] REQUIREMENTS FOR DOING BUSINESS.**

(a) A provider is prohibited from issuing or offering a rental home marketplace guarantee unless the provider has made the rental home marketplace guarantee terms available on the provider's website and complied with this chapter.

(b) A provider that offers rental home marketplace guarantees must file a registration with the commissioner on a form prescribed by the commissioner.

(c) To ensure the faithful performance of a provider's obligations to the provider's platform contract holders, each provider who is obligated to a platform contract holder must insure all rental home marketplace guarantees under a reimbursement insurance policy issued (1) by an insurer authorized to transact insurance in Minnesota, or (2) pursuant to sections 60A.195 to 60A.2095.

(d) Each person handling rental home marketplace guarantee losses on behalf of a provider must be trained in property damage and loss assessment and interpretation of the rental home marketplace guarantee terms before handling losses. The training must be adequate for each person handling rental home marketplace guarantee losses to provide knowledgeable, fair, and objective service. Providers must maintain records demonstrating completion of the training under this paragraph by each person handling rental home marketplace guarantee losses.

Sec. 23. **[59E.04] RENTAL HOME MARKETPLACE GUARANTEES ARE NOT INSURANCE.**

A rental home marketplace guarantee does not constitute insurance and is not required to comply with other Minnesota insurance laws if the provider complies with this chapter.

Sec. 24. **[59E.05] REIMBURSEMENT INSURANCE POLICY.**

(a) A reimbursement insurance policy insuring rental home marketplace guarantees must clearly state that upon the provider's default or nonperformance under the rental home marketplace guarantee, the insurer that issued the policy must pay on behalf of the provider any amount the provider is obligated to pay according to the rental home marketplace guarantee.

(b) A reimbursement insurance policy is subject to the laws and regulations governing termination and nonrenewal of insurance policies in Minnesota. The termination of a reimbursement insurance policy does not reduce the issuer's responsibility for rental home marketplace guarantees issued by providers before the termination's effective date.

(c) A provider is the agent of the insurer that issued the reimbursement insurance policy. The insurer retains the right to seek indemnification or subrogation from the provider if the insurer pays or is obligated to pay the platform contract holder the amount the provider was obligated to pay under the rental home marketplace guarantee. This chapter does not prevent or limit the insurer's right in this regard.

Sec. 25. **[59E.06] CONSUMER PROTECTION AND DISCLOSURES.**

(a) A rental home marketplace guarantee must include a statement in substantially the following form: "This rental home marketplace guarantee is not an insurance contract."

(b) A rental home marketplace guarantee must contain a statement in substantially the following form: "The provider's obligations are backed by a reimbursement insurance policy. If the provider is unable or fails to perform on the provider's contractual obligation under a rental home marketplace guarantee within 90 days after the date proof of loss is filed, a platform user is entitled to make a claim directly against the insurance company subject to the terms of the policy."

(c) A rental home marketplace guarantee must be written in clear, understandable language and must specify the terms, limitations, exceptions, conditions, or exclusions, including conditions governing transferability or termination.

(d) A provider is prohibited from making, permitting, or causing to be made a false or misleading statement, or deliberately omitting a material statement whose omission is considered misleading, in connection with offering or advertising a rental home marketplace guarantee.

Sec. 26. **[59E.07] ENFORCEMENT.**

The commissioner must ensure rental home marketplace guarantees comply with this chapter pursuant to the commissioner's powers under chapter 45. The commissioner must ensure reimbursement insurance policies insuring rental home marketplace guarantees comply with applicable law pursuant to the commissioner's powers under chapters 45 and 60A.

Sec. 27. Minnesota Statutes 2024, section 60A.07, is amended by adding a subdivision to read:

Subd. 12. **Social Security number and individual taxpayer identification number.** (a) If an insurance company requires a new customer to provide a Social Security number on an application for insurance coverage, the insurance company must accept an individual taxpayer identification number in lieu of a Social Security number.

(b) This subdivision does not prohibit an insurance company from using the insurance company's applicable underwriting criteria in determining the eligibility, classification, or rating of any applicant for insurance.

(c) This subdivision does not require an insurer to alter the insurer's existing applications for insurance.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to insurance coverage offered, issued, or renewed on or after that date.

Sec. 28. Minnesota Statutes 2024, section 60A.085, is amended to read:

60A.085 CANCELLATION OF GROUP COVERAGE; NOTIFICATION TO COVERED PERSONS.

(a) No cancellation of any group life, group accidental death and dismemberment, group disability income, or group medical expense policy, plan, or contract regulated under chapter 62A or 62C is effective unless the insurer has made a good faith effort to notify all covered persons of the cancellation at least 30 days before the effective cancellation date. For purposes of this section, an insurer has made a good faith effort to notify all covered persons if the insurer has notified all the

persons included on the list required by paragraph (b) at the home address given and only if the list has been updated within the last 12 months.

(b) At the time of the application for coverage subject to paragraph (a), the insurer shall obtain an accurate list of the names and home addresses of all persons to be covered.

(c) Paragraph (a) does not apply if the group policy, plan, or contract is replaced, or if the insurer has reasonable evidence to indicate that it will be replaced, by a substantially similar policy, plan, or contract.

(d) In no event shall this section extend coverage under a group policy, plan, or contract more than 120 days beyond the date coverage would otherwise cancel based on the terms of the group policy, plan, or contract.

(e) If coverage under the group policy, plan, or contract is extended by this section, then the time period during which affected members may exercise any conversion privilege provided for in the group policy, plan, or contract is extended for the same length of time, plus 30 days.

(f) In the case of a group life, group accidental death and dismemberment, or group disability income policy, the insurer and group policyholder may agree that the group policyholder assumes responsibility for notifying all covered persons in the event of a cancellation under paragraphs (a) and (c). As part of the agreement, the group policyholder must certify to the insurer that the notification required under this section has taken place. If the employer assumes responsibility for the notification, paragraphs (b), (d), and (e) do not apply.

Sec. 29. Minnesota Statutes 2024, section 60K.383, is amended to read:

60K.383 TRAVEL INSURANCE.

Subdivision 1. **Definitions.** (a) As used in this section, the terms in paragraphs (b) to ~~(d)~~ (e) have the meanings given.

(b) "Limited lines travel insurance producer" means a licensed managing general agent or third-party administrator; licensed insurance producer, including a limited lines producer; or travel administrator, as defined in section 65C.02, subdivision 13.

(c) "Offer and disseminate" means providing general information, including a description of coverage and price, as well as processing an application and collecting premiums.

~~(b)~~ (d) "Travel insurance" means insurance coverage for personal risks incident to planned travel, including~~,~~ but not limited to:

(1) interruption or cancellation of trip or event;

(2) loss of baggage or personal effects;

(3) damages to accommodations or rental vehicles; ~~or~~

(4) sickness, accident, disability, or death occurring during travel~~.~~;

(5) emergency evacuation;

(6) repatriation of remains; or

(7) a contractual obligation to indemnify or pay a specified amount of money to the traveler upon determinable contingencies related to travel, as approved by the commissioner.

Travel insurance does not include major medical plans, which provide comprehensive medical protection for travelers with trips lasting six months or longer, including those working overseas as an expatriate or military personnel being deployed, or a product that requires a specific insurance producer license.

~~(c) "Travel insurance producer" means an insurer designee, such as a managing general underwriter, managing general agent, or licensed limited lines producer of travel insurance.~~

~~(d)~~ (e) "Travel retailer" means a business entity that ~~offers and disseminates~~:

(1) makes, arranges, or offers planned travel; and

(2) may offer and disseminate travel insurance as a service to the travel retailer's customers on behalf of and under the direction of a limited lines travel insurance producer.

Subd. 2. ~~**Travel retailer license**~~ **Licensing and registration.** (a) The commissioner may issue a limited lines travel insurance producer license to an individual or business entity that has filed with the commissioner a limited lines travel insurance producer license application in a form and manner prescribed by the commissioner. A limited lines travel insurance producer must be licensed to sell, solicit, or negotiate travel insurance through a licensed insurer. A person is prohibited from acting as a limited lines travel insurance producer or travel insurance retailer unless the person is licensed or registered.

(b) A travel retailer may offer and disseminate travel insurance on behalf of and under a limited lines travel insurance producer business entity license only if ~~the travel insurance producer holds a business entity license, and~~:

~~(1) the licensed business entity is clearly identified as the licensed producer on marketing materials and fulfillment packages distributed by travel retailers to customers; identification shall include the entity's name and contact information;~~

(1) the limited lines travel insurance producer or travel retailer provides to travel insurance purchasers:

(i) a description of the material terms or the actual material terms of the insurance coverage;

(ii) a description of the process to file a claim;

(iii) a description of the process to review or cancel the travel insurance policy; and

(iv) the identity and contact information of the insurer and limited lines travel insurance producer;

(2) the ~~licensed business entity~~ limited lines travel insurance producer keeps a register, on a form prescribed by the commissioner, of each travel retailer that offers travel insurance on the licensed business entity's behalf. The register must be maintained and updated by the limited lines travel insurance producer and must include (i) the name, address, and contact information of the travel retailer and an officer or person who directs or controls the travel retailer's operations, and (ii) the travel retailer's federal ~~Employer~~ tax identification number. The ~~licensed business entity shall~~ limited lines travel insurance producer must also certify that the travel retailer registered complies with United States Code, title 18, section 1033. The ~~licensed business entity shall~~ limited lines travel insurance producer must submit the register within 30 days upon request by the commissioner. Section 60K.43, subdivisions 1, 3, and 4, apply to limited lines travel insurance producers and travel retailers;

(3) the ~~licensed business entity~~ limited lines travel insurance producer has designated one of its employees ~~as~~ who is a licensed individual producer~~,~~ as a "designated responsible producer" or "DRP~~,~~" responsible for the business entity's compliance with Minnesota insurance laws and rules;

(4) the DRP, president, secretary, treasurer, and any other officer or person who directs or controls the ~~licensed business entity's~~ limited lines travel insurance producer's insurance operations ~~comply~~ complies with the fingerprinting requirements applicable to insurance producers in the resident state of the ~~business entity~~ limited lines travel insurance producer;

(5) the ~~licensed business entity~~ limited lines travel insurance producer has paid all applicable insurance producer licensing fees ~~as~~ set forth in Minnesota ~~state~~ law; and

(6) the ~~licensed business entity~~ limited lines travel insurance producer requires each employee and authorized representative of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training, which may be subject to review by the commissioner. The training materials must, at a minimum, contain adequate instruction regarding the types of insurance offered, ethical sales practices, and required disclosures provided to prospective customers.

(c) A travel retailer offering or disseminating travel insurance must make available to prospective purchasers a brochure or other written materials that have been approved by the travel insurer. The materials must include information that, at a minimum:

(1) provides the identity and contact information of the insurer and the limited lines travel insurance producer;

(2) explains that a person is not required to purchase travel insurance in order to purchase any other product or service from the travel retailer; and

(3) explains that an unlicensed travel retailer is permitted to provide only general information about the insurance offered by the travel retailer, including a description of the coverage and price, but is not qualified or authorized to (i) answer technical questions about the terms and conditions of the insurance offered by the travel retailer, or (ii) evaluate the adequacy of the customer's existing insurance coverage.

(d) A travel retailer employee or authorized representative who is not licensed as an insurance producer is prohibited from:

(1) evaluating or interpreting the technical terms, benefits, and conditions contained in the offered travel insurance coverage;

(2) evaluating or providing advice concerning a prospective purchaser's existing insurance coverage; or

(3) representing that the travel retailer employee or authorized representative is a licensed insurer, licensed producer, or insurance expert.

Subd. 3. **Offer and dissemination of travel insurance; compensation.** Notwithstanding any other law, a travel retailer whose insurance-related activities, and those of its employees and authorized representatives, are limited to offering and disseminating travel insurance on behalf of and under the direction of a ~~licensed business entity~~ limited lines travel insurance producer meeting the conditions stated in this section~~,~~ is authorized to do so and receive related compensation~~,~~ upon registration by the ~~licensed business entity. For purposes of this section, "offering and disseminating" means providing general information, including a description of the coverage and price, as well as processing the application, collecting premiums, and performing other nonlicensable activities permitted by the state~~ limited lines travel insurance producer as provided under subdivision 2, paragraph (b), clause (2).

Subd. 4. **Insurer designee.** As the ~~insurer~~ insurer's designee, the limited lines travel insurance producer is responsible for the acts of the travel retailer and must use reasonable means to ensure compliance by the travel retailer with this section and chapter 65C.

Subd. 5. **Producers of major lines of insurance.** A person licensed in a major line of authority as an insurance producer is authorized to sell, solicit, and negotiate travel insurance. A property and casualty insurance producer is not required to be appointed by an insurer in order to sell, solicit, or negotiate travel insurance.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 30. Minnesota Statutes 2024, section 65A.27, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 65A.27 to ~~65A.302~~ 65A.304, the following terms have the meanings given.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 31. **[65A.304] DAMAGE BY PEACE OFFICERS; MITIGATION.**

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

(b) "Industrial hygienist" means an individual who has:

(1) a certified industrial hygienist credential from the Board for Global EHS Credentialing; or

(2) an equivalent certification from a nationally or internationally recognized accrediting body demonstrating competency in the anticipation, recognition, evaluation, and control of occupational and environmental health hazards.

(c) "Just compensation" has the meaning given in section 626.74, subdivision 1, clause (1).

