SEVENTY-EIGHTH LEGISLATIVE DAY

St. Paul, Minnesota, Sunday, May 17, 2026

The Senate met at 12:00 noon and was called to order by the President.

CALL OF THE SENATE

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

The members of the Senate paused for a moment of silent prayer and reflection.

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.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned:

S.F. No. 3891: A bill for an act relating to agriculture; allowing eggs to be donated past their quality assurance date; amending Minnesota Statutes 2024, sections 29.21, by adding a subdivision; 29.26.

S.F. No. 4339: A bill for an act relating to utilities; modifying certain requirements governing the excavation notice system, including to require electronic positive response; amending Minnesota Statutes 2024, sections 216D.01, by adding a subdivision; 216D.03, by adding a subdivision; 216D.04, subdivision 3.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 16, 2026

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 4282, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 4282: A bill for an act relating to forecast adjustments; making forecast adjustments to prekindergarten through grade 12 education programs, human services, the Department of Children, Youth, and Families, and Metro Mobility; appropriating money; amending Laws 2025, First Special Session chapter 8, article 1, section 3, subdivisions 1, 3; 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, 14, 15, 24; article 3, section 15, subdivisions 3, 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, 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.

Senate File No. 4282 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 16, 2026

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 3432, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 3432: A bill for an act relating to public safety; requiring removal of identifying equipment and insignia from emergency vehicles sold to the public; providing for security and protective services of certain state officials; requiring a report; appropriating money; amending Minnesota Statutes 2024, sections 299D.03, subdivision 1; 299E.01, subdivisions 1, 2, 3, 4, by adding a subdivision; Laws 2025, chapter 35, article 1, sections 2; 4; 5; Laws 2025, chapter 39, article 1, section 2; Laws 2025, First Special Session chapter 8, article 1, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 169; 299A; 299E.

Senate File No. 3432 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 16, 2026

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 4384 and 2354.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 16, 2026

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 4384: A bill for an act relating to child care; modifying requirements for abusive head trauma training for child care providers; amending Minnesota Statutes 2024, sections 142B.65, subdivision 7; 142B.70, subdivision 6; 142C.12, subdivision 3.

Referred to the Committee on Health and Human Services.

H.F. No. 2354: A bill for an act relating to consumer protection; adding and modifying provisions governing medical assistance fraud; providing the attorney general certain subpoena and enforcement authority; providing criminal penalties; making conforming changes; appropriating money; amending Minnesota Statutes 2024, sections 8.16, subdivision 1; 214.10, subdivision 2a; 245C.15, subdivisions 2, 3, 4; 609.52, subdivision 2; Minnesota Statutes 2025 Supplement, sections 145A.061, subdivision 3; 256B.12; 609.531, subdivision 1; 609.902, subdivision 4; 628.26; Laws 2026, chapter 88, article 1, section 181; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2024, section 609.466.

Referred to the Committee on Finance.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Johnson introduced--

S.F. No. 5306: A bill for an act relating to capital investment; appropriating money for radar infrastructure grants.

Referred to the Committee on Capital Investment.

Senator Clark introduced--

S.F. No. 5307: A bill for an act relating to housing; modifying requirements for prorated rent to include an incomplete first month of rent; amending Minnesota Statutes 2024, section 504B.116.

Referred to the Committee on Housing and Homelessness Prevention.

Senator Clark introduced--

S.F. No. 5308: A bill for an act relating to retirement; public employees police and fire retirement plan; authorizing payment of a retirement annuity without reduction or suspension upon reemployment of a police officer; authorizing continued participation in the statewide public employees insurance program during reemployment as a police officer; setting limits on the number of retired police officers that a city may employ as police officers; amending Minnesota Statutes 2024, section 353.37, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 353.

Referred to the Committee on State and Local Government.

Senator Hoffman introduced--

S.F. No. 5309: A bill for an act relating to agriculture; establishing the Office of Business Regulation and Land Ownership within the Department of Agriculture; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

Referred to the Committee on Agriculture, Veterans, Broadband, and Rural Development.

Senator Lieske introduced--

S.F. No. 5310: A bill for an act relating to crime; prohibiting the nonconsensual creation, possession, and dissemination of nudification images; providing criminal penalties; proposing coding for new law in Minnesota Statutes, chapter 617.

Referred to the Committee on Judiciary and Public Safety.

MOTIONS AND RESOLUTIONS

Senator Pappas moved that the names of Senators Rasmusson and Johnson Stewart be added as co-authors to S.F. No. 390. The motion prevailed.

Senator Dibble moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Rest be added as chief author to S.F. No. 2082. The motion prevailed.

Senator Pappas moved that the name of Senator Johnson Stewart be added as a co-author to S.F. No. 2827. The motion prevailed.

Senator Hawj moved that S.F. No. 2077, which had been laid on the table pursuant to Joint Rule 3.02(a), be taken from the table. The motion prevailed.

S.F. No. 2077: A bill for an act relating to state government; appropriating money for environment and natural resources; appropriating money from environment and natural resources trust fund; modifying prior appropriations; modifying fees and surcharges; modifying disposition of certain funds; modifying and establishing duties, authorities, and prohibitions regarding environment and natural resources; modifying and creating environment and natural resources programs; modifying and creating grant programs; providing civil and criminal penalties; authorizing rulemaking; modifying state trail, state forest, and state park provisions; authorizing sales, conveyances, and leases of certain state lands; modifying forestry provisions; modifying game and fish provisions; making technical changes; requiring reports; amending Minnesota Statutes 2024, sections 84.027, by adding a subdivision; 86B.415, subdivision 7; 97A.223, subdivision 1; 97A.421, by adding a subdivision; 97A.465, by adding a subdivision; 97A.475, subdivisions 2, 6; 103G.271, subdivision 6; 103G.301, subdivision 2; 115B.421; 116.07, by adding a subdivision; 116.073, subdivisions 1, 2; Laws 2023, chapter 60, article 1, sections 2, subdivisions 2, 7, 10; 3, subdivision 6; Laws 2024, chapter 83, section 2, subdivisions 3, 8; proposing coding for new law in Minnesota Statutes, chapters 84; 86B; 325F.

Senator Hawj moved that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate to act with a like Conference Committee to be appointed on the part of the House on S.F. No. 2077. The motion prevailed.

RECESS

Senator Murphy moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

APPOINTMENTS

Senator Murphy from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 2077: Senators Hawj, Putnam, and Lang.

Senator Murphy moved that the foregoing appointments be approved. The motion prevailed.

RECESS

Senator Murphy moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the reappointment of a Conference Committee on S. F. No. 2077 and the re-reference of said bill to that committee for further consideration:

S.F. No. 2077: A bill for an act relating to state government; appropriating money for environment and natural resources; appropriating money from environment and natural resources trust fund; modifying prior appropriations; modifying fees and surcharges; modifying disposition of certain funds; modifying and establishing duties, authorities, and prohibitions regarding environment and natural resources; modifying and creating environment and natural resources programs; modifying and creating grant programs; providing civil and criminal penalties; authorizing rulemaking; modifying state trail, state forest, and state park provisions; authorizing sales, conveyances, and leases of certain state lands; modifying forestry provisions; modifying game and fish provisions; making technical changes; requiring reports; amending Minnesota Statutes 2024, sections 84.027, by adding a subdivision; 86B.415, subdivision 7; 97A.223, subdivision 1; 97A.421, by adding a subdivision; 97A.465, by adding a subdivision; 97A.475, subdivisions 2, 6; 103G.271, subdivision 6; 103G.301, subdivision 2; 115B.421; 116.07, by adding a subdivision; 116.073, subdivisions 1, 2; Laws 2023, chapter 60, article 1, sections 2, subdivisions 2, 7, 10; 3, subdivision 6; Laws 2024, chapter 83, section 2, subdivisions 3, 8; proposing coding for new law in Minnesota Statutes, chapters 84; 86B; 325F.

There has been appointed as such committee on the part of the House:

Heintzeman, McDonald, Vang and Fischer.

Senate File No. 2077 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 17, 2026

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Senator Howe moved to suspend Rule 26.1 for the purpose of designating H.F. No. 4102 a Special Order for immediate consideration, pursuant to Rule 26.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Abeler	Drazkowski	Holmstrom	Lang	Pratt
Bahr	Duckworth	Housley	Lieske	Rarick
Coleman	Farnsworth	Howe	Limmer	Rasmusson
Dahms	Green	Jasinski	Lucero	Utke
Dibble	Gruenhagen	Johnson	Mathews	Weber
Dornink	Heintzeman	Koran	Miller	Wesenberg
Draheim	Hoffman	Kreun	Nelson	Westrom

Those who voted in the negative were:

Boldon	Gustafson	Kupec	Murphy	Seeberger
Carlson	Hauschild	Latz	Oumou Verbeten	Westlin
Champion	Hawj	Mann	Pappas	Wiklund
Clark	Hemmingsen-Jaeger	Marty	Pha	Xiong
Cwodzinski	Johnson Stewart	Maye Quade	Port	
Fateh	Klein	McEwen	Putnam	
Frentz	Kunesh	Mohamed	Rest	

Pursuant to Rule 40, Senator Westlin cast the negative vote on behalf of the following Senators: Boldon, Carlson, Hawj, Kunesh, and Rest.

The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Murphy moved that H.F. No. 3629 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Murphy, Chair of the Committee on Rules and Administration, designated H.F. No. 3629 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 3629: A bill for an act relating to state government; changing provisions for grants management; amending Minnesota Statutes 2024, sections 16B.97, subdivisions 4, 5; 16B.98, subdivision 11; 16B.991, subdivision 1.