(d) "Peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

Subd. 2. **Exclusion prohibited.** (a) A policy of homeowner's insurance must not exclude coverage for property damage if the homeowner is an innocent third party entitled to just compensation under section 626.74 and the damage results from a peace officer's use of chemical irritants, smoke screens, or diversionary devices.

(b) This section does not affect a local government's duty to pay just compensation under section 626.74.

(c) Paragraph (a) does not prohibit a civil authority exclusion or other policy provision as long as the coverage for just compensation is not excluded.

Subd. 3. **Mitigation.** (a) Under a policy of homeowner's insurance, an insurer must allow a homeowner to choose a mitigation contractor and, if necessary, an industrial hygienist to assess and remediate damage due to a peace officer's use of chemical irritants, smoke screens, or diversionary devices, when the homeowner is owed just compensation under section 626.74.

(b) The work performed by a mitigation contractor or industrial hygienist under this subdivision must follow recognized industry standards and, if applicable, chemical manufacturer guidelines.

Subd. 4. **Insurer subrogation and reimbursement.** (a) If an insurer pays benefits to or on behalf of a homeowner for damage described in this section, the insurer is subrogated as a matter of law to the homeowner's right to recover just compensation from the responsible local government unit.

(b) Payment made by an insurer under a policy of homeowner's insurance for damage described in this section, if made in good faith and after reasonable investigation, is presumed reasonable and necessary and must be reimbursed by the responsible local government unit. Reimbursement may be denied only upon proof that the payment was obtained by fraud or that the insurer acted in bad faith. If reimbursement is not made as required by this subdivision, the insurer may bring an action to recover the amount paid and is entitled to reasonable attorney fees, costs, and disbursements, including interest under section 60A.0811, subdivision 2, paragraph (a).

(c) If an insurer is reimbursed by a local government unit pursuant to this section, the insurer must remit to the homeowner an amount equal to any deductible the homeowner has paid toward the damage.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 32. **[65C.01] SCOPE AND PURPOSES.**

Subdivision 1. **Purpose.** The purpose of this chapter is to promote the public welfare by creating a comprehensive legal framework within which travel insurance may be sold in Minnesota.

Subd. 2. **Application.** (a) This chapter applies to:

(1) travel insurance that covers any Minnesota resident and is sold, solicited, negotiated, or offered in Minnesota; and

(2) policies and certificates that are delivered or issued for delivery in Minnesota.

(b) This chapter does not apply to cancellation fee waivers or travel assistance services, except as expressly provided in this chapter.

Subd. 3. **Applicability of other law.** All other applicable provisions of Minnesota insurance law apply to travel insurance, except that this chapter supersedes any general provisions of law that would otherwise apply to travel insurance.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 33. **[65C.02] DEFINITIONS.**

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

Subd. 2. **Aggregator site.** "Aggregator site" means a website that provides access to information, including product and insurer information, regarding insurance products from more than one insurer for use in comparison shopping.

Subd. 3. **Blanket travel insurance.** "Blanket travel insurance" means a travel insurance policy issued to an eligible group providing coverage for specific classes of persons defined in the policy, with coverage provided to all members of the eligible group without a separate charge to individual members of the eligible group.

Subd. 4. **Cancellation fee waiver.** "Cancellation fee waiver" means a contractual agreement between a travel services supplier and the travel services supplier's customer to waive some or all of the nonrefundable cancellation fee provisions contained in the supplier's underlying travel contract, with or without regard to the reason for the cancellation or form of reimbursement. A cancellation fee waiver is not insurance.

Subd. 5. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 6. **Eligible group.** "Eligible group" means two or more persons who are engaged in a common enterprise or have an economic, educational, or social affinity or relationship, including but not limited to:

(1) an entity engaged in the business of providing travel or travel services, including but not limited to:

(i) a tour operator, lodging provider, vacation property owner, hotel, resort, travel club, travel agency, property manager, cultural exchange program, and common carrier; or

(ii) the operator, owner, or lessor of a means of transporting passengers, including but not limited to an airline, cruise line, railroad, steamship company, and public bus carrier, if all group members or customers have a common exposure to the risk attendant to the particular type of travel;

(2) a college, school, or other institution of learning covering students, teachers, employees, or volunteers;

(3) an employer covering a group of employees, volunteers, contractors, board of directors, dependents, or guests;

(4) a sports team, camp, or sports team or camp sponsor covering participants, members, campers, employees, officials, supervisors, or volunteers;

(5) a religious, charitable, recreational, educational, or civic organization, or branch of a religious, charitable, recreational, educational, or civic organization, covering any group of members, participants, or volunteers;

(6) a financial institution, financial institution vendor, parent holding company, trustee, or agent or designee of one or more financial institutions or financial institution vendors, including account holders, credit card holders, debtors, guarantors, or purchasers;

(7) an incorporated or unincorporated association, including a labor union, that (i) has a common interest, constitution, and bylaws, and (ii) is organized and maintained in good faith for purposes other than obtaining insurance for members or participants of the association covering the association's members;

(8) a trust or the trustees of a fund established, created, or maintained for the benefit of and to cover members, employees, or customers, subject to the commissioner authorizing the use of a trust by one or more associations meeting the requirements under clause (7);

(9) an entertainment production company covering a group of participants, volunteers, audience members, contestants, or workers;

(10) a volunteer fire department, ambulance, rescue, police, court, first aid, civil defense, or other volunteer group;

(11) a preschool, day care institution for children or adults, or senior citizen club;

(12) an automobile or truck rental or leasing company covering a group of individuals who may become renters, lessees, or passengers as defined by the group of individuals' travel status on the rented or leased vehicles. The common carrier, operator, owner or lessor of a means of transportation, or automobile or truck rental or leasing company is the policyholder under a policy governed by this section; or

(13) any other group the commissioner determines (i) is engaged in a common enterprise or has an economic, educational, or social affinity or relationship, and (ii) for which policy issuance is not contrary to the public interest.

Subd. 7. **Fulfillment materials.** "Fulfillment materials" means documentation sent to a person who purchases a travel protection plan that confirms the purchase and provides the travel protection plan's coverage and assistance details.

Subd. 8. **Group travel insurance.** "Group travel insurance" means travel insurance issued to an eligible group.

Subd. 9. **Limited lines travel insurance producer.** "Limited lines travel insurance producer" has the meaning given in section 60K.383, subdivision 1, paragraph (b).

Subd. 10. **Offer and disseminate.** "Offer and disseminate" has the meaning given in section 60K.383, subdivision 1, paragraph (c).

Subd. 11. **Primary certificate holder.** "Primary certificate holder" means an individual who elects and purchases travel insurance under a group policy.

Subd. 12. **Primary policyholder** "Primary policyholder" means an individual who elects and purchases individual travel insurance.

Subd. 13. **Travel administrator.** "Travel administrator" means a person who directly or indirectly underwrites; collects charges, collateral, or premiums from; or adjusts or settles claims on residents of Minnesota in connection with travel insurance. A person is not a travel administrator if the person's only actions that otherwise indicate the person is a travel administrator are:

(1) a person works for a travel administrator, to the extent that the person's activities are subject to the travel administrator's supervision and control;

(2) an insurance producer sells insurance or engages in administrative and claims-related activities within the scope of the producer's license;

(3) a travel retailer (i) offers and disseminates travel insurance, and (ii) is registered under the license of a limited lines travel insurance producer under this chapter;

(4) an individual who (i) adjusts or settles claims in the normal course of the individual's practice or employment as an attorney, and (ii) does not collect charges or premiums in connection with insurance coverage; or

(5) a business entity is affiliated with a licensed insurer while acting as a travel administrator for the direct and assumed insurance business of an affiliated insurer.

Subd. 14. **Travel assistance services.** "Travel assistance services" means noninsurance services (1) for which the consumer is not indemnified based on a fortuitous event, and (2) where providing the service does not result in transfer or shifting of risk that would constitute the business of insurance. Travel assistance services include but are not limited to: security advisories; destination information; vaccination and immunization information services; travel reservation services; entertainment; activity and event planning; translation assistance; emergency messaging; international legal and medical referrals; medical case monitoring; coordination of transportation arrangements; emergency cash transfer assistance; medical prescription replacement assistance; passport and travel document replacement assistance; lost luggage assistance; concierge services; and any other service that is furnished in connection with planned travel. Travel assistance services are not insurance and are not related to insurance.

Subd. 15. **Travel insurance.** "Travel insurance" has the meaning given in section 60K.383, subdivision 1, paragraph (d).

Subd. 16. **Travel protection plan.** "Travel protection plan" means a plan that provides one or more of the following:

(1) travel insurance;

(2) travel assistance services; or

(3) cancellation fee waivers.

Subd. 17. **Travel retailer.** "Travel retailer" has the meaning given in section 60K.383, subdivision 1, paragraph (e).

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 34. **[65C.04] TRAVEL PROTECTION PLANS.**

A travel protection plan may be offered at one price for the combined features that the travel protection plan offers in Minnesota if:

(1) the travel protection plan:

(i) clearly discloses to the consumer, at or before the time the travel protection plan is purchased, that the travel protection plan includes travel insurance, travel assistance services, and cancellation fee waivers, as applicable; and

(ii) provides information and an opportunity, at or prior to the time the travel protection plan is purchased, for the consumer to obtain additional information regarding the features and pricing of the travel insurance, travel assistance services, and cancellation fee waivers; and

(2) the fulfillment materials:

(i) describe and delineate the travel insurance, travel assistance services, and cancellation fee waivers in the travel protection plan; and

(ii) include the travel insurance disclosures and the contact information for the persons providing travel assistance services and cancellation fee waivers, as applicable.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 35. **[65C.05] SALES PRACTICES.**

Subdivision 1. **Other applicable law.** Except as otherwise provided in this section, a person offering travel insurance to residents of Minnesota is subject to sections 72A.17 to 72A.32. If this chapter conflicts with chapters 59A to 79A regarding the sale and marketing of travel insurance and travel protection plans, this chapter prevails.

Subd. 2. **Illusory travel insurance.** A person that offers or sells a travel insurance policy that could never result in payment of claims for an insured individual under the policy is engaging in an unfair trade practice under sections 72A.17 to 72A.32.

Subd. 3. **Marketing.** (a) All documents provided to consumers before purchasing travel insurance, including but not limited to sales materials, advertising materials, and marketing materials, must be consistent with the travel insurance policy, including but not limited to forms, endorsements, policies, rate filings, and certificates of insurance.

(b) A person that offers travel insurance policies or certificates that contain preexisting condition exclusions must, before the insurance is purchased, provide a consumer with information and an opportunity to learn more about the preexisting condition exclusions. The information about preexisting condition exclusions must be included in the insurance policy's coverage fulfillment materials.

(c) The fulfillment materials and the information described in section 60K.383, subdivision 2, paragraph (b), clause (1), must be provided to a policyholder or certificate holder as soon as practicable after a travel protection plan is purchased. Unless the insured individual has started a covered trip or filed a claim under the travel insurance coverage, a policyholder or certificate holder may cancel a policy or certificate for a full refund of the travel protection plan price from the date a travel protection plan is purchased until at least:

(1) 15 days after the date the travel protection plan's fulfillment materials are delivered by mail; or

(2) ten days after the date the travel protection plan's fulfillment materials are delivered by means other than mail.

(d) For purposes of this section, "delivery" means (1) handing fulfillment materials to the policyholder or certificate holder, or (2) sending fulfillment materials by mail or electronic means to the policyholder or certificate holder.

(e) The company must disclose in the policy documentation and fulfillment materials whether the travel insurance is primary or secondary to other applicable coverage.

(f) Travel insurance that is marketed directly to a consumer through an insurer's website or by others through an aggregator site is not an unfair trade practice or other violation of law if an accurate summary or short description of coverage is provided on the web page, provided the consumer has access to the policy's full provisions by electronic means.

Subd. 4. **Opt out.** A person that offers, solicits, or negotiates travel insurance or travel protection plans on an individual or group basis is prohibited from offering, soliciting, or negotiating travel insurance or travel protection plans by using negative option or opting out that requires a consumer to take an affirmative action to deselect coverage, including by unchecking a box on an electronic form, when the consumer purchases a trip.

Subd. 5. **Other prohibitions.** A person that markets blanket travel insurance coverage as free of cost is engaging in an unfair trade practice.

Subd. 6. **Coverage required by other jurisdictions.** If a consumer's destination jurisdiction requires insurance coverage, a person does not engage in an unfair trade practice if the person requires a consumer to choose between the following options as a condition of purchasing a trip or travel package:

(1) purchasing the coverage required by the destination jurisdiction through the travel retailer or limited lines travel insurance producer supplying the trip or travel package; or

(2) agreeing to obtain and provide proof of coverage that meets the destination jurisdiction's requirements prior to departure.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 36. **[65C.06] TRAVEL ADMINISTRATORS.**

(a) Notwithstanding chapters 59A to 79A, a person is prohibited from acting as or representing that the person is a travel administrator for travel insurance in Minnesota unless the person:

(1) is a licensed property and casualty insurance producer in Minnesota for activities permitted under the property and casualty insurance producer license;

(2) holds a valid managing general agent license in Minnesota; or

(3) holds a valid third-party administrator license in Minnesota.

(b) A travel administrator and the travel administrator's employees are exempt from the licensing requirements of chapter 72B for travel insurance the travel administrator administers.

(c) An insurer is responsible for:

(1) the acts of a travel administrator administering travel insurance underwritten by the insurer; and

(2) ensuring the travel administrator maintains all books and records relevant to the insurer that the travel administrator must make available to the commissioner upon request.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 37. **[65C.07] POLICY.**

(a) Notwithstanding chapters 59A to 79A, travel insurance is classified and filed for purposes of rates and forms under an inland marine line of insurance. Notwithstanding this paragraph, travel insurance that provides coverage for illness, accident, disability, or death occurring during travel, either exclusively or in conjunction with related emergency evacuation or repatriation of remains coverage, or incidental limited property and casualty benefits, including baggage or trip cancellation, may be filed under either an accident and health line of insurance or an inland marine line of insurance.

(b) Travel insurance may be offered and issued in the form of an individual, group, or blanket policy.

(c) Eligibility and underwriting standards for travel insurance may be developed and provided based on travel protection plans designed for individual or identified marketing or distribution channels, provided the standards also meet the underwriting standards for an inland marine line of insurance under Minnesota law.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 38. Minnesota Statutes 2024, section 72A.18, subdivision 2, is amended to read:

Subd. 2. **Person.** "Person" means any individual, corporation, association, partnership, reciprocal exchange, interinsurer, Lloyds insurer, fraternal benefit society, or any other legal entity, engaged in the business of insurance, including an agent, a solicitor, ~~or~~ an adjuster ~~and~~, or an insurance lead generator. For the purposes of sections 72A.31 and 72A.32 "person" shall in addition mean any person, firm or corporation even though not engaged in the business of insurance.

Sec. 39. Minnesota Statutes 2024, section 72A.18, is amended by adding a subdivision to read:

Subd. 3. **Insurance lead generator.** (a) "Insurance lead generator" means a person that uses a lead-generating device to:

(1) publicize the availability of what is or what purports to be an insurance product or service that the person is not licensed to sell directly to a customer;

(2) identify a customer who may be interested in learning more about an insurance product; or

(3) sell or transmit customer information to an insurer or producer for the purposes of subsequent contact or sales activity.

(b) For purposes of sections 72A.17 to 72A.32, insurance lead generator does not include an insurer, as defined under section 72A.201, subdivision 3, clause (9), or an insurance producer, as defined under section 60K.31, subdivision 6.

Sec. 40. Minnesota Statutes 2024, section 72A.18, is amended by adding a subdivision to read:

Subd. 4. **Lead-generating device.** "Lead-generating device" means communication directed to the public that, regardless of the communication's form, content, or stated purpose, is intended to result in compiling or qualifying a list containing names and other personal information to solicit Minnesota residents to purchase what is or what purports to be an insurance product or service.

Sec. 41. Minnesota Statutes 2024, section 72A.18, is amended by adding a subdivision to read:

Subd. 5. **Recording.** "Recording" means documenting a sale or verifying a call, including a virtual technology call, to market an insurance product or service.

Sec. 42. Minnesota Statutes 2024, section 72A.20, subdivision 2, is amended to read:

Subd. 2. **False information and advertising generally.** Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, email, Internet advertisement or posting, or other publication, or in the form of a notice, circular, pamphlet, letter, electronic posting of any kind, or poster, or over any radio station, or using the Internet or other electronic means, or in any other way, an advertisement, announcement, or statement, containing any assertion, representation, or statement with respect to the business of insurance, or with respect to any person in the conduct of the person's insurance business, which is untrue, deceptive, or

misleading, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Sec. 43. Minnesota Statutes 2024, section 72A.20, is amended by adding a subdivision to read:

Subd. 2a. **Failure to maintain certain records.** A person must maintain books, records, documents, and other business records in a manner that ensures data regarding complaints and marketing are accessible and retrievable for examination by the insurance commissioner. A person must maintain data under this subdivision for at least the current calendar year and the two preceding years.

Sec. 44. Minnesota Statutes 2024, section 80G.01, subdivision 5a, is amended to read:

Subd. 5a. **Minnesota transaction.** "Minnesota transaction" means a bullion product transaction conducted:

(1) by a dealer ~~that is incorporated, registered, domiciled, or otherwise~~ located in Minnesota;

(2) by a dealer representative at a location in Minnesota;

(3) between a dealer and a consumer ~~who lives~~ in Minnesota; or

(4) between a dealer and a Minnesota consumer when the transaction involves:

(i) delivering or shipping a bullion product to an address in Minnesota; or

~~(ii) delivering to or shipping from a precious metal depository on behalf of a Minnesota resident; or~~

~~(iii)~~ (ii) making payment to a consumer or receiving a payment from a consumer at an address in Minnesota, unless the transaction occurs when the consumer is ~~at a business location~~ outside of Minnesota.

Sec. 45. **[82B.081] NOTICE TO COMMISSIONER.**

Subdivision 1. **Change of application information.** A licensee must provide notice to the commissioner if the information in the license application filed with the commissioner changes. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the change occurs. For purposes of this subdivision, an information change requiring notice includes but is not limited to a change with respect to the licensee's personal name, trade name, address, or business location.

Subd. 2. **Civil judgment.** The licensee must notify the commissioner of a final adverse decision or court order, whether or not the decision or order is appealed, resulting from a proceeding in which the licensee was named as a defendant and the final adverse decision relates to fraud or misrepresentation. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the final adverse decision or court order is issued.

Subd. 3. **Disciplinary action.** The licensee must notify the commissioner of a disciplinary action involving the licensee, including but not limited to a suspension or revocation of the licensee's real

property appraiser license or another occupational license issued by Minnesota or another jurisdiction. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the disciplinary action occurs.

Subd. 4. **Criminal offense.** The licensee must notify the commissioner if the licensee is charged with, is adjudged guilty of, or enters a plea of guilty or nolo contendere to a felony charge or a gross misdemeanor charge that alleges fraud, misrepresentation, or a similar violation of a real property appraiser licensing law. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the charge, judgment, or plea occurs.

Sec. 46. **[82C.031] NOTICE TO COMMISSIONER.**

Subdivision 1. **Change of application information.** A licensee must provide notice to the commissioner if the information in the license application filed with the commissioner changes. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the change occurs. For purposes of this subdivision, an information change requiring notice includes but is not limited to a change with respect to the licensee's personal name, trade name, address, or business location.

Subd. 2. **Civil judgment.** The licensee must notify the commissioner of a final adverse decision or court order, whether or not the decision or order is appealed, resulting from a proceeding in which the licensee was named as a defendant and the final adverse decision relates to fraud or misrepresentation. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the final adverse decision or court order is issued.

Subd. 3. **Disciplinary action.** The licensee must notify the commissioner of a disciplinary action involving the licensee, including but not limited to a suspension or revocation of the licensee's real property appraisal management company license issued by another jurisdiction. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the disciplinary action occurs.

Subd. 4. **Criminal offense.** The licensee must notify the commissioner if the licensee is charged with, is adjudged guilty of, or enters a plea of guilty or nolo contendere to a felony charge or a gross misdemeanor charge that alleges fraud, misrepresentation, or a similar violation of a real property appraisal management company licensing law. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the charge, judgment, or plea occurs.

Sec. 47. Minnesota Statutes 2024, section 332.32, is amended to read:

332.32 EXCLUSIONS.

(a) The term "collection agency" does not include 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~~ does 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.

(c) The term "collection agency" does not include a residential mortgage servicer licensed under chapter 58 or a student loan servicer licensed under chapter 58B if the residential mortgage servicer or student loan servicer is engaging in activities subject to licensure under chapter 58 or 58B, as applicable.

ARTICLE 11

UNCLAIMED PROPERTY

Section 1. Minnesota Statutes 2024, section 345.31, is amended by adding a subdivision to read:

Subd. 10. **Virtual currency.** "Virtual currency" means a digital representation of value used as a medium of exchange, unit of account, or store of value that does not have legal tender status recognized by the United States. Virtual currency does not include:

(1) software or protocols governing the transfer of the digital representation of value;

(2) game-related digital content; or

(3) a loyalty card or gift card.

Sec. 2. **[345.382] FUNDS HELD FOR THE PREPAYMENT OF FUNERAL RELATED EXPENSES.**

Funds on deposit or held in trust for the prepayment of a funeral or other funeral-related expenses are presumed abandoned at the earliest of:

(1) three years after the date of death of the beneficiary;

(2) one year after the date the beneficiary has attained, or would have attained if living, the age of 105, if the holder does not know whether the beneficiary is deceased; or

(3) 30 years after the contract for prepayment was executed.

Sec. 3. **[345.383] EXEMPTION FOR CERTAIN PROPERTY HELD IN TAX-DEFERRED ACCOUNTS.**

Property held in a plan described in section 529 or 529A of the Internal Revenue Code, as amended, are exempt from the requirements of sections 345.31 to 345.60.

Sec. 4. **[345.384] VIRTUAL CURRENCY.**

(a) Virtual currency is presumed abandoned three years after the apparent owner's latest indication of interest in the virtual currency.

(b) For purposes of this section, an indication of an apparent owner's interest in virtual currency includes:

(1) a record communicated by the apparent owner to the holder or agent of the holder concerning the property or the account in which the property is held;

(2) an oral communication by the apparent owner to the holder or agent of the holder concerning the property or the account in which the property is held, if the holder or the holder's agent contemporaneously makes and preserves a record of the fact of the apparent owner's communication;

(3) a distribution, or evidence of receipt of a distribution made by electronic or similar means; or

(4) activity directed by an apparent owner in the account in which the property is held, including accessing the account or information concerning the account, or a direction by the apparent owner to increase, decrease, or otherwise change the amount or type of virtual currency held in the account.

(c) An action by an agent or other representative of an apparent owner, other than the holder acting as the apparent owner's agent, is presumed to be an action on behalf of the apparent owner.

(d) A communication with an apparent owner by a person other than the holder or the holder's representative is not an indication of interest in the property by the apparent owner unless a record of the communication evidences the apparent owner's knowledge of a right to the property.

Sec. 5. Minnesota Statutes 2024, section 345.43, is amended by adding a subdivision to read:

Subd. 2b. **Virtual currency.** (a) If property reported to the commissioner is virtual currency, the holder must liquidate the virtual currency and remit the proceeds to the commissioner.

(b) The liquidation must occur anytime within 30 days before filing the report under section 345A.26. The owner does not have recourse against the holder or the commissioner to recover any gain in value that occurs after the liquidation of the virtual currency under this subdivision.

(c) If a holder cannot liquidate virtual currency and cannot otherwise cause virtual currency to be liquidated, the holder must promptly notify the commissioner in writing and explain the reasons why the virtual currency cannot be liquidated. The commissioner has absolute and sole discretion to direct the holder to:

(1) transfer the virtual currency that cannot be liquidated to a custodian selected by the commissioner; or

(2) continue to hold the virtual currency until the commissioner or the holder determines that the virtual currency can be liquidated pursuant to this chapter.

ARTICLE 12

MISCELLANEOUS

Section 1. Minnesota Statutes 2025 Supplement, section 41A.09, subdivision 2a, is amended to read:

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

(a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources, that:

(1) meets all of the specifications in ASTM specification ~~D4806-21a~~ D4806; and

(2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.

(b) "Ethanol plant" means a plant at which ethanol is produced.

(c) "Commissioner" means the commissioner of agriculture.

(d) "Rural economic infrastructure" means the development of activities that will enhance the value of agricultural crop or livestock commodities or by-products or waste from farming operations through new and improved value-added conversion processes and technologies, the development of more timely and efficient infrastructure delivery systems, and the enhancement of marketing opportunities. "Rural economic infrastructure" also means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or the support of production of marketable products from agricultural commodities or wind energy produced in Minnesota.

Sec. 2. Minnesota Statutes 2024, section 46.044, subdivision 1, is amended to read:

Subdivision 1. **Issuance and conditions.** An application for a bank charter must be granted if (1) the applicants are of good moral character and financial integrity, (2) there is a reasonable public demand for this bank in this location, (3) the probable volume of business in this location is sufficient to ~~insure~~ ensure and maintain the solvency of the new bank and the solvency of the then existing bank or banks in the locality without endangering the safety of any bank in the locality as a place of deposit of public and private money, (4) the commissioner of commerce is satisfied that the proposed bank will be properly and safely managed, and (5) the commissioner is satisfied that the capital funds required pursuant to section 48.02 are available and the commissioner may accept any reasonable demonstration including subscription agreements supported by current financial statements. If the application does not satisfy the requirements of this subdivision, it must be denied. In case of the denial of the application, the commissioner of commerce shall specify the grounds for the denial. A person aggrieved may obtain judicial review of the determination in accordance with chapter 14.

Sec. 3. Minnesota Statutes 2024, section 48.195, is amended to read:

48.195 INTEREST RATES; USURY LIMIT FOR DEPOSITORY INSTITUTIONS.

Notwithstanding any law to the contrary, a bank, savings bank, savings association, or credit union organized under the laws of this state, or a national bank or federally chartered savings bank, savings association, or credit union, doing business in this state, may charge on any loan or discount made or upon any note, bill or other evidence of debt, except an extension of credit made pursuant to section 48.185, interest at a rate of not more than 4-1/2 percent in excess of the discount rate,

including any surcharge thereon, on 90-day commercial paper in effect at the Board of Governors of the Federal Reserve ~~Bank located in the Ninth Federal Reserve District~~ System.

Sec. 4. Minnesota Statutes 2024, section 49.37, is amended to read:

49.37 STOCKHOLDERS TO APPROVE; CERTIFICATE OF CONSOLIDATION OR MERGER.

(a) Either before or after the consolidation or merger agreement has been approved by the commissioner of commerce, it must be submitted to the stockholders of each corporation at a meeting thereof called, and it does not become binding upon the corporation until it has been approved at each of the meetings required by this section by the vote or ballot of the stockholders, holding at least a majority of the amount of stock of the respective corporations, or a higher percentage as may be required by the certificate of incorporation of the corporations. Proof of the holding of these meetings and the results thereof must be submitted to the commissioner of commerce.