Senator Kreun moved to amend H.F. No. 3629 as follows (A-5):

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2025 Supplement, section 15.013, is amended to read:

15.013 PROGRAM PAYMENTS WITHHELD; FRAUD.

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

~~(b) "Entity" means any corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, or any other legal entity that engages in either nonprofit or profit-making activities.~~

~~(c) "Evidence" means credible evidence obtained from an internal agency investigation, audits, court records, law enforcement investigations, or investigations by other state or federal agencies.~~

~~(d) "Fraud" means an intentional or deliberate act to deprive another of property or money or to acquire property or money by deception. Fraud includes knowingly submitting false information to a federal, state, or local government entity for the purpose of obtaining a greater compensation or benefit than the person is legally entitled. Fraud also includes acts that constitute a crime against any program, or the attempts or plans to commit those crimes, including but not limited to theft in violation of section 609.52, perjury in violation of section 609.48, and aggravated forgery and forgery in violation of sections 609.625 and 609.63, and substantially similar federal laws.~~

~~(e) "Individual" means a natural person.~~

~~(f) "Program" means any program funded by a state or federal agency that involves the transfer or disbursement of public funds or other public resources.~~

~~(g) "Program participant" means an entity, or an individual on behalf of an entity, that receives, disburses, or has custody of funds or other resources transferred or disbursed under a program.~~

~~(h) "Agency" has the meaning given in section 16B.01, subdivision 2, and includes the Minnesota State Colleges and Universities.~~

~~Subd. 2.~~ **~~Administrative withholding of payments.~~** ~~(a) The head of an agency may withhold payments to a program participant in a program administered by that agency for a period not to exceed 60 days if the agency head determines that a preponderance of the evidence shows that the program participant has committed fraud to obtain payments under the program.~~

~~(b) Notwithstanding subdivision 3, the agency head must notify the program participant of the decision to withhold payments at least 24 hours before withholding a payment. The notice must:~~

~~(1) state that payments will be withheld in accordance with this section;~~

~~(2) state the date the administrative withholding of payments is effective;~~

~~(3) state the reasons for withholding payments, excluding specific information that may jeopardize an active investigation;~~

~~(4) state the date the administrative withholding period terminates;~~

~~(5) inform the program participant of the right to submit written evidence for consideration by the agency head; and~~

~~(6) inform the program participant of their rights under chapter 14 to appeal the decision to withhold payment.~~

~~(c) Following notice and to the extent practicable, the agency must ensure that any person whose public funds are interrupted and who is not implicated in the suspected fraud receives notice of their rights related to continued receipt of the public funds, services, or programs for which they are eligible. The agency head must provide a point of contact for the impacted persons.~~

~~(d) A program participant may appeal an agency head's decision under this subdivision by initiating a contested case proceeding under chapter 14 or by petitioning the court for relief, including injunctive relief.~~

~~(e) This subdivision does not apply if an agency is precluded from withholding payments to a program participant by federal law or obligations under a contract.~~

~~Subd. 3.~~ ~~**Data classification and access.**~~ ~~(a) During the administrative payment withholding period under subdivision 2, data relating to evidence of fraud are classified as: (1) confidential data on individuals pursuant to section 13.02, subdivision 3; or (2) protected nonpublic data pursuant to section 13.02, subdivision 13, in the case of data not on individuals.~~

~~(b) All data relating to evidence of fraud become public at the termination of the withholding period unless classified as not public data under state or federal law. The identity of a complainant is private data on individuals, as defined in section 13.02, subdivision 12.~~

~~(c) An agency may disclose data classified as confidential or protected nonpublic under this section to a federal, state, or local government agency or a law enforcement agency if the agency determines that access will help prevent fraud against public programs or aid the law enforcement process.~~

~~Subd. 4.~~ ~~**Court order.**~~ ~~The head of an agency may petition the court for a temporary order pursuant to Rule 65 of the Minnesota Rules of Civil Procedure to withhold payments to a program participant in a program administered by that agency if the agency head determines that a preponderance of the evidence shows that the program participant has committed fraud to obtain payments under the program.~~

~~Subd. 5.~~ ~~**Report.**~~ ~~(a) An agency that has withheld a payment under this section must report the following to the commissioner of management and budget by March 1, 2026:~~

~~(1) the number of program participants from whom payments have been withheld;~~

~~(2) a description of the reason the payments were withheld from the program participant;~~

~~(3) the dollar amount of payments withheld;~~

~~(4) the identification of the program;~~

~~(5) whether the payments withheld were state or federal funds; and~~

~~(6) whether the withholding of payment was challenged by a program participant and the outcome of the challenge.~~

~~(b) The commissioner of management and budget must compile the reports from the agencies under paragraph (a) and submit the compiled report to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over state government, judiciary, health and human services, and education by March 15, 2026.~~

~~Subd. 6.~~ ~~**Sunset.**~~ ~~This section expires July 1, 2027.~~

Subd. 7. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Credible allegation of fraud" means an allegation of fraud that has been verified by the head of a state agency from any source, including but not limited to fraud complaints; patterns identified through audits, civil cases, law enforcement investigations, or investigations by other state or federal agencies; and court filings and other legal documents, including but not limited to police reports, complaints, indictments, information, affidavits, declarations, and search warrants.

(c) "Fraud" means an intentional or deliberate act to deprive another of property or money or to acquire property or money by deception or other unfair means. Fraud includes intentionally submitting false information to a federal, state, or local government entity for the purpose of obtaining a greater compensation or benefit than that to which the person is legally entitled. Fraud also includes acts which constitute a crime against any program, or the attempts or plans to commit a crime against any program, including but not limited to theft in violation of section 609.52; perjury in violation of section 609.48; and aggravated forgery and forgery in violation of sections 609.542, 609.625, and 609.63, and substantially similar federal laws.

(d) "Individual" means a natural person.

(e) "Program" means any program funded by a state or federal agency that involves the transfer or disbursement of public funds or other public resources.

(f) "Program participant" means any entity or individual that receives, disburses, or has custody of funds or other resources transferred or disbursed under a program.

(g) "State agency" means any department or agency of the state as defined in sections 15.01 and 15.012.

Subd. 8. **Withholding of payments.** (a) Except as otherwise authorized and to the extent permitted by federal law, the head of any state agency may withhold payments to a program participant in any program administered by that agency if the agency head determines the program participant is the subject of a credible allegation of fraud under investigation that is related to any program administered by that agency. The head of any agency may also withhold payments to a program participant in any program administered by that agency if another agency head has determined there is a credible allegation of fraud under investigation and the program participant is a subject of the investigation.

(b) The state agency head must send notice of the withholding of payments to the program participant within five days of taking such action. The notice must:

(1) state that payments are being withheld in accordance with this section;

(2) state the reasons for withholding payments, but need not disclose specific information concerning an ongoing investigation;

(3) state that the withholding is for a temporary period and cite the circumstances under which withholding shall be terminated; and

(4) inform the program participant of the right to submit written evidence for consideration by the state agency head.

(c) Following notice, to the extent practicable, the agency must ensure that any person whose public funds are interrupted and who is not implicated in the suspected fraud receives notice of their rights to continued receipt of the public funds, services, or programs for which they are eligible. The agency head must provide a point of contact for persons impacted.

(d) If the agency head withholds payments under this subdivision, the provider, vendor, individual, associated individual, or associated entity has a right to request administrative reconsideration. A request for administrative reconsideration must be made in writing, stating with specificity the reasons the payment withholding decision is in error, and include documents to support the request. Within 60 days after receipt of the request, the agency head shall judiciously review allegations, facts, evidence available to the agency head and information submitted by the provider, vendor, individual, associated individual, or associated entity to determine whether the payment withholding should remain in place.

(e) The withholding of payments shall not continue after the state agency head determines there is insufficient evidence of fraud by the program participant, or after legal proceedings relating to the alleged fraud are completed, unless the state agency head is authorized by law to take additional action against the program participant and complies with all requirements in law to take such action.

(f) The withholding of payments is a temporary action and is not subject to appeal under chapter 14.

(g) This section does not supersede any other section of law authorizing withholding of payments, including but not limited to sections 127A.21, subdivision 5; 142A.12, subdivision 5; 245.095, subdivision 5; and 256B.064, subdivision 2, paragraph (b).

Subd. 9. **Data classification and access.** (a) During the payment withholding period under this section, all data relating to a credible allegation of fraud under this section are classified as: (1) confidential data on individuals pursuant to section 13.02, subdivision 3; or (2) protected nonpublic data pursuant to section 13.02, subdivision 13, in the case of data not on individuals.

(b) Except for the identity of a complainant, after a determination has been made under subdivision 2, paragraph (e), that withholding of payments shall not continue, all data relating to a credible allegation of fraud under this section become public unless classified otherwise under state or federal law. The identity of a complainant is private.

(c) Any state agency may disclose any data classified as confidential or protected nonpublic under this section to any federal, state, or local government agency, or any law enforcement agency, if the state agency determines that access will help prevent fraud against public programs or aid the law enforcement process."

Page 2, after line 30, insert:

"Sec. 6. Minnesota Statutes 2024, section 142A.03, is amended by adding a subdivision to read:

Subd. 37. **Program integrity report.** Beginning January 1, 2027, and annually thereafter, the commissioner must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over children, youth, and families on program integrity functions within the Department of Children, Youth, and Families. The report must include:

(1) an update from the Office of Inspector General at the Department of Children, Youth, and Families with historical metrics and descriptive data, including the office's capacity to meet licensing demands and data for the past five years on the number of maltreatment reports and licensing complaints received, the results of maltreatment investigations, the number of licenses issued for each provider type, the number of licensing investigations and reviews completed, and the number of correction orders issued; and

(2) an update from the Office of Inspector General at the Department of Children, Youth, and Families that includes summary data related to caseload, site visit data, the number of child care assistance program investigations and administrative reviews within the past five years, recipient fraud investigation results involving multiple benefits from the past five years, and updates on closed major fraud investigations.

Sec. 7. Minnesota Statutes 2024, section 256.01, is amended by adding a subdivision to read:

Subd. 46. **Program integrity report.** Beginning November 30, 2026, and annually thereafter, the commissioner must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services on program integrity functions within the Department of Human Services. The report must include:

(1) an update from the Background Studies Division within the Office of Inspector General at the Department of Human Services with historical metrics and descriptive data on background studies and licensure, including the number of background studies completed within the past five years and the number of disqualifications that occurred;

(2) an update from the Licensing Division within the Office of Inspector General at the Department of Human Services with historical metrics and descriptive data, including the division's capacity to meet licensing demands and data for the past five years on the number of maltreatment reports and licensing complaints received, the results of maltreatment investigations, the number of licenses issued for each provider type, the number of licensing investigations and reviews completed, and the number of correction orders issued; and

(3) an update from the Program Integrity Oversight Division within the Office of Inspector General at the Department of Human Services that includes summary data related to caseload, screening and site visit data, the number of provider medical assistance managed care investigations within the past five years, the number of screening investigations within the past five years, and updates on closed major fraud investigations."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 3629 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 Westlin cast the affirmative vote on behalf of the following Senators: Boldon, Carlson, Fateh, Hawj, and Rest.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Mathews.

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Murphy moved that H.F. No. 4492 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Murphy, Chair of the Committee on Rules and Administration, designated H.F. No. 4492 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 4492: A bill for an act relating to veterans; establishing the Commanders Task Force; proposing coding for new law in Minnesota Statutes, chapter 197.

Senator Cwodzinski moved to amend H.F. No. 4492 as follows (A-4):

Delete everything after the enacting clause and insert:

"ARTICLE 1

THE READ ACT

Section 1. Minnesota Statutes 2024, section 120B.119, subdivision 7, is amended to read:

Subd. 7. **Literacy specialist.** "Literacy specialist" means a person licensed by the Professional Educator Licensing and Standards Board ~~as a teacher of reading, a special education teacher, or a kindergarten through grade 6 teacher,~~ who has completed professional development approved by the Department of Education in structured literacy.

Sec. 2. Minnesota Statutes 2025 Supplement, section 120B.119, subdivision 10, is amended to read:

Subd. 10. **Oral language.** "Oral language," also called " expressive language" ~~or~~ and "receptive language," includes speaking and listening, and consists of five components: phonology, morphology, syntax, semantics, and pragmatics. Oral language also includes sign language, in which speaking and listening skills are defined as expressive and receptive skills, and consists of phonology, including sign language phonological awareness, morphology, syntax, semantics, and pragmatics.

Sec. 3. Minnesota Statutes 2024, section 120B.119, is amended by adding a subdivision to read:

Subd. 10a. **Parent.** "Parent" means a student's parent or legal guardian.

Sec. 4. Minnesota Statutes 2025 Supplement, section 120B.12, subdivision 2, is amended to read:

Subd. 2. **Identification; report.** (a) Each school district must screen every student enrolled in kindergarten, grade 1, grade 2, and grade 3 using a screening tool approved by the Department of Education three times each school year: (1) within the first six weeks of the school year; (2) by February 15 each year; and (3) within the last six weeks of the school year. Students enrolled in kindergarten, grade 1, grade 2, and grade 3, including multilingual learners, students receiving special education services, and students enrolled in dual language immersion programs, must be universally screened for mastery of foundational reading skills, including phonemic awareness, phonics, decoding, fluency, oral language, and for characteristics of dyslexia as measured by a screening tool approved by the Department of Education. The screening for characteristics of dyslexia may be integrated with universal screening for mastery of foundational skills and expressive ~~or~~ and receptive language mastery. The screening tool used must be a valid and reliable universal screener that is highly correlated with foundational reading skills. ~~For students reading at grade level, beginning in the winter of grade 2, the oral reading fluency screener may be used to assess reading difficulties, including characteristics of dyslexia, without requiring a separate screening of each subcomponent of foundational reading skills.~~ A district must submit data on student performance in kindergarten, grade 1, grade 2, and grade 3 on foundational reading skills, including phonemic awareness, phonics, decoding, fluency, and oral language to the Department of Education in the annual local literacy plan submission due on June 15.

(b) For students enrolled in dual language immersion programs:

(1) if students are screened in the partner language, they must be screened at the same interval as the screenings in English under paragraph (a);

(2) if the program provides instruction in foundational reading skills in English, the students receiving that instruction must be screened in English;

(3) if the program provides instruction in foundational reading skills in the partner language, the students receiving that instruction must be screened in the partner language;

(4) if no screener is available in the partner language, the districts must identify how students' reading proficiency is assessed and how the districts determine and provide targeted reading instruction in the partner language and supports to students identified as needing additional support in developing mastery of foundational reading skills; and

(5) the partner language screening tool must be approved by the district for kindergarten through grade 3 students.

(c) Students in grades 4 and above, including multilingual learners and students receiving special education services, who are not reading at grade level must be screened for reading difficulties, including characteristics of dyslexia, using a screening tool approved by the Department of Education, and must continue to receive evidence-based instruction, interventions, and progress monitoring until the students achieve grade-level proficiency. A parent, in consultation with a teacher, may opt a student out of the literacy screener if the parent and teacher decide that continuing to screen would not be beneficial to the student. In such limited cases, the student must continue to receive progress monitoring and literacy interventions.

(d) Reading screeners in English, and in the predominant languages of district students where practicable, must identify and evaluate students' areas of academic need related to literacy. The district also must monitor the progress and provide reading instruction appropriate to the specific needs of multilingual learners. The district must use an approved, developmentally appropriate, and culturally responsive screener and annually report summary screener results to the commissioner by June 15 in the form and manner determined by the commissioner.

(e) An English language learner must be screened for characteristics of dyslexia according to the vendor's assessment guidelines.

~~(e)~~ (f) The district also must include in its local literacy plan under subdivision 4a, a summary of the district's efforts to screen, identify, and provide interventions to students who demonstrate characteristics of dyslexia as measured by a screening tool approved by the Department of Education. Districts are strongly encouraged to use a MTSS framework. With respect to students screened or identified under paragraph (a), the report must include:

(1) a summary of the district's efforts to screen for characteristics of reading difficulties, including dyslexia;

(2) the number of students universally screened for that reporting year;

(3) the number of students demonstrating characteristics of dyslexia for that year; and

(4) an explanation of how students identified under this subdivision are provided with alternate instruction and interventions under section 125A.56, subdivision 1.

Sec. 5. Minnesota Statutes 2025 Supplement, section 120B.12, subdivision 2a, is amended to read:

Subd. 2a. **Parent notification and involvement.** (a) A district must administer an approved reading screener to students in kindergarten through grade 3 within the first six weeks of the school year, by February 15 each year, and again within the last six weeks of the school year. A district must administer an approved reading screener to students in grades 4 and above who are not reading at grade level at least once per year until the student reaches grade-level proficiency. Schools, after administering each screener, must follow the language access plan under section 123B.32 and give the parent of each student who is not reading at or above grade level information from the screener about:

(1) the student's reading proficiency as measured by a screener approved by the Department of Education;

(2) reading-related services currently being provided to the student and the student's progress; and

(3) strategies for parents to use at home in helping their student succeed in becoming grade-level proficient in reading in English and in their native language.

(b) For students enrolled in dual language immersion programs, the district must measure the student's reading proficiency in English or in the program's partner language, if available, according to subdivision 2. Following the district's language access plan under section 123B.32, the district must notify families with timely information about students' reading proficiency, including how the student's reading proficiency is assessed, any reading-related services or supports provided to the student and the student's progress, and strategies for families to use at home in helping students succeed in becoming grade-level proficient in reading in English or the partner language. The dual language immersion program may provide information about national research on reading proficiency for students in dual language immersion programs in the parent notification.

(c) A district may not use this section to deny a student's right to a special education evaluation.

Sec. 6. Minnesota Statutes 2025 Supplement, section 120B.12, subdivision 4a, is amended to read:

Subd. 4a. **Local literacy plan.** (a) Consistent with this section, a school district must adopt a local literacy plan to have every child reading at or above grade level every year beginning in kindergarten and to support multilingual learners and students receiving special education services in achieving their individualized reading goals. A district must update and submit the plan to the commissioner by June 15 each year. The plan must be consistent with the Read Act, and include the following:

(1) a process to assess students' foundational reading skills, oral language, and level of reading proficiency and the approved screeners used, by school site and grade level, under section 120B.123;

(2) a process to notify and involve parents;

(3) a description of how schools in the district will determine the targeted reading instruction that is evidence-based and includes an intervention strategy for a student and the process for intensifying or modifying the reading strategy in order to obtain measurable reading progress;

(4) evidence-based intervention methods for students who are not reading at or above grade level and progress monitoring to provide information on the effectiveness of the intervention;

(5) identification of staff development needs, including a plan to meet those needs;

(6) the curricula used by school site and grade level and, if applicable, the district plan and timeline for adopting evidence-based curricula and materials starting in the 2025-2026 school year;

(7) a statement of whether the district has adopted a MTSS framework;

(8) student data using the measures of foundational literacy skills and mastery identified by the Department of Education for the following students:

(i) students in kindergarten through grade 3;

(ii) students who demonstrate characteristics of dyslexia; and

(iii) students in grades 4 to 12 who are identified as not reading at grade level;

(9) the number of teachers and other staff who have completed training approved by the department;

(10) the number of teachers and other staff proposed for training in structured literacy;

(11) how the district used funding provided under the Read Act to implement the requirements of the Read Act;

(12) beginning as soon as practicable after the end of fiscal year 2026, how the district used literacy aid funding received under section 124D.98; ~~and~~

(13) beginning on December 31, 2025, for a district with a dual language immersion program:

(i) the program's partner language;

(ii) grade levels included in the program;

(iii) the language used to screen students' foundational reading skills;

(iv) the percentage of grade 3 students taking the Minnesota Comprehensive Assessments; and

(v) the number of students in the program in grades 4 to 12 who are identified as not reading at grade level~~.~~; and

(14) beginning with the 2026-2027 school year, a description of how schools in the district will use the school library media center to complement students' foundational reading skills.