(b) After the agreement called for by sections 49.33 to 49.41 has been approved by the stockholders of the respective corporations and by the commissioner of commerce, the ~~latter shall~~ commissioner of commerce must issue a certificate reciting that the corporations have complied with the provisions of sections 49.34 to 49.41 and declaring the consolidation or merger of these corporations and the name of the consolidated or surviving corporation, the amount of capital stock thereof, the names of the first board of directors, and the place of business of the consolidated or surviving corporation, which must be within the city where any of the constituent corporations have been previously authorized to have their places of business.

(c) Upon the issuing of this certificate ~~and the filing of it for record in the Office of the Secretary of State~~, the incorporation is deemed to be complete in the case of the consolidation, and the assets of the constituent corporations merged into the survivor in the case of a merger, and the consolidated or surviving corporation shall, from the date of this certificate, have the term of corporate existence as may be specified in it, not exceeding the longest unexpired term of any constituent corporation. The certificate of the commissioner of commerce is prima facie evidence that all of the provisions of sections 49.34 to 49.41 have been complied with, and is conclusive evidence of the existence of the consolidated or surviving corporation.

Sec. 5. Minnesota Statutes 2024, section 60A.13, subdivision 1, is amended to read:

Subdivision 1. **Annual statements required.** Every insurance company, including fraternal benefit societies, and reciprocal exchanges, doing business in this state, shall file with the commissioner~~, annually, on or before March 1,~~ the appropriate verified National Association of Insurance Commissioners' annual statement blank~~,~~ on or before April 30 for all lines of insurance except health, which must be filed on or before May 31. The National Association of Insurance Commissioners' annual statement blank must be prepared in accordance with the association's instructions handbook and following those accounting procedures and practices prescribed by the association's accounting practices and procedures manual, unless the commissioner requires or finds another method of valuation reasonable under the circumstances. Another method of valuation permitted by the commissioner must be at least as conservative as those prescribed in the association's manual. All companies required to file an annual statement under this subdivision may also be required to file with the commissioner and the National Association of Insurance Commissioners a

copy of their annual statement in an electronic form prescribed by the commissioner. All Minnesota domestic insurers required to file annual statements under this subdivision must also file quarterly statements with the commissioner for the first, second, and third calendar quarter on or before 45 days after the end of the applicable quarter, prepared in accordance with the association's instruction handbook. All companies required to file quarterly statements under this subdivision may also be required to file the quarterly statements with the commissioner and the National Association of Insurance Commissioners in an electronic form prescribed by the commissioner. In addition, the commissioner may require the filing of any other information determined to be reasonably necessary for the continual enforcement of these laws. The statement may be limited to the insurer's business and condition in the United States unless the commissioner finds that the business conducted outside the United States may detrimentally affect the interests of policyholders in this state. The statements shall also contain a verified schedule showing all details required by law for assessment and taxation. The statement or schedules shall be in the form and shall contain all matters the commissioner may prescribe, and it may be varied as to different types of insurers so as to elicit a true exhibit of the condition of each insurer.

Sec. 6. Minnesota Statutes 2024, section 60A.13, subdivision 6, is amended to read:

Subd. 6. **Company or agent cannot continue business unless statement is filed.** ~~No~~ A company ~~shall transact~~ is prohibited from transacting any new business in this state after ~~May~~ August 31 in any year unless ~~it shall have~~ the company previously transmitted its annual statement to the commissioner and filed a copy of its statement with the National Association of Insurance Commissioners. The commissioner may by order annually require that each insurer pay the required fee to the National Association of Insurance Commissioners for the filing of annual statements, but the fee shall not be more than 50 percent greater than the fee set by the National Association of Insurance Commissioners. Failure to file the annual statement with the commissioner or the National Association of Insurance Commissioners is a violation of section 72A.061, subdivision 1. The fee shall be based on the relative premium volume of each insurer.

Sec. 7. Minnesota Statutes 2024, section 62J.96, is amended by adding a subdivision to read:

Subd. 4. **Violation as deceptive practice.** A violation of this section is an unfair or deceptive trade practice under section 8.31, subdivision 1, and is enforceable by the attorney general.

Sec. 8. Minnesota Statutes 2024, section 72A.061, subdivision 5, is amended to read:

Subd. 5. **Extensions.** The commissioner may grant an extension of any filing deadline or requirement specified by this section~~, on receiving, not less than ten days~~ if the commissioner receives a written request for an extension from the company before the date of default~~, satisfactory evidence of imminent hardship to the company~~.

Sec. 9. Minnesota Statutes 2025 Supplement, section 239.761, subdivision 3, is amended to read:

Subd. 3. **Gasoline.** (a) Gasoline that is not blended with biofuel must not be contaminated with water or other impurities and must comply with ASTM specification ~~D4814-24a~~ D4814. Gasoline that is not blended with biofuel must also comply with the volatility requirements in Code of Federal Regulations, title 40, part 1090.

(b) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol as provided in subdivision 4;

(2) shall not blend the gasoline with any oxygenate other than biofuel;

(3) shall not blend the gasoline with other petroleum products that are not gasoline or biofuel;

(4) shall not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Sec. 10. Minnesota Statutes 2025 Supplement, section 239.761, subdivision 4, is amended to read:

Subd. 4. **Gasoline blended with ethanol; general.** (a) Gasoline may be blended with agriculturally derived, denatured ethanol that complies with the requirements of subdivision 5.

(b) A gasoline-ethanol blend must:

(1) comply with the volatility requirements in Code of Federal Regulations, title 40, part 1090;

(2) comply with ASTM specification ~~D4814-24a~~ D4814, or the gasoline base stock from which a gasoline-ethanol blend was produced must comply with ASTM specification ~~D4814-24a~~ D4814; and

(3) not be blended with casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline after the gasoline-ethanol blend has been sold, transferred, or otherwise removed from a refinery or terminal.

Sec. 11. Minnesota Statutes 2025 Supplement, section 239.761, subdivision 5, is amended to read:

Subd. 5. **Denatured ethanol.** Denatured ethanol that is to be blended with gasoline must be agriculturally derived and must comply with ASTM specification ~~D4806-21a~~ D4806. This includes the requirement that ethanol may be denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

Sec. 12. Minnesota Statutes 2025 Supplement, section 239.761, subdivision 6, is amended to read:

Subd. 6. **Gasoline blended with nonethanol oxygenate.** (a) A person responsible for the product shall comply with the following requirements:

(1) after July 1, 2000, gasoline containing in excess of one-third of one percent, in total, of nonethanol oxygenates listed in paragraph (b) must not be sold or offered for sale at any time in this state; and

(2) after July 1, 2005, gasoline containing any of the nonethanol oxygenates listed in paragraph (b) must not be sold or offered for sale in this state.

(b) The oxygenates prohibited under paragraph (a) are:

(1) methyl tertiary butyl ether, as defined in section 296A.01, subdivision 34;

(2) ethyl tertiary butyl ether, as defined in section 296A.01, subdivision 18; or

(3) tertiary amyl methyl ether.

(c) Gasoline that is blended with a nonethanol oxygenate must comply with ASTM specification ~~D4814-24a~~ D4814. Nonethanol oxygenates must not be blended into gasoline after the gasoline has been sold, transferred, or otherwise removed from a refinery or terminal.

Sec. 13. Minnesota Statutes 2024, section 239.761, subdivision 7, is amended to read:

Subd. 7. **Heating fuel oil.** Heating fuel oil must comply with ASTM specification ~~D396-12~~ D396.

Sec. 14. Minnesota Statutes 2024, section 239.761, subdivision 8, is amended to read:

Subd. 8. **Diesel fuel oil.** (a) When diesel fuel oil is not blended with biodiesel, it must comply with ASTM specification ~~D975-12a~~ D975.

(b) When diesel fuel oil is a blend of up to five volume percent biodiesel, the diesel component must comply with ASTM specification ~~D975-12a~~ D975 and the biodiesel component must comply with ASTM specification ~~D6751-11b~~ D6751.

Sec. 15. Minnesota Statutes 2024, section 239.761, subdivision 9, is amended to read:

Subd. 9. **Kerosene.** Kerosene must comply with ASTM specification ~~D3699-08~~ D3699.

Sec. 16. Minnesota Statutes 2024, section 239.761, subdivision 10, is amended to read:

Subd. 10. **Aviation gasoline.** Aviation gasoline must comply with ASTM specification ~~D910-11~~ D910.

Sec. 17. Minnesota Statutes 2024, section 239.761, subdivision 11, is amended to read:

Subd. 11. **Aviation turbine fuel, jet fuel.** Aviation turbine fuel and jet fuel must comply with ASTM specification ~~D1655-12~~ D1655.

Sec. 18. Minnesota Statutes 2024, section 239.761, subdivision 12, is amended to read:

Subd. 12. **Gas turbine fuel oil.** Fuel oil for use in nonaviation gas turbine engines must comply with ASTM specification ~~D2880-03~~ D2880.

Sec. 19. Minnesota Statutes 2024, section 239.761, subdivision 13, is amended to read:

Subd. 13. **E85.** A blend of ethanol and gasoline, containing not more than 85 percent ethanol, produced for use as a motor fuel in alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with ASTM specification ~~D5798-11~~ D5798.

Sec. 20. Minnesota Statutes 2024, section 239.761, subdivision 14, is amended to read:

Subd. 14. **M85.** A blend of methanol and gasoline, containing at least 70 percent methanol and not more than 85 percent methanol, produced for use as a motor fuel in alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with ASTM specification ~~D5797-07~~ D5797.

Sec. 21. Minnesota Statutes 2024, section 239.761, subdivision 16, is amended to read:

Subd. 16. **Biodiesel fuel definition.** "Biodiesel fuel" means a renewable, biodegradable, mono alkyl ester combustible liquid that is derived from agricultural plant oils or animal fats and that meets American Society for Testing and Materials (ASTM) specification ~~D6751-11b~~ D6751 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

Sec. 22. Minnesota Statutes 2024, section 239.761, subdivision 17, is amended to read:

Subd. 17. **Grade 82 unleaded aviation gasoline.** Grade 82 unleaded aviation gasoline must comply with ASTM specification ~~D6227-12~~ D6227.

Sec. 23. Minnesota Statutes 2024, section 239.77, subdivision 1, is amended to read:

Subdivision 1. **Biodiesel blend and fuel.** (a) "Biodiesel blend" is a blend of diesel fuel and biodiesel fuel between six percent and 20 percent for on-road and off-road diesel-fueled vehicle use. Biodiesel blend must comply with ASTM specification ~~D7467-10~~ D7467.

(b) "Biodiesel fuel" means a renewable, biodegradable, mono alkyl ester combustible liquid fuel that is derived from agricultural and other plant oils or animal fats and that meets American Society for Testing and Materials specification ~~D6751-11b~~ D6751 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

(c) Biodiesel produced from palm oil is not biodiesel fuel for the purposes of this section, unless the palm oil is contained within waste oil and grease collected within the United States or Canada.

Sec. 24. Minnesota Statutes 2024, section 296A.01, subdivision 7, is amended to read:

Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is used to produce or generate power for propelling internal combustion engine aircraft.

Aviation gasoline includes any gasoline:

(1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a distributor or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer, as "aviation gasoline" that meets specifications in ASTM specification ~~D910-16~~ D910 or any other ASTM specification as gasoline appropriate for use in producing or generating power for propelling internal combustion engine aircraft; or

(2) sold to a dealer of aviation gasoline for dispensing directly into the fuel tank of an aircraft.

Sec. 25. Minnesota Statutes 2024, section 296A.01, subdivision 8, is amended to read:

Subd. 8. **Aviation turbine fuel and jet fuel.** "Aviation turbine fuel" and "jet fuel" mean blends of hydrocarbons derived from crude petroleum, natural gasoline, and synthetic hydrocarbons, intended for use in aviation turbine engines, and that meet the specifications in ASTM specification ~~D1655-12~~ D1655.

Sec. 26. Minnesota Statutes 2024, section 296A.01, subdivision 14, is amended to read:

Subd. 14. **Diesel fuel oil.** "Diesel fuel oil" means a petroleum distillate or blend of petroleum distillate and residual fuels that is intended for use as a motor fuel in internal combustion diesel engines and that meets ASTM specification ~~D975-11b~~ D975.

Sec. 27. Minnesota Statutes 2024, section 296A.01, subdivision 19, is amended to read:

Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline or natural gasoline that contains not more than 85 percent ethanol by volume, but at a minimum must contain greater than 50 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in alternative fuel vehicles as defined in subdivision 5 must comply with ASTM specification ~~D5798-11~~ D5798.

Sec. 28. Minnesota Statutes 2025 Supplement, section 296A.01, subdivision 20, is amended to read:

Subd. 20. **Ethanol, denatured.** "Ethanol, denatured" means ethanol that is to be blended with gasoline, has been agriculturally derived, and complies with ASTM specification ~~D4806-21a~~ D4806. This includes the requirement that ethanol may be denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

Sec. 29. Minnesota Statutes 2024, section 296A.01, subdivision 22, is amended to read:

Subd. 22. **Gas turbine fuel oil.** "Gas turbine fuel oil" means fuel that contains mixtures of hydrocarbon oils free of inorganic acid and excessive amounts of solid or fibrous foreign matter, intended for use in nonaviation gas turbine engines, and that meets the specifications in ASTM specification ~~D2880-03~~ D2880.