(b) Annually by June 15, the district must post its literacy plan on the official school district website and submit it to the commissioner of education using the template developed by the commissioner of education.

(c) Districts must use a streamlined template developed by the commissioner of education for local literacy plans that meets the requirements of this subdivision and requires all reading instruction and teacher training in reading instruction to be evidence-based. The template must require a district to report information using the student categories required in the commissioner's report under paragraph (d). The template must focus district resources on improving students' foundational reading skills while reducing paperwork requirements for teachers.

(d) By December 1, 2025, the commissioner of education must submit a report to the legislative committees with jurisdiction over prekindergarten through grade 12 education summarizing the local literacy plans submitted to the commissioner. The summary must include the following information:

(1) the number of teachers and other staff, by grade level, who have completed training approved by the Department of Education;

(2) the number of teachers and other staff, by grade level, required to complete the training under section 120B.123, subdivision 5, who have not completed the training;

(3) the number of teachers exempt under section 120B.123, subdivision 5, from completing training approved by the Department of Education;

(4) the statewide total number of teachers or other staff required to complete the training under section 120B.123, subdivision 5, that have received other training or education that meets the requirements of the training approved by the Department of Education;

(5) by school site and grade, the approved screeners and the reading curriculum used;

(6) by school site and grade, using the measurements of foundational literacy skills and mastery identified by the department, both aggregated data and disaggregated data on student performance on the approved screeners using the student categories under section 120B.35, subdivision 3, paragraph (a), clause (2); and

(7) information about dual language immersion programs.

(e) By December 1, 2026, and December 1, 2027, the commissioner of education must submit updated reports containing the information required under paragraph (d) and updates and recommendations from the dual language immersion advisory committee established under subdivision 6, to the legislative committees with jurisdiction over prekindergarten through grade 12 education.

Sec. 7. Minnesota Statutes 2025 Supplement, section 120B.123, subdivision 1, is amended to read:

Subdivision 1. **Approved screeners.** (a) A district must administer an approved evidence-based reading screener to students in kindergarten through grade 3 within the first six weeks of the school year, by February 15 each year, and again within the last six weeks of the school year. A district must provide vendor-approved screening accommodations to students with documented accommodation plans. The screener must be one of the screening tools approved by the Department

of Education. A district must identify any screener it uses in the district's annual literacy plan, and submit screening data with the annual literacy plan by June 15.

(b) Starting in the 2024-2025 school year, district staff and external partners offering literacy supports in schools may only use screeners that have been approved by the Department of Education.

Sec. 8. Minnesota Statutes 2025 Supplement, section 120B.123, subdivision 5, is amended to read:

Subd. 5. **Professional development.** (a) A district must provide training from a menu of approved evidence-based training programs to the following teachers and staff by July 1, 2026:

(1) reading intervention teachers working with students in kindergarten through grade 12;

(2) all classroom teachers of students in kindergarten through grade 3 and children in prekindergarten programs;

(3) kindergarten through grade 12 special education teachers responsible for foundational reading instruction;

(4) curriculum directors;

(5) instructional support staff, contractors, and volunteers who assist in providing reading interventions under the oversight and monitoring of a trained licensed teacher;

(6) employees who select literacy instructional materials for a district; and

(7) teachers holding English as a second language teaching licenses.

(b) A district must provide training from a menu of approved evidence-based training programs to the following teachers by July 1, 2027:

(1) teachers who provide foundational reading instruction to students in grades 4 to 12;

(2) teachers who provide instruction to students in a state-approved alternative program; and

(3) teachers who provide instruction to students in dual language immersion programs.

(c) The commissioner of education may grant a district an extension to the deadlines in this subdivision.

(d) Training provided by the following may satisfy the professional development requirements under this subdivision:

(1) a certified trained facilitator; or

(2) a training program that the department has determined meets the professional development requirements under the Read Act.

(e) Beginning July 1, 2027, an educator required to receive training under paragraph (a), who is new to the state of Minnesota or is a newly licensed teacher who did not receive instruction in

the teaching of foundational reading skills based on structured literacy, must complete one of the approved required trainings. Training must be offered through the regional literacy network and facilitated by a local certified trained facilitator. The Department of Education must review district literacy lead waiver requests and grant waivers to educators new to the state or educators who provide reading instruction exclusively using alternatives to sound-based approaches, and who have completed the professional development requirements consistent with this subdivision.

(f) For the 2024-2025 ~~and~~, 2025-2026, and 2026-2027 school years only, the hours of instruction requirement under section 120A.41 for students in elementary and secondary school, as defined in section 120A.05, subdivisions 9 and 13, is reduced by 5-1/2 hours for a district that enters into an agreement with the exclusive representative of the teachers that requires teachers to receive at least 5-1/2 hours of approved evidence-based training required under this subdivision, on a day when other students in the district receive instruction. If a charter school's teachers are not represented by an exclusive representative, the charter school may reduce the number of instructional hours for students in elementary and secondary school, as defined in section 120A.05, subdivisions 9 and 13, by 5-1/2 hours after consulting with its teachers in order to provide teachers with at least 5-1/2 hours of evidence-based training required under this subdivision on a day when other students receive instruction. The hours of instruction reduction for secondary school students is applicable only for the 2025-2026 and 2026-2027 school ~~year~~ years.

(g) An educator who was first enrolled in an elementary, special education, or early childhood education Minnesota-approved teacher preparation program on or after June 1, 2026, does not need to receive additional training according to paragraph (a).

Sec. 9. Minnesota Statutes 2024, section 120B.123, is amended by adding a subdivision to read:

Subd. 8. **Accessibility standards.** (a) All professional development and digital curriculum resources must comply with the accessibility standards developed according to section 16E.03, subdivision 9.

(b) Professional development provided in accordance with the Read Act is subject to the requirements of section 363A.43.

Sec. 10. Minnesota Statutes 2025 Supplement, section 120B.124, subdivision 5, is amended to read:

Subd. 5. **Ongoing review of literacy materials.** (a) By October 1, 2026, the department must establish an ongoing review process in order to identify curriculum and intervention materials that are evidence-based, focused on structured literacy, culturally and linguistically responsive, and reflective of diverse populations. The department may partner with one or more institutions of higher education or a third party to conduct independent and objective reviews of curriculum and intervention materials using the competitive solicitation procedures under chapter 16C. The department must determine whether it will partner with an institution of higher education or a third party to conduct ongoing reviews of literacy materials by ~~June~~ October 1, 2026. A publisher may submit curriculum or intervention materials for review. The publisher is responsible for paying the cost of the review directly to ~~the~~ a partnering institution of higher education or third party. The review must use the Read Act rubric used to approve curriculum ~~and post~~. The department may modify the Read Act rubric as necessary to reflect the evolving needs of grade levels and special populations, including

alignment with the Minnesota English Language Arts standards, the incorporation of culturally and linguistically responsive criteria, and the inclusion of criteria reflective of diverse populations. The Read Act rubric must be posted on the department website. The department and ~~institution of higher education~~ its partner may approve the curriculum or intervention materials if they determine that the curriculum or intervention materials are evidence-based, focused on structured literacy, culturally and linguistically responsive, and reflect diverse populations. The department must add the approved curriculum or intervention materials to the list of curricula and materials approved under the Read Act. Following each review cycle, the department must post its findings on the department's website. Alternative curriculum and intervention programs for those who cannot access sound-based approaches must be reviewed on the same review cycle as traditional programs.

(b) A program undergoing a full review cycle must be added to the reviewed curricula and intervention program list after the review process is completed.

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

Sec. 11. **REPEALER.**

Minnesota Statutes 2025 Supplement, section 120B.124, subdivision 6, is repealed.

ARTICLE 2

HIGH SCHOOL DIPLOMAS FOR VETERANS

Section 1. **[127A.135] HIGH SCHOOL DIPLOMA FOR VETERANS.**

Subdivision 1. **Diploma.** A school district or charter school must, upon a request under subdivision 2, issue a high school diploma to a veteran as defined in section 197.447 who was unable to complete their high school education for reasons related or unrelated to their military service, and who served:

(1) during the Korean Conflict from June 27, 1950, to January 31, 1955; or

(2) during the Vietnam War, either in the country from November 1, 1955, to May 7, 1975, or outside of the country from August 5, 1964, to May 7, 1975.

Subd. 2. **Request.** A veteran may request a diploma on their own behalf, or a family member may make a posthumous request on behalf of a deceased veteran or service member. The high school diploma is awarded based on the veteran's knowledge and experience gained while in service, or the veteran's other relevant lived experience. The school district or charter school may require the veteran or veteran's requestor to provide evidence that the veteran was a Minnesota public school student or is a current Minnesota resident.

Subd. 3. **No report required.** Districts and charter schools are not required to report on diplomas issued under this section.