Sec. 30. Minnesota Statutes 2025 Supplement, section 296A.01, subdivision 23, is amended to read:

Subd. 23. **Gasoline.** (a) "Gasoline" means:

(1) all products commonly or commercially known or sold as gasoline regardless of their classification or uses, except casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline that under the requirements of section 239.761, subdivision 3, must not be blended with gasoline that has been sold, transferred, or otherwise removed from a refinery or terminal; and

(2) any liquid prepared, advertised, offered for sale or sold for use as, or commonly and commercially used as, a fuel in spark-ignition, internal combustion engines, and that when tested

by the Weights and Measures Division meets the specifications in ASTM specification ~~D4814-24a~~ D4814.

(b) Gasoline that is not blended with ethanol must not be contaminated with water or other impurities and must comply with both ASTM specification ~~D4814-24a~~ D4814 and the volatility requirements in Code of Federal Regulations, title 40, part 1090.

(c) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol, as provided in subdivision 24;

(2) must not blend the gasoline with any oxygenate other than denatured, agriculturally derived ethanol;

(3) must not blend the gasoline with other petroleum products that are not gasoline or denatured, agriculturally derived ethanol;

(4) must not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Sec. 31. Minnesota Statutes 2025 Supplement, section 296A.01, subdivision 24, is amended to read:

Subd. 24. **Gasoline blended with nonethanol oxygenate.** "Gasoline blended with nonethanol oxygenate" means gasoline blended with ETBE, MTBE, or other alcohol or ether, except denatured ethanol, that is approved as an oxygenate by the EPA, and that complies with ASTM specification ~~D4814-24a~~ D4814. Oxygenates, other than denatured ethanol, must not be blended into gasoline after the gasoline has been sold, transferred, or otherwise removed from a refinery or terminal.

Sec. 32. Minnesota Statutes 2024, section 296A.01, subdivision 26, is amended to read:

Subd. 26. **Heating fuel oil.** "Heating fuel oil" means a petroleum distillate, blend of petroleum distillates and residuals, or petroleum residual heating fuel that meets the specifications in ASTM specification ~~D396-12~~ D396.

Sec. 33. Minnesota Statutes 2024, section 296A.01, subdivision 28, is amended to read:

Subd. 28. **Kerosene.** "Kerosene" means a refined petroleum distillate consisting of a homogeneous mixture of hydrocarbons essentially free of water, inorganic acidic and basic compounds, and excessive amounts of particulate contaminants and that meets the specifications in ASTM specification ~~D3699-08~~ D3699.

Sec. 34. Minnesota Statutes 2024, section 296A.01, subdivision 35, is amended to read:

Subd. 35. **M85.** "M85" means a petroleum product that is a liquid fuel blend of methanol and gasoline that contains at least 70 percent methanol and not more than 85 percent methanol by volume.

For the purposes of this chapter, the energy content of M85 will be considered to be 65,000 BTUs per gallon. M85 produced for use as a motor fuel in alternative fuel vehicles, as defined in subdivision 5, must comply with ASTM specification ~~D5797-07~~ D5797.

Sec. 35. Minnesota Statutes 2024, section 349.211, subdivision 2b, is amended to read:

Subd. 2b. **Paddlewheel prizes.** (a) The maximum cash prize ~~which~~ that may be awarded for a paddle ticket is $70. The maximum value of a merchandise prize that may be awarded for a paddle ticket must not exceed a fair market value of $200. An organization may not sell any paddle ticket for more than ~~$2~~ $5.

(b) "Merchandise prize" does not include gift cards that can be redeemed for cash.

Sec. 36. **REPEALER.**

Minnesota Statutes 2024, sections 48.158; and 62J.96, subdivision 3, are repealed."

Delete the title and insert:

"A bill for an act relating to commerce; eliminating the Prescription Drug Affordability Advisory Council; modifying various provisions governing nondepository financial institutions, insurance, consumer protection, telecommunications, securities, financial products, and unclaimed property; providing for health plan regulatory alignment; transferring duties and employees; modifying the premium security plan; modifying provisions related to charitable gambling; requiring reports; making technical corrections; appropriating money and making reductions; amending Minnesota Statutes 2024, sections 46.044, subdivision 1; 47.20, subdivision 1; 47.59, subdivision 1; 47.60, subdivision 1; 48.195; 49.37; 52.063, subdivision 3; 52.24, subdivisions 1, 2, by adding a subdivision; 53.04, subdivision 3a; 53B.69, subdivision 10; 53B.74; 53C.09, subdivision 4; 56.002; 56.01; 56.05; 58.06, subdivision 2; 58.14, subdivisions 3, 4, 5, by adding a subdivision; 58.18, subdivision 4; 58B.02, by adding subdivisions; 58B.03, subdivisions 10, 11; 58B.051; 58B.06, subdivisions 4, 6; 60A.07, by adding a subdivision; 60A.085; 60A.13, subdivisions 1, 6; 60A.50, subdivisions 1, 3; 60A.951, subdivision 3; 60A.985, subdivision 8; 60A.9853, subdivision 1; 60A.9854; 60B.03, subdivision 2; 60G.01, subdivisions 2, 4; 60K.383; 62A.02, subdivision 8; 62A.021, subdivision 1; 62A.135, subdivision 1; 62A.46, subdivision 2; 62A.61; 62A.65, subdivisions 7, 8; 62D.08, subdivisions 1, 2, 3, 7, by adding a subdivision; 62D.12, subdivision 1; 62D.124, subdivision 5; 62D.221, subdivisions 1, 2; 62E.11, subdivisions 9, 13; 62E.23, subdivision 1; 62J.40; 62J.60, subdivision 5; 62J.89, subdivisions 1, 2; 62J.90, subdivision 2; 62J.96, by adding a subdivision; 62K.07, subdivision 2; 62L.02, subdivision 8; 62L.08, subdivision 11; 62L.09, subdivision 3; 62L.10, subdivision 4; 62L.11, subdivision 2; 62M.02, by adding a subdivision; 62M.09, subdivision 3; 62M.11; 62Q.01, subdivision 2; 62Q.106; 62Q.188, subdivision 2; 62Q.37, subdivision 2; 62Q.47; 62Q.51, subdivision 3; 62Q.545; 62Q.556, subdivisions 3, 4; 62Q.69, subdivisions 2, 3; 62Q.71; 62Q.73, subdivisions 3, 10; 62Q.81, subdivision 7; 62U.04, subdivision 13; 62W.06, by adding a subdivision; 65A.27, subdivision 1; 72A.061, subdivision 5; 72A.13, subdivision 1; 72A.18, subdivision 2, by adding subdivisions; 72A.20, subdivision 2, by adding a subdivision; 80A.50; 80C.12, subdivision 1; 80G.01, subdivision 5a; 237.035; 237.036; 237.069; 237.07, subdivision 1; 237.11; 237.164; 237.626, subdivisions 1, 3; 237.66, by adding subdivisions; 237.70, subdivision 7; 237.762, subdivision 5; 239.761, subdivisions 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 239.77, subdivision 1; 256B.0913, subdivision 4; 296A.01, subdivisions 7, 8, 14, 19, 22, 26, 28, 35; 325E.21, subdivisions

1b, 2c; 325F.79; 325F.791, subdivisions 1, 5; 325F.792, subdivision 2; 332.32; 332.52, subdivision 3; 332A.04, subdivision 1; 332B.04, subdivision 1; 345.31, by adding a subdivision; 345.43, by adding a subdivision; 349.211, subdivision 2b; Minnesota Statutes 2025 Supplement, sections 8.37, subdivisions 3, 5; 41A.09, subdivision 2a; 58B.02, subdivision 8a; 62A.31, subdivision 1u; 62D.21; 62D.211; 62E.23, subdivisions 1a, 2; 80A.66; 239.761, subdivisions 3, 4, 5, 6; 296A.01, subdivisions 20, 23, 24; 297I.20, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 45A; 48; 52; 53B; 58; 60A; 62A; 62D; 65A; 80A; 82B; 82C; 325E; 325F; 325M; 345; proposing coding for new law as Minnesota Statutes, chapters 59E; 65C; repealing Minnesota Statutes 2024, sections 48.158; 53B.69, subdivisions 3b, 3c; 53B.75, subdivisions 1, 2, 3, 4, 5; 56.08; 62J.86, subdivision 2; 62J.88; 62J.96, subdivision 3; 237.065; 237.066; 237.067; 237.071; 237.072; 237.075, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11; 237.14; 237.15; 237.16, subdivision 9; 237.22; 237.231; 237.59, subdivisions 1, 1a, 2, 3, 4, 5, 6, 8, 9, 10; 237.66, subdivisions 1, 1a, 1c, 1d, 2, 2a, 3; 237.75; 237.766; 237.768; 237.772; 237.775; 332A.02, subdivision 2; 332B.02, subdivision 2."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Klein from the Committee on Commerce and Consumer Protection, to which was re-referred

S.F. No. 1119: A bill for an act relating to commerce; prohibiting access to nudification technology; imposing civil penalties; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[325E.91] PROHIBITION ON NUDIFICATION TECHNOLOGY.**

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

(b) "Identifiable individual" means a person that is identifiable:

(1) from the image itself, by the person depicted in the image, or by another person; or

(2) from personal information displayed in connection with the image.

(c) "Intimate part" has the meaning given in section 609.341, subdivision 5.

(d) "Nudify" or "nudified" means the process by which:

(1) an image or video is altered or generated to depict an intimate part not depicted in an original unaltered image or video of an identifiable individual; and

(2) the altered or generated image or video is so realistic that a reasonable person would believe that the intimate part belongs to the identifiable individual.

(e) "Technical skill" means substantial application of individualized technological or artistic skill and judgment by a human creator in directing, shaping, or controlling the output.

Subd. 2. **Nudification prohibited.** (a) A person who owns or controls a website, application, software, program, or other service must not:

(1) allow a user to access, download, or use the website, application, software, program, or other service to nudify an image or video; or

(2) nudify an image or video on behalf of a user.

(b) No person may advertise or promote any website, application, software, program, or other service that performs the actions described in paragraph (a).

Subd. 3. **Exemption.** The prohibitions in subdivision 2 do not apply when the website, application, software, program, or other service requires the technical skill of a user to nudify an image or video.

Subd. 4. **Civil action; damages.** An individual depicted in an image or video that was nudified in violation of this section may bring a civil action in district court against the person who violated this section for:

(1) compensatory damages, including mental anguish or suffering, in an amount up to three times the actual damages sustained;

(2) punitive damages;

(3) injunctive relief;

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

(5) other relief the court deems just and equitable.

Subd. 5. **Penalties.** (a) The attorney general may enforce this section under section 8.31. In addition to other remedies or penalties, a person who violates this section is subject to a civil penalty not to exceed $500,000 for each unlawful access, download, or use under subdivision 2.

(b) Notwithstanding any contrary provision in law, including but not limited to section 16A.151, any civil penalty recovered under this subdivision must be deposited into the general fund. On July 1 each year, the accumulated balance of civil penalties collected in the previous year is appropriated to the commissioner of public safety for the Office of Justice Programs to provide grants to organizations to provide direct services and advocacy for victims of sexual assault, general crime, domestic violence, and child abuse. Funding must support the direct needs of organizations serving victims of crime by providing:

(1) direct client assistance to crime victims;

(2) competitive wages for direct service staff;

(3) hotel stays and other housing-related supports and services;

(4) culturally responsive programming;

(5) prevention programming, including domestic abuse transformation and restorative justice programming; and

(6) for other needs of organizations and crime victim survivors.

Services funded must include services for victims of crime in underserved communities most impacted by violence and reflect the ethnic, racial, economic, cultural, and geographic diversity of the state. Up to five percent of the appropriation is available for grant administration.

Subd. 6. **Jurisdiction; venue.** (a) A court has jurisdiction over a civil action filed pursuant to this section if the plaintiff or defendant resides in this state.

(b) A civil action arising under this section may be filed in the county where the plaintiff resides.

Subd. 7. **Immunity.** (a) This section does not alter or amend the liabilities and protections granted by United States Code, title 47, section 230, and shall be construed in a manner consistent with federal law.

(b) This section does not impose liability on the provider of an information service or a telecommunication service, both as defined in United States Code, title 47, section 153.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to causes of action accruing on or after that date."

Delete the title and insert:

"A bill for an act relating to commerce; prohibiting access to nudification technology; proposing coding for new law in Minnesota Statutes, chapter 325E."

And when so amended the bill do pass.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

Senator Pappas from the Committee on Capital Investment, to which was re-referred

S.F. No. 4662: A bill for an act relating to capital investment; appropriating money for a memorial to Melissa Hortman on the site of the State Office Building.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 6, delete everything after "$800,000" and insert "is appropriated from the general fund in fiscal year 2026 to the commissioner of administration"

Page 1, delete line 7

Page 1, line 8, delete everything before "to"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Hauschild introduced--

S.F. No. 5172: A bill for an act relating to natural resources; modifying off-highway vehicle safety and conservation program and uses of off-highway vehicle accounts; amending Minnesota Statutes 2024, sections 84.794, subdivision 2; 84.803, subdivision 2; 84.9011, subdivision 2; 84.927, subdivision 2.

Referred to the Committee on Environment, Climate, and Legacy.

Senator Johnson Stewart introduced--

S.F. No. 5173: A bill for an act relating to state government; expanding the scope of vehicles requiring an overweight vehicle special permit; restricting local ordinances affecting aggregate mining or production facilities; requiring a legislative audit of the aggregate production tax; appropriating money for aggregate resource inventory; amending Minnesota Statutes 2024, section 169.869, subdivisions 1, 2, 3; proposing coding for new law in Minnesota Statutes, chapter 471.

Referred to the Committee on Transportation.

Senator Frentz introduced--

S.F. No. 5174: A bill for an act relating to environment; enacting the Safe Battery Collection and Recycling Stewardship Act; establishing a covered electronics device manufacturer electronic waste recycling program; establishing an Electronics Recycling Advisory Task Force; creating civil penalties; authorizing rulemaking; appropriating money; requiring reports; proposing coding for new law in Minnesota Statutes, chapter 115A; repealing Minnesota Statutes 2024, sections 115A.1310, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12a, 12b, 12c, 13, 14, 15, 17, 18, 19, 20; 115A.1312; 115A.1314; 115A.1316; 115A.1318; 115A.1320; 115A.1322; 115A.1323; 115A.1324; 115A.1326; 115A.1328; 115A.1330; 115A.9157, subdivisions 1, 2, 3, 5, 6, 7, 8, 9; 325E.125, subdivisions 3, 4, 5.

Referred to the Committee on Environment, Climate, and Legacy.

Senator Johnson introduced--

S.F. No. 5175: A bill for an act relating to capital investment; appropriating money for municipal infrastructure supporting an industrial park in the city of East Grand Forks; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Putnam introduced--

S.F. No. 5176: A bill for an act relating to economic development; establishing a cooperative development grant program; proposing coding for new law in Minnesota Statutes, chapter 116J.

Referred to the Committee on Jobs and Economic Development.

Senator Putnam introduced--

S.F. No. 5177: A bill for an act relating to taxation; income and corporate franchise; establishing a tax credit for employer-provided child care expenses; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes.

Senator Oumou Verbeten introduced--

S.F. No. 5178: A bill for an act relating to taxation; federal taxes; adopting the Interstate Fiscal Sovereignty Compact; requiring reports; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 289B.

Referred to the Committee on Taxes.

Senators Nelson, Housley, Duckworth, Abeler, and Heintzeman introduced--

S.F. No. 5179: A bill for an act relating to health; prohibiting coercing a pregnant minor female into seeking or obtaining an abortion; screening and reporting suspected cases of human trafficking of minors; requiring certain information to be displayed; adding action for wrongful death resulting from abortion; requiring rulemaking; proposing coding for new law in Minnesota Statutes, chapter 145.

Referred to the Committee on Health and Human Services.

Senator Housley introduced--

S.F. No. 5180: A bill for an act relating to environment; requiring acceptance of best evidence to determine subsurface sewage treatment system compliance; amending Minnesota Statutes 2024, section 115.55, by adding a subdivision.

Referred to the Committee on Environment, Climate, and Legacy.

Senator Gustafson introduced--

S.F. No. 5181: A bill for an act relating to retirement; creating a career rule for teachers aged 60 with 30 years of service; amending Minnesota Statutes 2025 Supplement, sections 126C.10, subdivision 37; 354.42, subdivision 3; 354.44, subdivision 6.

Referred to the Committee on State and Local Government.

Senator Mohamed introduced--

S.F. No. 5182: A bill for an act relating to pensions; modifying employee and employer contributions to the general employees retirement plan; amending Minnesota Statutes 2024, section 353.27, subdivisions 2, 3.

Referred to the Committee on State and Local Government.

Senator Klein introduced--

S.F. No. 5183: A bill for an act relating to capital investment; modifying a prior appropriation for Thompson County Park in Dakota County; amending Laws 2023, chapter 71, article 1, section 11, subdivision 9.

Referred to the Committee on Capital Investment.

Senator Johnson introduced--

S.F. No. 5184: A bill for an act relating to capital investment; appropriating money for a runway extension and other capital improvements at the Thief River Falls Airport; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

MOTIONS AND RESOLUTIONS

Senator Hawj moved that the name of Senator Johnson Stewart be added as a co-author to S.F. No. 3370. The motion prevailed.

Senator Oumou Verbeten moved that the name of Senator Seeberger be added as a co-author to S.F. No. 3971. The motion prevailed.

Senator Kupec moved that the name of Senator Putnam be added as a co-author to S.F. No. 4433. The motion prevailed.

Senator Hoffman moved that the name of Senator Pha be added as a co-author to S.F. No. 4662. The motion prevailed.

Senator Jasinski moved that the name of Senator Nelson be added as a co-author to S.F. No. 4718. The motion prevailed.

Senator Drazkowski moved that the name of Senator Jasinski be added as a co-author to S.F. No. 4839. The motion prevailed.

Senator Hemmingsen-Jaeger moved that the name of Senator Maye Quade be added as a co-author to S.F. No. 4982. The motion prevailed.

Senator Abeler moved that the name of Senator Coleman be added as a co-author to S.F. No. 5114. The motion prevailed.

Senator Pratt moved that the name of Senator Jasinski be added as a co-author to S.F. No. 5147. The motion prevailed.

Senators Cwodzinski, Johnson, Murphy, Coleman, and Kunesh introduced --

Senate Resolution No. 76: A Senate resolution commemorating the 250th anniversary of the founding of the United States of America.

Referred to the Committee on Rules and Administration.

SPECIAL ORDERS

Pursuant to Rule 26, Senator Murphy, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. Nos. 4561, 4555, 4171, and 1943; H.F. Nos. 3437 and 4241.

SPECIAL ORDER

S.F. No. 4561: A bill for an act relating to agriculture; modifying agriculture policy provisions; defining cell-cultured food; requiring food labels to identify a product containing cell-cultured food; defining agrivoltaics system; modifying noxious weed provisions; modifying Cervidae farm fencing requirements; modifying immunity for agritourism related to off-road vehicle trails; modifying plant and soil amendment requirements; modifying provisions relating to the practice of veterinary medicine and veterinary technology; amending Minnesota Statutes 2024, sections 17.81, by adding a subdivision; 18.77, subdivision 12, by adding subdivisions; 18.771; 18.79, subdivision 2; 18.81, subdivision 3; 18.82; 18.83, subdivision 3; 18.86; 18.91, subdivision 2; 18C.005, subdivisions 6, 6a, 25, 33, by adding subdivisions; 18C.211, subdivision 4; 18C.411, subdivision 2; 31.01, by adding

a subdivision; 31.12; 31.633; 34A.01, by adding a subdivision; 35.155, subdivision 4; 156.001, subdivisions 2, 3, 5, 7a, 8, 10b, by adding subdivisions; 156.01, subdivisions 1, 3, by adding a subdivision; 156.02, subdivisions 1, 2; 156.03; 156.04; 156.05; 156.06; 156.07; 156.071; 156.072, subdivisions 1, 2; 156.076; 156.077, subdivision 3, by adding subdivisions; 156.078; 156.081; 156.12, subdivisions 1, 2; 156.121; 156.16, subdivisions 5, 12, 14; 156.18, subdivisions 1, 2, 4; 156.19; 604A.40, subdivision 1; Minnesota Statutes 2025 Supplement, sections 18.79, subdivision 3; 156.015, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 18C; 156; repealing Minnesota Statutes 2024, sections 18.77, subdivision 14; 156.001, subdivision 9; 156.01, subdivision 2; 156.02, subdivision 3; 156.072, subdivision 3; 156.073; 156.16, subdivisions 2, 3, 4, 7, 8, 11; 156.20.

Senator Putnam moved to amend S.F. No. 4561 as follows (A15):

Page 2, delete lines 2 and 3

Page 16, delete article 2

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Seeberger moved to amend S.F. No. 4561 as follows (A13):

Page 15, line 15, delete "trails" and insert "trail events"

The motion prevailed. So the amendment was adopted.

S.F. No. 4561 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Farnsworth	Jasinski	Marty	Rarick
Bahr	Fateh	Johnson	Mathews	Rasmusson
Boldon	Frentz	Johnson Stewart	Maye Quade	Rest
Carlson	Green	Klein	McEwen	Seeberger
Champion	Gruenhagen	Koran	Miller	Utke
Clark	Gustafson	Kreun	Mohamed	Weber
Coleman	Hauschild	Kunesh	Murphy	Wesenberg
Cwodzinski	Hawj	Kupec	Nelson	Westlin
Dahms	Heintzeman	Lang	Oumou Verbeten	Westrom
Dibble	Hemmingsen-Jaeger	Latz	Pappas	Wiklund
Dornink	Hoffman	Lieske	Pha	Xiong
Draheim	Holmstrom	Limmer	Port	
Drazkowski	Housley	Lucero	Pratt	
Duckworth	Howe	Mann	Putnam	

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Carlson and Rest.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Dornink.

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 4555: A bill for an act relating to state government; changing copy numbers for legislative manual; changing provisions for business filings, energy and water use in state facilities, enterprise sustainability, grant management, pharmacy benefit manager selection, historic site management, lien notice, public television block grant eligibility, attorney general civil actions, barbers, and cosmetologists; modifying provisions for local government elections, organization, investments, personnel structure, and financing of public projects; dedicating Snow Professionals Appreciation Month and Hmong American Heritage Week; designating the state sled; extending the Legislative Commission on Cybersecurity; requiring payment transparency; defining terms; amending Minnesota Statutes 2024, sections 3.888, subdivision 7; 5.02; 5.08; 5.23, subdivision 1; 15.72, by adding a subdivision; 16B.32, subdivisions 1, 2, by adding subdivisions; 16B.372, subdivision 1; 16B.97, subdivisions 4, 5; 16B.98, subdivision 11; 16B.991, subdivision 1; 43A.231, subdivision 5; 118A.09, subdivisions 2, 4, by adding a subdivision; 129D.13, subdivision 1; 138.669; 154.001, subdivision 2; 154.003; 154.01; 154.02, subdivisions 1, 4, by adding subdivisions; 154.05; 154.07, subdivision 1, by adding a subdivision; 154.08; 154.09; 154.11, subdivision 1; 155A.20; 155A.23, subdivisions 4, 5, 8, 9, 10, 18, by adding a subdivision; 155A.25, subdivisions 1a, 5, 7; 155A.27, subdivisions 5a, 10; 155A.271, subdivision 2; 155A.29, subdivision 2; 155A.30, subdivisions 3, 4, 5, 6, 7, 8, 9, 11, 12; 155A.31; 155A.32; 155A.33, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 268.058, subdivision 1; 365.05; 365.50, subdivisions 1, 2; 367.03, subdivision 2; 367.12; 367.161; 379.01, subdivision 3; 383A.281, subdivision 13; 383A.283, subdivisions 2, 3; 383A.284, subdivisions 1, 2, 3, 4, 5; 383A.285, subdivisions 2, 3, 4, 5, 10; 383A.286, subdivisions 2, 3; 383A.288, subdivisions 5, 6; 383A.289, subdivisions 1, 3; 383A.291, subdivision 1a; 383A.292, subdivisions 1, 2; 383A.294, subdivision 6; 383A.295, subdivisions 1, 2; 429.011, subdivision 2a; 429.021, subdivision 1; 444.075, subdivision 1; Minnesota Statutes 2025 Supplement, section 15A.082, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 1; 10; 43A; 358; repealing Minnesota Statutes 2024, sections 383A.298; 383A.301; 462.357, subdivision 5; Laws 2017, First Special Session chapter 4, article 1, section 29; Minnesota Rules, parts 2100.2500; 2100.2900; 2100.3000; 2100.3200; 2100.3300; 2100.4500; 2100.5200, subparts 1, 2, 5; 2100.5300; 2100.6000.

Senator Xiong moved to amend S.F. No. 4555 as follows (A30):

Page 14, delete article 2

Page 22, delete article 3

Page 46, line 10, reinstate the stricken language and delete the new language and strike "(b)" and insert "(2)"

Page 46, line 25, reinstate the stricken "eight"

Page 47, line 1, reinstate the stricken "three" and reinstate the stricken "a"

Page 47, line 2, reinstate the stricken language and delete the new language

Page 47, line 3, reinstate the stricken "one" and reinstate the stricken "assistant"

Page 47, line 4, reinstate the stricken language and delete the new language

Page 53, line 22, delete "654.021" and insert "645.021" and delete "4" and insert "3"

Page 53, line 26, delete "39" and insert "36"

Renumber the sections and articles in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Abeler moved to amend S.F. No. 4555 as follows (A31):

Page 5, after line 8, insert:

"Sec. 8. Minnesota Statutes 2025 Supplement, section 13.43, subdivision 2, is amended to read:

Subd. 2. **Public data.** (a) Except for employees described in subdivision 5 and subject to the limitations described in subdivision 5a, the following personnel data on current and former employees, volunteers, and independent contractors of a government entity is public:

(1) name; ~~employee identification number, which must not be the employee's Social Security number;~~ actual gross salary; salary range; terms and conditions of employment relationship; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; and the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;

(2) job title and bargaining unit; job description; education and training background; and previous work experience;

(3) date of first and last employment;

(4) the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action;

(5) the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body;

(6) the complete terms of any agreement settling any dispute arising out of an employment relationship, including a buyout agreement as defined in section 123B.143, subdivision 2, paragraph (a); except that the agreement must include specific reasons for the agreement if it involves the payment of more than $10,000 of public money;

(7) work location; a work telephone number; badge number; work-related continuing education; and honors and awards received; and

(8) payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data.