Subd. 4. **Assistance.** The Minnesota Department of Veterans Affairs and county veteran service officers may provide assistance to districts and charter schools fulfilling these requests, including but not limited to verification of discharge paperwork.

ARTICLE 3

OTHER LITERACY PROVISIONS

Section 1. Minnesota Statutes 2024, section 122A.092, is amended by adding a subdivision to read:

Subd. 10. **Early literacy field experience.** (a) A teacher preparation provider approved by the Professional Educator Licensing and Standards Board to prepare teacher candidates to provide instruction in early literacy must require a supervised early literacy field experience aligned to evidence-based best practices in reading consistent with sections 120B.118 to 120B.124. The early literacy field experience requirement applies to teacher candidates who enroll in teacher preparation programs in the 2027-2028 school year or later.

(b) The early literacy field experience must be integrated with learning experiences in reading instruction, including instruction on reading methods or equivalent, and must provide teacher candidates with opportunities to apply evidence-based literacy practices with students.

(c) The Professional Educator Licensing and Standards Board must adopt rules regarding the early literacy field experience requirement, including but not limited to:

(1) defining licensure areas in which teacher candidates must complete the early literacy field experience;

(2) establishing expectations for the scope and outcomes of the early literacy field experience;

(3) ensuring the field experience occurs primarily within a school building during the instructional day, while allowing for waivers when appropriate to accommodate unique program delivery models or documented hardship; and

(4) requiring the field experience includes observation with actionable feedback to ensure growth and attainment of related reading standards.

(d) In adopting rules under this subdivision, the board must allow flexibility for teacher preparation programs to demonstrate that candidates have met required standards through field experiences.

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

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 4492 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 Westlin cast the affirmative vote on behalf of the following Senators: Boldon, Carlson, Fateh, Hawj, and Rest.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Mathews.

So the bill, as amended, was passed and its title was agreed to.

Pursuant to Rule 26, Senator Frentz, designee of the Chair of the Committee on Rules and Administration, designated S.F. No. 4400 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 4400: A bill for an act relating to public finance; reducing the aggregate bond limitation applicable to the allocation of private activity bonds for qualifying residential rental projects; amending Minnesota Statutes 2024, section 474A.02, subdivision 1a.

S.F. No. 4400 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 Westlin cast the affirmative vote on behalf of the following Senators: Boldon, Carlson, Fateh, Hawj, and Rest.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Mathews.

So the bill passed and its title was agreed to.

RECESS

Senator Murphy moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 334: A bill for an act relating to education; modifying professional development requirements for Read Act implementation; amending Minnesota Statutes 2024, section 120B.123, subdivision 5.

Senate File No. 334 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 17, 2026

CONCURRENCE AND REPASSAGE

Senator Wiklund moved that the Senate concur in the amendments by the House to S.F. No. 334 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 334: A bill for an act relating to state government; creating a Human Services Systems Modernization Advisory Council and a Legislative Commission on Human Services Systems;

establishing a modernization fund and eligible uses; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 16A; 16E; 256.

S.F. No. 334 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage 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 Westlin cast the affirmative vote on behalf of the following Senators: Carlson, Fateh, and Murphy.

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 4401: A bill for an act relating to cannabis; modifying cannabis business, hemp business, and cannabis event organizer license and endorsement provisions; establishing a cannabis macrobusiness license; modifying labeling requirements for cannabinoid products and lower-potency hemp edibles; modifying studies and an annual market analysis conducted by the Office of Cannabis Management; providing that data reported to the Office of Cannabis Management through statewide monitoring system is not public data; modifying provisions related to public data on cannabis business license applicants and license holders; modifying provisions relating to local unit of government's regulation of cannabis businesses; defining ratio hemp-infused cannabis product; requiring reports; amending Minnesota Statutes 2024, sections 342.01, subdivisions 14, 20, 52, 54, by adding a subdivision; 342.02, subdivision 2; 342.07, subdivision 3; 342.09, subdivision 3; 342.15, subdivisions 2, 5; 342.175; 342.19, subdivision 6; 342.20, subdivisions 1, 2, 3; 342.22, subdivisions 1, 4, 5; 342.23, subdivision 5; 342.25, subdivisions 1, 2, 3, 4, 5, 6, 7; 342.26, subdivisions 1, 2, 3, 4, 5; 342.27, subdivisions 1, 2, 6, 12, by adding a subdivision; 342.28, subdivisions 6, 7, 9, 11, by adding subdivisions; 342.29, subdivisions 5, 6, 8, 8a, 10, by adding subdivisions; 342.30, subdivision 3,

by adding a subdivision; 342.31, subdivisions 3, 5; 342.32, subdivision 3, by adding a subdivision; 342.35, subdivision 1; 342.37, subdivision 1; 342.39, as amended; 342.40, subdivision 1; 342.41, subdivision 1; 342.44, subdivision 2; 342.45, subdivision 3; 342.51, by adding subdivisions; 342.515, as amended; 342.61, subdivision 5; 342.63, subdivision 4, by adding a subdivision; 342.66, subdivision 3; 342.80; Minnesota Statutes 2025 Supplement, sections 342.01, subdivision 48; 342.04; 342.10; 342.11; 342.12; 342.13; 342.14, subdivisions 3, 6; 342.16; 342.18, subdivision 2; 342.22, subdivision 3; 342.28, subdivision 8; 342.29, subdivision 7; 342.30, subdivision 1; 342.32, subdivision 1; 342.40, subdivision 7; 342.43, subdivision 2; 342.44, subdivision 1; 342.46, subdivision 8; 342.51, subdivision 2; 342.61, subdivision 4; 342.62, subdivision 2; 342.63, subdivisions 2, 3, 5, 6; proposing coding for new law in Minnesota Statutes, chapter 342; repealing Minnesota Statutes 2024, sections 151.72, subdivisions 1, 2, 4, 5, 5b, 5c, 6, 7; 342.51, subdivision 1; Minnesota Statutes 2025 Supplement, section 151.72, subdivisions 3, 5a.

Senate File No. 4401 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 17, 2026

CONCURRENCE AND REPASSAGE

Senator Dibble moved that the Senate concur in the amendments by the House to S.F. No. 4401 and that the bill be placed on its repassage as amended.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Klein	McEwen	Port
Carlson	Gustafson	Kunesh	Mohamed	Putnam
Champion	Hauschild	Kupec	Murphy	Rest
Clark	Hawj	Latz	Nelson	Seeberger
Cwodzinski	Hemmingsen-Jaeger	Mann	Oumou Verbeten	Westlin
Dibble	Hoffman	Marty	Pappas	Wiklund
Fateh	Johnson Stewart	Maye Quade	Pha	Xiong

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senators: Carlson and Fateh.

Those who voted in the negative were:

Abeler	Duckworth	Howe	Limmer	Utke
Bahr	Farnsworth	Jasinski	Lucero	Weber
Coleman	Green	Johnson	Mathews	Wesenberg
Dahms	Gruenhagen	Koran	Miller	Westrom
Dornink	Heintzeman	Kreun	Pratt	
Draheim	Holmstrom	Lang	Rarick	
Drazkowski	Housley	Lieske	Rasmusson	

The motion prevailed.

S.F. No. 4401: A bill for an act relating to cannabis; modifying cannabis business, hemp business, and cannabis event organizer license and endorsement provisions; establishing a cannabis macrobusiness license; modifying labeling requirements for cannabinoid products and lower-potency hemp edibles; modifying studies and an annual market analysis conducted by the Office of Cannabis Management; providing that data reported to the Office of Cannabis Management through the statewide monitoring system is not public data; modifying provisions related to public data on cannabis business license applicants and license holders; modifying provisions relating to a local unit of government's regulation of cannabis businesses; requiring reports; amending Minnesota Statutes 2024, sections 342.01, subdivisions 14, 20, 52, 54, by adding a subdivision; 342.02, subdivision 2; 342.07, subdivision 3; 342.09, subdivision 3; 342.14, subdivisions 1b, 10; 342.15, subdivisions 2, 5; 342.175; 342.185, subdivisions 1, 2, 3; 342.19, subdivision 6; 342.20, subdivisions 1, 2, 3, by adding a subdivision; 342.22, subdivisions 1, 4, 5; 342.23, subdivision 5, by adding a subdivision; 342.25, subdivisions 1, 2, 3, 4, 5, 6, 7; 342.26, subdivisions 1, 2, 3, 4, 5; 342.27, subdivisions 1, 2, 12, by adding a subdivision; 342.28, subdivisions 6, 7, 9, 11, by adding subdivisions; 342.29, subdivisions 5, 6, 8, 8a, 10, by adding subdivisions; 342.30, subdivision 3, by adding a subdivision; 342.31, subdivisions 3, 5; 342.32, subdivision 3, by adding a subdivision; 342.35, subdivision 1; 342.37, subdivision 1; 342.39, as amended; 342.40, subdivision 1; 342.41, subdivision 1; 342.44, subdivision 2; 342.45, subdivision 3; 342.51, subdivision 3, by adding subdivisions; 342.515, as amended; 342.61, subdivision 5, by adding a subdivision; 342.63, subdivision 4, by adding a subdivision; 342.66, subdivision 3; 342.80; Minnesota Statutes 2025 Supplement, sections 342.01, subdivisions 48, 50; 342.04; 342.10; 342.11; 342.12; 342.13; 342.14, subdivisions 3, 6; 342.16; 342.18, subdivision 2; 342.22, subdivision 3; 342.28, subdivisions 1, 8; 342.29, subdivisions 1, 7; 342.30, subdivision 1; 342.32, subdivision 1; 342.40, subdivision 7; 342.43, subdivision 2; 342.44, subdivision 1; 342.46, subdivision 8; 342.51, subdivision 2; 342.61, subdivision 4; 342.62, subdivision 2; 342.63, subdivisions 2, 3, 5, 6; proposing coding for new law in Minnesota Statutes, chapter 342; repealing Minnesota Statutes 2024, sections 151.72, subdivisions 1, 2, 4, 5, 5b, 5c, 6, 7; 342.51, subdivision 1; Minnesota Statutes 2025 Supplement, section 151.72, subdivisions 3, 5a.