(b) For purposes of this subdivision, a final disposition occurs when the government entity makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the government entity, or arbitrator. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. A disciplinary action does not become public data if an arbitrator sustains a grievance and reverses all aspects of any disciplinary action.

(c) The government entity may display a photograph of a current or former employee to a prospective witness as part of the government entity's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a government entity in connection with a complaint or charge against an employee.

(e) Notwithstanding paragraph (a), clause (5), and subject to paragraph (f), upon completion of an investigation of a complaint or charge against a public official, or if a public official resigns or is terminated from employment while the complaint or charge is pending, all data relating to the complaint or charge are public, unless access to the data would jeopardize an active investigation or reveal confidential sources. For purposes of this paragraph, "public official" means:

(1) the head of a state agency and deputy and assistant state agency heads;

(2) members of boards or commissions required by law to be appointed by the governor or other elective officers;

(3) members of the Metropolitan Council appointed by the governor under section 473.123, subdivision 3;

(4) executive or administrative heads of departments, bureaus, divisions, or institutions within state government; and

(5) the following employees:

(i) the chief administrative officer, or the individual acting in an equivalent position, in all political subdivisions;

(ii) individuals required to be identified by a political subdivision pursuant to section 471.701;

(iii) in a city or a county: managers; chiefs; heads or directors of departments, divisions, bureaus, or boards; and any equivalent position;

(iv) in a school district: business managers; human resource directors; athletic directors whose duties include at least 50 percent of their time spent in administration, personnel, supervision, and

evaluation; chief financial officers; directors; individuals defined as superintendents and principals under Minnesota Rules, part 3512.0100; and in a charter school, individuals employed in comparable positions; and

(v) in the Metropolitan Council, a public corporation and political subdivision of the state established under chapter 473: the chair of the Metropolitan Council appointed by the governor; the regional administrator appointed as the principal administrative officer by the Metropolitan Council under section 473.125; the deputy regional administrator; the general counsel appointed by the Metropolitan Council under section 473.123, subdivision 8; the executive heads of divisions, including the general managers and executive directors; the executive head responsible for compliance with Equal Employment Opportunity provisions of federal law; and the chief law enforcement officer of the Metropolitan Transit Police appointed by the regional administrator under section 473.407, subdivision 4.

(f) Data relating to a complaint or charge against an employee identified under paragraph (e), clause (5), are public only if:

(1) the complaint or charge results in disciplinary action or the employee resigns or is terminated from employment while the complaint or charge is pending; or

(2) potential legal claims arising out of the conduct that is the subject of the complaint or charge are released as part of a settlement agreement.

This paragraph and paragraph (e) do not authorize the release of data that are made not public under other law."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Hauschild moved to amend S.F. No. 4555 as follows (A38):

Page 53, after line 18, insert:

"Sec. 40. **[471.372] NONDISCLOSURE AGREEMENTS.**

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

(b) "Data center" has the meaning given in section 216B.02, subdivision 11.

(c) "Local government official" means a member of a city council, mayor, county commissioner, town supervisor, and any other elected official established by a home rule charter, or any employee of a city, county, or town.

Subd. 2. **Nondisclosure agreements restricted.** (a) A local government official must not enter into a nondisclosure agreement or other contract restricting public disclosure of information about a potential data center development within the boundaries of the political subdivision.

(b) Any agreement or contract, or term of an agreement or contract, that violates paragraph (a) is void and unenforceable.

(c) When a contract contains a provision that is void and unenforceable under paragraph (b), that provision must be severed from the other provisions of the contract to the extent that it is void and unenforceable. The fact that the provision is void and unenforceable does not affect the other provisions of the contract.

(d) If a local government official enters a contract or agreement that violates paragraph (a), the local government official must publicly disclose the contract or agreement.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to agreements entered into on or after that date."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 37 and nays 30, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Johnson Stewart	Mohamed	Seeberger
Boldon	Fateh	Klein	Murphy	Westlin
Carlson	Frentz	Kunesh	Oumou Verbeten	Westrom
Champion	Gustafson	Kupec	Pappas	Wiklund
Clark	Hauschild	Mann	Pha	Xiong
Cwodzinski	Hawj	Marty	Port	
Dibble	Hemmingsen-Jaeger	Maye Quade	Putnam	
Drazkowski	Hoffman	McEwen	Rest	

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Carlson, Putnam, and Rest.

Those who voted in the negative were:

Bahr	Green	Jasinski	Lieske	Pratt
Coleman	Gruenhagen	Johnson	Limmer	Rarick
Dahms	Heintzeman	Koran	Lucero	Rasmusson
Dornink	Holmstrom	Kreun	Mathews	Utke
Draheim	Housley	Lang	Miller	Weber
Farnsworth	Howe	Latz	Nelson	Wesenberg

The motion prevailed. So the amendment was adopted.

Senator Westlin moved to amend S.F. No. 4555 as follows (A25):

Page 2, after line 5, insert:

"Sec. 2. Minnesota Statutes 2024, section 3.084, subdivision 2, is amended to read:

Subd. 2. **Prohibition.** (a) A sitting member of the legislature is prohibited from accepting employment with or otherwise receiving compensation for services performed from:

(1) a business whose primary source of revenue is derived from lobbying, government relations or government affairs services;

(2) a business whose primary source of revenue is derived from facilitating government relations or government affairs services between two third parties; or

(3) any other business or public employer that employs or contracts with lobbyists, government relations or government affairs professionals, if the member's job duties include ~~acting in that capacity or~~:

(i) direct lobbying;

(ii) government relations or government affairs while the legislature is in session; or

(iii) providing direct or indirect consulting~~,~~ or advice~~, or administrative support for that work~~ that helps the business or public employer deliver lobbying, government relations, or government affairs services to clients.

(b) This prohibition applies regardless of the location where the work of the business is substantially conducted or its clients are located.

(c) The house of representatives and the senate must adopt rules to enforce this section.

(d) For purposes of this section, "business" means any corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, or any other legal entity which engages in either nonprofit or profit making activities.

(e) For purposes of this section, "public employer" means a department, agency, or office of a federal government, state government, or territory of the United States; the state or federal judiciary; the United States Congress; a legislature of a state or territory; a local government or political subdivision of any state or territory of the United States; or any other public body.

EFFECTIVE DATE. This section is effective January 1, 2027."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dibble	Gruenhagen	Howe	Lang
Bahr	Dornink	Gustafson	Jasinski	Latz
Boldon	Draheim	Hauschild	Johnson	Lieske
Carlson	Drazkowski	Hawj	Johnson Stewart	Limmer
Champion	Duckworth	Heintzeman	Klein	Lucero
Clark	Farnsworth	Hemmingsen-Jaeger	Koran	Mann
Coleman	Fateh	Hoffman	Kreun	Marty
Cwodzinski	Frentz	Holmstrom	Kunesh	Mathews
Dahms	Green	Housley	Kupec	Maye Quade

McEwen	Oumou Verbeten	Putnam	Utke	Wiklund
Miller	Pappas	Rarick	Weber	Xiong
Mohamed	Pha	Rasmusson	Wesenberg	
Murphy	Port	Rest	Westlin	
Nelson	Pratt	Seeberger	Westrom	

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Carlson, Putnam, and Rest.

The motion prevailed. So the amendment was adopted.

Senator Johnson Stewart moved to amend S.F. No. 4555 as follows (A50):

Page 6, line 20, strike "April" and insert "May"

The motion prevailed. So the amendment was adopted.

Senator Maye Quade moved to amend S.F. No. 4555 as follows (A35):

Page 53, after line 18, insert:

"Sec. 40. **[462.3599] DATA CENTERS.**

Subdivision 1. **Findings and purpose.** The legislature finds that nondisclosure agreements which prevent the public from receiving sufficient information about data center projects of significant scope and impact on local communities prior to their approval constitute a detriment to government transparency. It is therefore in the public interest that such contracts are limited as to not impair public participation in land use decisions.

Subd. 2. **Applicability.** This section applies to nondisclosure agreements entered into on or after January 1, 2021.

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

(b) "Armed with a firearm" has the meaning given in section 326.32, subdivision 1a.

(c) "Armed with a weapon" has the meaning given in section 326.32, subdivision 1b.

(d) "Data center" means a facility composed of one or more buildings that has a primary purpose of providing for the storage, management, or processing of digital data.

(e) "End user" means the owner or operator of a constructed data center.

(f) "Municipality" means a county, home rule charter or statutory city, or town.

(g) "Security guard" has the meaning given in section 326.32, subdivision 13.

Subd. 4. **Public hearings required.** A municipality must hold at least two public hearings prior to the approval of a rezoning petition or an application for a conditional use or special use permit made for the construction of a data center.

Subd. 5. **Disclosures required.** (a) At least one public hearing under subdivision 4 must be solely for the purpose of informing the public of the petition or application. The municipality must disclose the following information at least 48 hours before the public hearing:

(1) the name of the petitioner or applicant;

(2) the name of the anticipated end user of the proposed data center;

(3) the location and size of the proposed data center;

(4) if the data center is located within or abuts an area zoned for residential use, the estimated number of security guards employed to protect the data center site during and after construction and whether any security guard will be armed with a firearm or armed with a weapon; and

(5) the estimated scope of utilities necessary for operation of the proposed data center, including but not limited to fuel lines, sewer, stormwater, and electricity.

(b) Forty-eight hours before any public meeting held to vote on approval of a petition or application, the municipality must disclose the information required under paragraph (a).

(c) A municipality may make the disclosures required under this subdivision by posting the information on the municipality's website or by making the same information available for inspection at a reasonable time and place.

Subd. 6. **Effect of private agreements.** The disclosure requirements under subdivision 5 apply notwithstanding any nondisclosure agreement or other contract signed by a municipality or an agent of a municipality.

EFFECTIVE DATE. This section is effective August 1, 2026."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Drazkowski moved to amend the Maye Quade (A35) amendment to S.F. No. 4555 as follows (A51):

Page 1, delete lines 13 and 14

Page 1, line 29, after the semicolon, insert "and"

Page 2, delete lines 1 to 4

Reletter the paragraphs and renumber the clauses in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the Drazkowski (A51) amendment to the Maye Quade (A35) amendment.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Housley	Lang	Rarick
Bahr	Farnsworth	Howe	Lieske	Rasmusson
Coleman	Green	Jasinski	Limmer	Utke
Dahms	Gruenhagen	Johnson	Lucero	Weber
Dornink	Heintzeman	Koran	Miller	Wesenberg
Draheim	Hoffman	Kreun	Nelson	Westrom
Drazkowski	Holmstrom	Kupec	Pratt	

Those who voted in the negative were:

Boldon	Frentz	Kunesh	Mohamed	Rest
Carlson	Gustafson	Latz	Murphy	Seeberger
Champion	Hauschild	Mann	Oumou Verbeten	Westlin
Clark	Hawj	Marty	Pappas	Wiklund
Cwodzinski	Hemmingsen-Jaeger	Mathews	Pha	Xiong
Dibble	Johnson Stewart	Maye Quade	Port	
Fateh	Klein	McEwen	Putnam	

Pursuant to Rule 40, Senator Frentz cast the negative vote on behalf of the following Senators: Carlson, Putnam, and Rest.

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Maye Quade (A35) amendment, as amended.

The roll was called, and there were yeas 40 and nays 27, as follows:

Those who voted in the affirmative were:

Boldon	Duckworth	Hoffman	Mann	Pha
Carlson	Farnsworth	Housley	Marty	Port
Champion	Fateh	Johnson Stewart	Maye Quade	Pratt
Clark	Frentz	Klein	McEwen	Putnam
Coleman	Gustafson	Kunesh	Mohamed	Seeberger
Cwodzinski	Hauschild	Kupec	Murphy	Westlin
Dibble	Hawj	Latz	Oumou Verbeten	Wiklund
Drazkowski	Hemmingsen-Jaeger	Lieske	Pappas	Xiong

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Carlson and Putnam.

Those who voted in the negative were:

Abeler	Gruenhagen	Koran	Miller	Weber
Bahr	Heintzeman	Kreun	Nelson	Wesenberg
Dahms	Holmstrom	Lang	Rarick	Westrom
Dornink	Howe	Limmer	Rasmusson	
Draheim	Jasinski	Lucero	Rest	
Green	Johnson	Mathews	Utke	

Pursuant to Rule 40, Senator Frentz cast the negative vote on behalf of the following Senator: Rest.

The motion prevailed. So the amendment, as amended, was adopted.