S.F. No. 4401 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

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
Fateh	Johnson Stewart	Maye Quade	Port	

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senators: Carlson, Hoffman, and Rest.

Those who voted in the negative were:

Abeler	Coleman	Dornink	Drazkowski	Farnsworth
Bahr	Dahms	Draheim	Duckworth	Green

Gruenhagen	Jasinski	Lieske	Nelson	Weber
Heintzeman	Johnson	Limmer	Pratt	Wesenberg
Holmstrom	Koran	Lucero	Rarick	Westrom
Housley	Kreun	Mathews	Rasmusson	
Howe	Lang	Miller	Utke	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Dahms.

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 4188, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 4188 is herewith transmitted to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 16, 2026

CONFERENCE COMMITTEE REPORT ON H. F. No. 4188

A bill for an act relating to commerce; modifying various consumer protections for insurance and financial products; prohibiting virtual-currency kiosks; modifying various provisions governing securities broker-dealers and broker-dealers' agents; making technical changes to various provisions governed or administered by the Department of Commerce; modifying and adding provisions governing unclaimed property; providing penalties; amending Minnesota Statutes 2024, sections 46.044, subdivision 1; 48.195; 49.37; 53B.69, subdivision 10; 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.13, subdivisions 1, 6; 72A.061, subdivision 5; 72A.18, subdivision 2, by adding subdivisions; 72A.20, subdivision 2, by adding a subdivision; 80A.50; 80A.69; 80C.12, subdivision 1; 80G.01, subdivision 5a; 325E.21, subdivisions 1b, 2c; 332.32; 345.31, by adding a subdivision; 345.43, by adding a subdivision; Minnesota Statutes 2025 Supplement, sections 58B.02, subdivision 8a; 80A.66; proposing coding for new law in Minnesota Statutes, chapters 53B; 80A; 82B; 82C; 345; repealing Minnesota Statutes 2024, sections 48.158; 53B.69, subdivisions 3b, 3c; 53B.75, subdivisions 1, 2, 3, 4, 5.

May 16, 2026

The Honorable Lisa M. Demuth
Speaker of the House of Representatives

The Honorable Bobby Joe Champion
President of the Senate

We, the undersigned conferees for H. F. No. 4188 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 4188, the second engrossment, be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CONSUMER PROTECTION, FINANCIAL PRODUCTS, AND INSURANCE

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~~ $10,000,000 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. 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. 4. 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. 5. 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. 6. 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. 7. 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. 8. 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. 9. 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. 10. 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. 11. 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. 12. 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. 13. **[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. 14. 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. 15. 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. 16. 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. 17. 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. 18. 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. 19. 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. 20. 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. 21. 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. 22. 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. 23. 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. 24. 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. 25. 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. 26. **[59E.01] SHORT TITLE.**

This chapter shall be known and cited as the "Rental Home Marketplace Guarantees Act."

Sec. 27. **[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. 28. **[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) A 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 a person handling rental home marketplace guarantee losses to provide knowledgeable, fair, and objective service. A provider must maintain records demonstrating completion of the training by a person handling rental home marketplace guarantee losses.

Sec. 29. **[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. 30. **[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. 31. **[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. 32. **[59E.07] ENFORCEMENT.**

The commissioner may enforce this chapter using the enforcement authority under chapters 46 and 60A.

Sec. 33. 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 if a cancellation under paragraphs (a) and (c) occurs. 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. 34. 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. 35. 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. 36. 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 (e) shall not be subject to the provisions of sections 62A.46 to 62A.56 until July 1, 1988.~~

Sec. 37. **[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. 38. **[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. 39. **[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) the 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) the insurance producer sells insurance or engages in administrative and claims-related activities within the scope of the producer's license;

(3) the 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) the individual (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) the 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. 40. **[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. 41. **[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. 42. **[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. 43. **[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. 44. 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. 45. 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. 46. 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 who 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. 47. 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. 48. 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. 49. 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. 50. Minnesota Statutes 2024, section 72A.20, is amended by adding a subdivision to read:

Subd. 2a. **Failure to maintain certain records.** An insurance lead generator 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. An insurance lead generator must maintain data under this subdivision for at least the current calendar year and the two preceding years.

Sec. 51. 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. 52. **[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. 53. **[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. 54. 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.

Sec. 55. 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. 56. 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. 57. 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.

Sec. 58. 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. 59. 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. 60. 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. 61. Laws 2026, chapter 72, section 1, subdivision 5, is amended to read:

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~~ victims of crime account under Minnesota Statutes, section 299A.708.

Sec. 62. **EFFECTIVE DATE MODIFICATION FOR LAWS 2026, CHAPTER 48.**

Laws 2026, chapter 48, sections 1, 2, and 5, are effective retroactively from April 22, 2026.

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

Sec. 63. **REPEALER.**

Minnesota Statutes 2024, sections 56.08; 332A.02, subdivision 2; and 332B.02, subdivision 2, are repealed.

ARTICLE 2

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 FINRA Rule 3110.11, or any successor federal law, to satisfy its obligation 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 adviser'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 an 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 FINRA 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 as 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 claims, 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, as 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 FINRA 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 Rule 17a-3 of the Securities Exchange Act of 1934 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 Securities and Exchange Commission 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, 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 3

HEALTH INSURANCE

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 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. 3. **[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. 4. 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 taxes imposed under section 295.52, 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 may request unique or custom data sets from a state agency in a request under paragraph (c). The state agency may charge the commissioner 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. 5. 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. 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 any form of automated processing 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) A health plan 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 is not:

(1) within the clinical trainee's scope of practice under section 245I.04, subdivision 7; or

(2) 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 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. 9. 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. 10. Minnesota Statutes 2024, section 270B.14, subdivision 11, is amended to read:

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

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

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

(d) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of health to the extent provided for and for the purposes described in section 62J.40.

Sec. 11. **DIRECTION TO COMMISSIONER; CHAPTER 62J EVALUATION OF HOME CARE NURSING SERVICES; LEGISLATIVE SOLUTIONS.**

(a) The commissioner of commerce must evaluate 2026 S.F. No. 4502 in accordance with the requirements for an evaluation of a mandated health benefit proposal under Minnesota Statutes, section 62J.26. By January 15, 2027, the commissioner must submit a written report on the evaluation to the chairs and ranking minority members of the legislative committees with jurisdiction over health insurance policy and finance and health and human services policy and finance. In addition to all analyses, impacts, data, and other information required to be included in the evaluation under Minnesota Statutes, section 62J.26, the commissioner must include an evaluation of the fiscal impacts on the medical assistance program. The fiscal impacts on the medical assistance program must be determined in consultation with the commissioner of human services.

(b) By January 15, 2027, the commissioner of commerce must provide the chairs and ranking minority members of the legislative committees with jurisdiction over health insurance policy and finance and health and human services finance and policy with proposals for legislative action to support the needs of medically complex individuals and their families utilizing home care nursing services. The commissioner must consult with the commissioner of human services to develop the proposals. The proposals must:

(1) consider fiscal impacts on the state, impacted families, and health plan companies;

(2) prioritize affordable health care coverage for the complex medical needs of recipients of home care nursing services; and

(3) include legislative language.

ARTICLE 4

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 association must disburse applicable reinsurance payments to an eligible health carrier no later than August 31, 2028.

(h) 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.

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~~ April 15, 2028, the ~~association~~ commissioner must provide each group health carrier with an estimate of the carrier's assessment under paragraph (a).

(c) By ~~June 30~~ July 3, 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~~ to the commissioner~~,~~. Each carrier's proposed assessment amount must be 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 by July 20. 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 24, 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~~ 7, 2028. The commissioner must deposit assessment payments received under this paragraph in the premium security plan account 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~~ 1, 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~~ 1, 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~~ and commissioner determine 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~~ commissioner must require group health carriers to pay an additional amount ~~or~~ to the ~~association~~ premium security plan account created under section 62E.25 or the commissioner must issue a refund to the group health carriers out of the premium security plan account. The association and commissioner 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, as amended by Laws 2026, chapter 88, article 1, section 179, 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 subdivision 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 5

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 6

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 345.41. 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 7

TECHNICAL AND MISCELLANEOUS CHANGES

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 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. 6. 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. 7. 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. 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. Minnesota Statutes 2024, section 609.761, subdivision 3, is amended to read:

Subd. 3. **Social skill game.** Sections 609.755 and 609.76 do not prohibit tournaments or contests that satisfy all of the following requirements:

(1) the tournament or contest consists of the card games of chance commonly known as cribbage, skat, sheepshead, bridge, euchre, hasenpfeffer, pinochle, gin, 500, smear, Texas hold'em, or whist;

(2) the tournament or contest does not provide any direct financial benefit to the promoter or organizer;

(3) the value of all prizes awarded for each tournament or contest does not exceed $200; and

(4) for a tournament or contest involving Texas hold'em:

(i) no person under 18 years of age may participate;

(ii) the payment of an entry fee or other consideration for participating is prohibited;

(iii) the value of all prizes awarded to an individual winner of a tournament or contest at a single location may not exceed $200 each day; and

(iv) the organizer or promoter must ensure that reasonable accommodations are made for players with disabilities. Accommodations to the table and the cards shall include the announcement of the cards visible to the entire table and the use of Braille cards for players who are blind.

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

Sec. 37. **REPEALER.**

Minnesota Statutes 2024, section 48.158, is repealed."

Delete the title and insert:

"A bill for an act relating to commerce; adding and modifying various provisions governing consumer protection, financial institutions, securities, insurance, unclaimed property, weights and measures, and lawful gambling; modifying the Minnesota premium security plan; eliminating the prescription drug affordability advisory council; making various technical changes; requiring reports; 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; 53.04, subdivision 3a; 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.085; 60A.13, subdivisions 1, 6; 60K.383; 62A.135, subdivision 1; 62A.46, subdivision 2; 62D.08, by adding a subdivision; 62E.23, subdivision 1; 62J.40; 62J.89, subdivisions 1, 2; 62J.90, subdivision 2; 62K.07, subdivision 2; 62M.09, subdivision 3; 62Q.47; 62U.04, subdivision 13; 62W.06, by adding a subdivision; 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; 239.761, subdivisions 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 239.77, subdivision 1; 256B.0913, subdivision 4; 270B.14, subdivision 11; 296A.01, subdivisions 7, 8, 14, 19, 22, 26, 28, 35; 325E.21, subdivisions 1b, 2c; 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; 609.761, subdivision 3; Minnesota Statutes 2025 Supplement, sections 8.37, subdivisions 3, 5; 41A.09, subdivision 2a; 58B.02, subdivision 8a; 62E.23, subdivisions 1a, 2; 80A.66; 239.761, subdivisions 3, 4, 5, 6; 296A.01, subdivisions 20, 23, 24; 297I.20, subdivision 7, as amended; Laws 2026, chapter 72, section 1, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 58; 60A; 62A; 62D; 80A; 82B; 82C; 345; proposing coding for new law as Minnesota Statutes, chapters 59E; 65C; repealing Minnesota Statutes 2024, sections 48.158; 56.08; 62J.86, subdivision 2; 62J.88; 332A.02, subdivision 2; 332B.02, subdivision 2."

We request the adoption of this report and repassage of the bill.

House Conferees: Erin Koegel, Steve Elkins, Tim O'Driscoll, Bernie Perryman

Senate Conferees: Matt Klein, Judy Seeberger, Nick Frentz, Zach Duckworth

Senator Klein moved that the foregoing recommendations and Conference Committee Report on H.F. No. 4188 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Abeler moved that the recommendations and Conference Committee Report on H.F. No. 4188 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the Abeler motion.

The roll was called, and there were yeas 19 and nays 44, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Holmstrom	Lieske	Lucero
Bahr	Hoffman	Kunesh	Limmer	Mann

Mathews	McEwen	Oumou Verbeten	Pratt	Westrom
Maye Quade	Nelson	Port	Wesenberg	

Those who voted in the negative were:

Carlson	Drazkowski	Heintzeman	Kupec	Rasmusson
Champion	Farnsworth	Housley	Lang	Rest
Clark	Fateh	Howe	Latz	Seeberger
Coleman	Frentz	Jasinski	Mohamed	Utke
Cwodzinski	Green	Johnson	Murphy	Weber
Dahms	Gruenhagen	Johnson Stewart	Pappas	Westlin
Dibble	Gustafson	Klein	Pha	Wiklund
Dornink	Hauschild	Koran	Putnam	Xiong
Draheim	Hawj	Kreun	Rarick	

Pursuant to Rule 40, Senator Westlin cast the negative vote on behalf of the following Senators: Carlson and Rest.

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Dahms and Jasinski.

The motion did not prevail.

Pursuant to Rule 41.2, Senator Miller moved that he be excused from voting on all questions pertaining to H.F. No. 4188. The motion prevailed.

The question recurred on the adoption of the Klein motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 4188 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 15, as follows:

Those who voted in the affirmative were:

Carlson	Duckworth	Housley	Lang	Rasmusson
Champion	Farnsworth	Howe	Latz	Rest
Clark	Frentz	Jasinski	Mohamed	Seeberger
Coleman	Green	Johnson	Murphy	Utke
Cwodzinski	Gruenhagen	Johnson Stewart	Nelson	Weber
Dahms	Gustafson	Klein	Pappas	Westlin
Dibble	Hauschild	Koran	Pha	Westrom
Dornink	Hawj	Kreun	Port	Wiklund
Draheim	Heintzeman	Kunesh	Putnam	Xiong
Drazkowski	Hoffman	Kupec	Rarick	

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senators: Carlson, Port, and Rest.

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senator: Jasinski.

Those who voted in the negative were:

Abeler	Hemmingsen-Jaeger	Lucero	Mathews	Oumou Verbeten
Bahr	Holmstrom	Mann	Maye Quade	Pratt
Fateh	Lieske	Marty	McEwen	Wesenberg

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Senator Murphy moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2077 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. No. 2077

A bill for an act relating to state government; appropriating money for environment and natural resources; appropriating money from environment and natural resources trust fund; modifying prior appropriations; modifying fees and surcharges; modifying disposition of certain funds; modifying and establishing duties, authorities, and prohibitions regarding environment and natural resources; modifying and creating environment and natural resources programs; modifying and creating grant programs; providing civil and criminal penalties; authorizing rulemaking; modifying state trail, state forest, and state park provisions; authorizing sales, conveyances, and leases of certain state lands; modifying forestry provisions; modifying game and fish provisions; making technical changes; requiring reports; amending Minnesota Statutes 2024, sections 84.027, by adding a subdivision; 86B.415, subdivision 7; 97A.223, subdivision 1; 97A.421, by adding a subdivision; 97A.465, by adding a subdivision; 97A.475, subdivisions 2, 6; 103G.271, subdivision 6; 103G.301, subdivision 2; 115B.421; 116.07, by adding a subdivision; 116.073, subdivisions 1, 2; Laws 2023, chapter 60, article 1, sections 2, subdivisions 2, 7, 10; 3, subdivision 6; Laws 2024, chapter 83, section 2, subdivisions 3, 8; proposing coding for new law in Minnesota Statutes, chapters 84; 86B; 325F.

May 17, 2026

The Honorable Bobby Joe Champion
President of the Senate

The Honorable Lisa M. Demuth
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2077 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2077 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

OUTDOOR HERITAGE FUND

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the outdoor heritage fund for the fiscal year indicated for each purpose. The figures "2026" and "2027" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027. The appropriations in this article are onetime appropriations.

	APPROPRIATIONS Available for the Year Ending June 30	
	2026	**2027**
Sec. 2. **OUTDOOR HERITAGE FUND**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 191,081,000**
This appropriation is from the outdoor heritage fund. The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **Prairies**	-0-	36,387,000
(a) RIM Grasslands Reserve, Phase 7		
$2,334,000 the second year is to acquire permanent conservation easements and to restore and enhance wildlife habitat. Of this amount, $191,000 is to the commissioner of natural resources for an agreement with Ducks Unlimited and $2,143,000 is to the Board of Water and Soil Resources. Of the amount to the Board of Water and Soil Resources, up to $50,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent		

conservation easements must be provided as part of the final report.

(b) Accelerating Wildlife Management Area Program, Phase 18

$4,521,000 the second year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire in fee and to restore and enhance lands for wildlife management area purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie.

(c) DNR Wildlife Management Area and Scientific and Natural Area Acquisition, Phase 18

$3,502,000 the second year is to the commissioner of natural resources to acquire in fee and to restore and enhance lands for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire land in fee for scientific and natural area purposes under Minnesota Statutes, section 86A.05, subdivision 5. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie.

(d) Martin County DNR WMA Acquisition, Phase 10

$3,017,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and to restore and enhance strategic prairie grassland, wetland, and other wildlife habitat in Martin and Watonwan Counties for wildlife management area purposes under

Minnesota Statutes, section 86A.05, subdivision 8, as follows: $2,363,000 to Fox Lake Conservation League, Inc.; $583,000 to Ducks Unlimited; and $71,000 to the Conservation Fund.

(e) Northern Tallgrass Prairie National Wildlife Refuge, Phase 16

$3,087,000 the second year is to the commissioner of natural resources for an agreement with The Nature Conservancy, in cooperation with the United States Fish and Wildlife Service, to acquire land in fee or permanent conservation easements and to restore and enhance lands in the Northern Tallgrass Prairie Habitat Preservation Area in western Minnesota to add to the Northern Tallgrass Prairie National Wildlife Refuge. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie.

(f) Minnesota Prairie Recovery Program, Phase 15

$3,492,000 the second year is to the commissioner of natural resources for an agreement with The Nature Conservancy to acquire land in fee and to restore and enhance native prairie, grasslands, wetlands, and savanna. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. Annual income statements and balance sheets for income and expenses from land acquired and held by The Nature Conservancy with this appropriation must be submitted to the Lessard-Sams Outdoor Heritage Council no later than 180 days after the The Nature Conservancy's fiscal year closes.

(g) Prairie Chicken Habitat Partnership of Southern Red River Valley, Phase 12

$3,094,000 the second year is to the commissioner of natural resources for an agreement with Pheasants Forever, in cooperation with the Minnesota Prairie Chicken Society, to acquire land in fee and to restore and enhance lands in the southern Red River Valley for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, or to be designated and managed as waterfowl production areas in Minnesota, in cooperation with the United States Fish and Wildlife Service. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie.