Senator Hemmingsen-Jaeger moved to amend S.F. No. 4555 as follows (A26):

Page 39, after line 19, insert:

"Section 1. **[15.1711] ATTORNEY GENERAL CIVIL LAW ENFORCEMENT ACTIONS.**

When the attorney general institutes a civil law enforcement action on behalf of the state pursuant to any authority granted by common law, the constitution of this state, or any provision of law, the attorney general acts in the public interest of the state and not as the legal representative or attorney of any department, agency, board, commission, or other instrumentality of state government, including the executive, legislative, or judicial branches. When the attorney general institutes a civil law enforcement action on behalf of the state, the following apply:

(1) unless expressly named as a party, other public officers, departments, agencies, boards, commissions, or other instrumentalities of state government are not parties to the civil law enforcement action brought by the attorney general on behalf of the state and are not subject to party discovery in the action;

(2) the records, documents, data, knowledge, and information of other state departments, agencies, boards, commissions, or other instrumentalities of state government may only be sought by the party adverse to the state in discovery through subpoenas issued to nonparties pursuant to the Rules of Civil Procedure; and

(3) the records, documents, data, knowledge, and information of other state departments, agencies, boards, commissions, or other instrumentalities of state government are not in the possession, custody, or control of the attorney general except for data collected and retained by the attorney general in anticipation of the civil law enforcement action brought by the attorney general on behalf of the state."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Hemmingsen-Jaeger moved to amend S.F. No. 4555 as follows (A27):

Page 39, after line 19, insert:

"Section 1. Minnesota Statutes 2024, section 16B.97, subdivision 4, is amended to read:

Subd. 4. **Duties.** (a) The commissioner shall:

(1) create general grants management policies and procedures that are applicable to all executive agencies. The commissioner may approve exceptions to these policies and procedures for particular grant programs. Exceptions shall expire or be renewed after five years. Executive agencies shall retain management of individual grants programs;

(2) provide a central point of contact concerning statewide grants management policies and procedures;

(3) serve as a resource to executive agencies in such areas as training, evaluation, collaboration, and best practices in grants management;

(4) ensure grants management needs are considered in the development, upgrade, and use of statewide administrative systems and leverage existing technology wherever possible;

(5) oversee and approve future professional and technical service contracts and other information technology spending related to executive agency grants management systems and activities;

(6) provide a central point of contact for comments about executive agencies violating statewide grants governance policies and about fraud and waste in grants processes;

(7) forward received comments to the appropriate agency for further action, and may follow up as necessary;

(8) provide a single listing of all available executive agency competitive grant opportunities and resulting grant recipients;

(9) selectively review development and implementation of executive agency grants, policies, and practices; ~~and~~

(10) selectively review executive agency compliance with best practices~~.~~; and

(11) provide a standard template summary page for requests for proposals (RFP) that represent key information about the grant opportunity in a clear and accessible format. The template must include information regarding the purpose of the program, applicant eligibility, funding availability and award structure, grant administration requirements, and the application process. The summary page does not replace or supersede any specific requirement in the full RFP.

(b) The commissioner may determine that it is cost-effective for agencies to develop and use shared grants management technology systems. This system would be governed under section 16E.01, subdivision 3, paragraph (b)."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Lieske moved to amend S.F. No. 4555 as follows (A39):

Page 53, after line 18, insert:

"Sec. 40. **[471.3435] NONDISCLOSURE AGREEMENTS.**

Subdivision 1. **Definition.** For purposes of this section, "municipality" means a county, home rule charter or statutory city, town, school district, housing and redevelopment authority, economic development authority, port authority, or any other political subdivision of the state with authority to enter into a contract for the use of real property, and includes any person acting in their capacity as an employee, elected official, appointed official, or other representative of a municipality.

Subd. 2. **Applicability.** This section does not apply to:

(1) municipal power agencies established under and exercising the powers authorized by sections 453.51 to 453.62;

(2) a city when it is exercising the powers provided in section 453.58; or

(3) municipal power agencies formed under the laws of a state other than Minnesota.

Subd. 3. **Nondisclosure agreements restricted.** (a) Except as required by state or federal law, a municipality must not enter into a nondisclosure agreement or other contract with a private person restricting the municipality from disclosing information to members of the public about:

(1) the development of land;

(2) an economic development project or program on the agenda of a regular, special, or emergency meeting of the governing body of the municipality; or

(3) a project or program financed in whole or in part with the municipality's tax revenues, financial obligations, or taxing powers, including proposed tax increment financing districts, economic development abatements, and municipal bonds or other debt obligations.

(b) Any agreement or contract, or term of an agreement or contract, that violates paragraph (a) is void and unenforceable.

(c) If a contract contains a provision that is void and unenforceable under paragraph (b), the provision must be severed from the other provisions of the contract to the extent that the provision is void and unenforceable. The fact that the provision is void and unenforceable does not affect the other provisions of the contract.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to agreements entered into, renewed, or extended on or after that date."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Nelson moved to amend S.F. No. 4555 as follows (A52):

Page 53, line 20, delete "(a)"

Page 53, delete lines 23 and 24

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 35, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Howe	Limmer	Utke
Bahr	Farnsworth	Jasinski	Lucero	Weber
Coleman	Green	Johnson	Mathews	Wesenberg
Dahms	Gruenhagen	Koran	Miller	Westrom
Dornink	Heintzeman	Kreun	Nelson	
Draheim	Holmstrom	Lang	Pratt	
Drazkowski	Housley	Lieske	Rarick	

Those who voted in the negative were:

Boldon	Frentz	Klein	McEwen	Putnam
Carlson	Gustafson	Kunesh	Mohamed	Rasmusson
Champion	Hauschild	Kupec	Murphy	Rest
Clark	Hawj	Latz	Oumou Verbeten	Seeberger
Cwodzinski	Hemmingsen-Jaeger	Mann	Pappas	Westlin
Dibble	Hoffman	Marty	Pha	Wiklund
Fateh	Johnson Stewart	Maye Quade	Port	Xiong

Pursuant to Rule 40, Senator Frentz cast the negative vote on behalf of the following Senators: Carlson, Latz, Putnam, and Rest.

The motion did not prevail. So the amendment was not adopted.

Senator Lang moved to amend S.F. No. 4555 as follows (A34):

Page 14, after line 16, insert:

"Section 1. **[561.015] RACING FACILITIES; IMMUNITY.**

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

(b) "Area of the racing facility" means within a three-mile radius of the perimeter of the property or contiguous group of properties where a racing facility is located.

(c) "Racing facility" means a designated area, facility, or track where competitive vehicle and motorsport races are conducted, including the track, spectator areas, garages, and any associated grounds, buildings, or appurtenances used to operate the races.

Subd. 2. **Immunity.** A racing facility is immune from any action brought by a surrounding property owner under any claim of nuisance if the racing facility was built before the surrounding real property owner either purchased or built the real property in the area of the racing facility.

Subd. 3. **Substantial and material expansion.** Subdivision 2 does not apply if the racing facility makes a substantial and material expansion of operations that results in a significant increase in the overall intensity of use of the facility, including but not limited to a demonstrable increase in the number of racing event days beyond historical patterns of operation existing at the time the person commencing an action acquired or improved the person's property.

Subd. 4. **Construction.** Nothing in this section shall be construed to exempt racing facilities from compliance with state or federal environmental laws or health and safety regulations.

Subd. 5. **Preexisting operations; nuisance.** Notwithstanding any other law, a nuisance action may not be maintained against a lawful preexisting operation based on noise or other impacts resulting from operations if the use was in existence prior to the claimant acquiring or improving the affected property. This subdivision does not apply if the operation has undergone a substantial and material expansion resulting in a significant increase in the intensity of use relative to historical operations at the time the claimant acquired or improved the property. Nothing in this subdivision exempts an operation from compliance with applicable state or federal law.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to causes of action commenced on or after that date."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 4555 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Johnson Stewart	Maye Quade	Port
Boldon	Frentz	Klein	McEwen	Putnam
Carlson	Gustafson	Kunesh	Mohamed	Rest
Champion	Hauschild	Kupec	Murphy	Seeberger
Clark	Hawj	Latz	Oumou Verbeten	Westlin
Cwodzinski	Hemmingsen-Jaeger	Mann	Pappas	Wiklund
Dibble	Hoffman	Marty	Pha	Xiong

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Carlson, Latz, Putnam, and Rest.

Those who voted in the negative were:

Bahr	Farnsworth	Jasinski	Lucero	Utke
Coleman	Green	Johnson	Mathews	Weber
Dahms	Gruenhagen	Koran	Miller	Wesenberg
Dornink	Heintzeman	Kreun	Nelson	Westrom
Draheim	Holmstrom	Lang	Pratt	
Drazkowski	Housley	Lieske	Rarick	
Duckworth	Howe	Limmer	Rasmusson	

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 4171: A bill for an act relating to housing; providing for submetered utility service final billing for vacating tenants; modifying provisions related to the payment of rent by tenants; amending Minnesota Statutes 2024, sections 216B.023, by adding a subdivision; 504B.118; 504B.216, by adding a subdivision.

S.F. No. 4171 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Farnsworth	Jasinski	Marty	Rarick
Bahr	Fateh	Johnson	Mathews	Rasmusson
Boldon	Frentz	Johnson Stewart	Maye Quade	Rest
Carlson	Green	Klein	McEwen	Seeberger
Champion	Gruenhagen	Koran	Miller	Utke
Clark	Gustafson	Kreun	Mohamed	Weber
Coleman	Hauschild	Kunesh	Murphy	Wesenberg
Cwodzinski	Hawj	Kupec	Nelson	Westlin
Dahms	Heintzeman	Lang	Oumou Verbeten	Westrom
Dibble	Hemmingsen-Jaeger	Latz	Pappas	Wiklund
Dornink	Hoffman	Lieske	Pha	Xiong
Draheim	Holmstrom	Limmer	Port	
Drazkowski	Housley	Lucero	Pratt	
Duckworth	Howe	Mann	Putnam	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Carlson, Latz, Putnam, and Rest.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Housley.

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1943: A bill for an act relating to commerce; prohibiting pet shops from selling cats and dogs; amending Minnesota Statutes 2024, sections 325F.79; 325F.791, subdivisions 1, 5; 325F.792, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 325F.

S.F. No. 1943 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 26, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Klein	Mohamed	Rest
Boldon	Frentz	Kreun	Murphy	Seeberger
Carlson	Gustafson	Kunesh	Nelson	Westlin
Champion	Hauschild	Kupec	Oumou Verbeten	Wiklund
Clark	Hawj	Latz	Pappas	Xiong
Coleman	Hemmingsen-Jaeger	Mann	Pha	
Cwodzinski	Hoffman	Marty	Port	
Dibble	Housley	Maye Quade	Pratt	
Duckworth	Johnson Stewart	McEwen	Putnam	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Carlson, Latz, Port, Putnam, and Rest.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Housley.

Those who voted in the negative were:

Bahr	Green	Johnson	Mathews	Wesenberg
Dahms	Gruenhagen	Koran	Miller	Westrom
Dornink	Heintzeman	Lang	Rarick	
Draheim	Holmstrom	Lieske	Rasmusson	
Drazkowski	Howe	Limmer	Utke	
Farnsworth	Jasinski	Lucero	Weber	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 3437: A bill for an act relating to commerce; modifying the application of residential mortgage loan fees and penalties in certain instances; amending Minnesota Statutes 2024, sections 58.137, by adding a subdivision; 58.20, by adding a subdivision.

Senator Duckworth moved that the amendment made to H.F. No. 3437 by the Committee on Rules and Administration in the report adopted April 15, 2026, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

Senator Duckworth moved to amend H.F. No. 3437 as follows (A-1):

Page 1, line 9, after "loan" insert "as defined in section 58.20, subdivision 5a,"

The motion prevailed. So the amendment was adopted.

H.F. No. 3437 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Farnsworth	Jasinski	Marty	Rarick
Bahr	Fateh	Johnson	Mathews	Rasmusson
Boldon	Frentz	Johnson Stewart	Maye Quade	Rest
Carlson	Green	Klein	McEwen	Seeberger
Champion	Gruenhagen	Koran	Miller	Utke
Clark	Gustafson	Kreun	Mohamed	Weber
Coleman	Hauschild	Kunesh	Murphy	Wesenberg
Cwodzinski	Hawj	Kupec	Nelson	Westlin
Dahms	Heintzeman	Lang	Oumou Verbeten	Westrom
Dibble	Hemmingsen-Jaeger	Latz	Pappas	Wiklund
Dornink	Hoffman	Lieske	Pha	Xiong
Draheim	Holmstrom	Limmer	Port	
Drazkowski	Housley	Lucero	Pratt	
Duckworth	Howe	Mann	Putnam	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Carlson, Fateh, Latz, Port, Putnam, and Rest.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Housley.

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 4241: A bill for an act relating to elections; modifying certain selection procedures for the Hennepin County medical examiner; modifying school board procedure for Independent School District No. 535; requiring economic interest disclosure for certain park district board candidates; amending Minnesota Statutes 2024, sections 383B.041, by adding a subdivision; 390.0065; Laws 1969, chapter 193, section 3, as amended.

Senator Johnson Stewart moved that the amendment made to H.F. No. 4241 by the Committee on Rules and Administration in the report adopted April 15, 2026, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 4241 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 26, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Kunesh	Mohamed	Rest
Boldon	Frentz	Kupec	Murphy	Seeberger
Carlson	Gustafson	Latz	Nelson	Westlin
Champion	Hauschild	Limmer	Oumou Verbeten	Wiklund
Clark	Hawj	Mann	Pappas	Xiong
Coleman	Hemmingsen-Jaeger	Marty	Pha	
Cwodzinski	Housley	Maye Quade	Port	
Dibble	Johnson Stewart	McEwen	Pratt	
Farnsworth	Klein	Miller	Putnam	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Carlson, Fateh, Latz, Port, Putnam, and Rest.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Housley.

Those who voted in the negative were:

Bahr	Green	Jasinski	Lucero	Wesenberg
Dahms	Gruenhagen	Johnson	Mathews	Westrom
Dornink	Heintzeman	Koran	Rarick	
Draheim	Hoffman	Kreun	Rasmusson	
Drazkowski	Holmstrom	Lang	Utke	
Duckworth	Howe	Lieske	Weber	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Johnson.

So the bill passed and its title was agreed to.

ADJOURNMENT

Senator Murphy moved that the Senate do now adjourn until 11:00 a.m., Tuesday, April 21, 2026. The motion prevailed.

Thomas S. Bottern, Secretary of the Senate