(h) RIM Buffers for Wildlife and Water, Phase 12

$3,744,000 the second year is to the Board of Water and Soil Resources to acquire permanent conservation easements and restore habitat under Minnesota Statutes, section 103F.515, to protect, restore, and enhance habitat by expanding the riparian buffer program under the clean water fund for additional wildlife benefits from buffers on private land. Of this amount, up to $60,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subdivision 8, paragraph (b), does not apply to this project. A list of permanent conservation easements must be provided as part of the final report.

(i) Accelerating USFWS Habitat Conservation Easement Program, Phase 6

$4,509,000 the second year is to the commissioner of natural resources for agreements to restore and enhance wetland and prairie habitat on habitat easements of the United States Fish and Wildlife Service as follows: $3,019,000 to Ducks Unlimited and $1,490,000 to Pheasants Forever.

(j) DNR Grassland Enhancement, Phase 17

$2,139,000 the second year is to the commissioner of natural resources to accelerate restoration and enhancement of prairies, grasslands, and savannas in wildlife management areas; in scientific and natural areas; in aquatic management areas; on lands in the native prairie bank; in bluff prairies on state forest land in southeastern Minnesota; and in waterfowl production areas and refuge lands of the United States Fish and Wildlife Service.

(k) Enhanced Public Land - Grasslands, Phase 9

$2,948,000 the second year is to the commissioner of natural resources for an agreement with Pheasants Forever to enhance and restore grassland and wetland habitat on public lands in the forest prairie transition, metro urban, and prairie ecoregions of Minnesota.

Subd. 3. **Forests**	-0-	36,939,000

(a) Northern Forests Legacy Project

$25,090,000 the second year is to the commissioner of natural resources to acquire priority forest lands in fee in St. Louis County as wildlife management areas, scientific and natural areas, state forests, and county forests. Of this amount, $12,866,000 is for an agreement with St. Louis County.

(b) Sand Lake and Seven Beavers Acquisition and Enhancement

$7,347,000 the second year is to the commissioner of natural resources for an agreement with The Nature Conservancy to acquire priority forest habitat lands in fee as The Nature Conservancy lands, Rajala Woods Foundation lands, state forests, and county forests. For lands held in perpetuity by The Nature Conservancy and Rajala Woods Foundation, annual income statements and balance sheets for income and expenses from land acquired with this appropriation must be submitted to the Lessard-Sams Outdoor Heritage Council no later than 180 days after each organization's respective fiscal year closes.

(c) Hardwood Hills Habitat Conservation Program, Phase 3

$2,558,000 the second year is to the commissioner of natural resources for agreements to acquire permanent conservation easements and to restore and enhance forest habitats in the hardwood hills ecological section of west-central Minnesota as follows: $90,000 to St. John's University, $354,000 to Stearns Conservation District, and $2,114,000 to Minnesota Land Trust. Of the amount to Minnesota Land Trust, $252,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(d) DNR Forest Habitat Enhancement, Phase 6

$1,944,000 the second year is to the commissioner of natural resources to restore and enhance forest wildlife habitats on public lands throughout Minnesota.

Subd. 4. **Wetlands** -0- 33,188,000

(a) Accelerating Waterfowl Production Area Acquisition Program, Phase 18

$5,431,000 the second year is to the commissioner of natural resources for an agreement with Pheasants Forever, in cooperation with the United States Fish and Wildlife Service, to acquire land in fee and to restore and enhance wetlands and grasslands to be designated and managed as waterfowl production areas in Minnesota.

(b) RIM Wetlands - Restoring Most Productive Habitat in Minnesota, Phase 15

$3,502,000 the second year is to the Board of Water and Soil Resources to acquire permanent conservation easements and to restore wetlands and native grassland habitat under Minnesota Statutes, section 103F.515. Of this amount, up to $60,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subdivision 8, paragraph (b), does not apply to this project. A list of permanent conservation easements must be provided as part of the final report.

(c) Shallow Lake and Wetland Protection and Restoration Program, Phase 15

$6,087,000 the second year is to the commissioner of natural resources for an agreement with Ducks Unlimited to acquire land in fee for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, or to be designated and managed as waterfowl production areas or national wildlife refuges in Minnesota, in cooperation with the United States Fish and Wildlife Service, and to restore and enhance prairie lands, wetlands, and land-buffering shallow lakes.

(d) Wetland Habitat Protection and Restoration Program, Phase 11

$3,210,000 the second year is to the commissioner of natural resources for an

agreement with Minnesota Land Trust to acquire permanent conservation easements and to restore and enhance prairie, wetland, and other habitat on permanently protected conservation easements in high-priority wetland habitat complexes in the prairie, forest/prairie transition, and forest ecoregions. Of this amount, up to $140,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(e) Living Shallow Lakes and Wetlands Enhancement and Restoration Initiative, Phase 12

$6,661,000 the second year is to the commissioner of natural resources for an agreement with Ducks Unlimited to restore and enhance shallow lakes and wetlands on public lands and wetlands under permanent conservation easement for wildlife management.

(f) Talcot Lake

$1,000,000 the second year is to the commissioner of natural resources for the survey, design, engineering, and permitting of the Talcot Lake restoration and enhancement project in Cottonwood County.

(g) Roseau Lake Rehabilitation, Phase 3

$3,553,000 the second year is to the commissioner of natural resources for an agreement with the Roseau River Watershed District to restore and enhance the Roseau Lake and Roseau River habitat complex in Roseau County. The approved accomplishment plan must include an operational and management plan for the Roseau Lake Rehabilitation Project. The Roseau River Watershed District must submit to the Lessard-Sams Outdoor Heritage Council progress reports and a final report that include monitoring data related to water

quantity and information about how flooding to adjacent and downstream agricultural lands has been addressed. No money from this appropriation may be expended:

(1) before January 1, 2027; or

(2) during any period in which a court order enjoining the project from moving forward is in effect.

(h) Shallow Lakes and Wetlands Enhancement, Phase 18

$3,744,000 the second year is to the commissioner of natural resources to enhance and restore shallow lakes and wetland habitat statewide.

Subd. 5. **Habitats** -0- 82,408,000

(a) Riparian Habitat Protection in Kettle and Snake River Watersheds, Phase 3

$1,137,000 the second year is to the Board of Water and Soil Resources, in cooperation with the Pine County Soil and Water Conservation District, to acquire permanent conservation easements and restore high-quality forests, wetlands, and shoreline in the Kettle and Snake River watersheds. Of this amount, up to $70,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subdivision 8, paragraph (b), does not apply to this project. A list of permanent conservation easements must be provided as part of the final report.

(b) Cannon River Watershed Habitat Restoration and Protection Program, Phase 15

$2,886,000 the second year is to the commissioner of natural resources for agreements to acquire lands in fee and to restore and enhance wildlife habitat in the Cannon River Watershed as follows: $92,000

to Clean River Partners and $2,794,000 to Trust for Public Land.

(c) DNR Aquatic Management Area Acquisition and Trout Stream Easement Acquisition

$2,182,000 the second year is to the commissioner of natural resources to acquire land in fee as aquatic management areas and to acquire permanent conservation easements to protect trout-stream aquatic habitat. Of this amount, up to $88,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(d) Washington County Habitat Protection and Enhancement Partnership, Phase 2

$2,812,000 the second year is to the commissioner of natural resources for agreements to acquire permanent conservation easements and to restore and enhance wildlife habitats in Washington County as follows: $760,000 to Washington County and $2,052,000 to Minnesota Land Trust. Of the amount to Minnesota Land Trust, $196,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(e) Fisheries Habitat Protection on Strategic North Central Minnesota Lakes, Phase 12

$2,317,000 the second year is to the commissioner of natural resources for an agreement with Northern Waters Land Trust to acquire land in fee and to restore and enhance wildlife habitat to sustain healthy fish habitat on coldwater lakes in Aitkin, Cass, Crow Wing, and Hubbard Counties.

(f) Greenbelt, Phase 1

$1,467,000 the second year is to the commissioner of natural resources for an agreement with Comfort Lake-Forest Lake Watershed District to acquire land in fee and permanent conservation easements and to restore and enhance wildlife habitat within the Comfort Lake-Forest Lake Watershed District boundary.

(g) Integrating Habitat and Clean Water, Phase 4

$1,827,000 the second year is to the Board of Water and Soil Resources to acquire permanent conservation easements and to restore and enhance wildlife habitat identified under the One Watershed, One Plan program for stacked benefit to wildlife and clean water. Of this amount, up to $40,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(h) Metro Big Rivers, Phase 16

$6,776,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and to restore and enhance natural habitat systems associated with the Mississippi, Minnesota, and St. Croix Rivers and their tributaries in the metropolitan area as follows: $1,491,000 to Minnesota Valley National Wildlife Refuge Trust, Inc.; $892,000 to Friends of the Mississippi River; $1,055,000 to Great River Greening; and $3,338,000 to Trust for Public Land.

(i) Mississippi Headwaters Habitat Corridor Project, Phase 10

$2,770,000 the second year is to acquire lands in fee and permanent conservation easements and to restore wildlife habitat in the Mississippi headwaters. Of this amount,

(1) $1,387,000 is to the commissioner of natural resources for agreements as follows: $60,000 to the Mississippi Headwaters Board and $1,327,000 to Trust for Public Land; and (2) $1,383,000 is to the Board of Water and Soil Resources, of which up to $70,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(j) Protecting Coldwater Fisheries on Minnesota's North Shore, Phase 4

$1,695,000 the second year is to the commissioner of natural resources for an agreement with Minnesota Land Trust to acquire permanent conservation easements and to restore and enhance wildlife habitat in priority coldwater tributaries to Lake Superior. Of this amount, up to $196,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(k) Protecting Minnesota's Lakes of Outstanding Biological Significance, Phase 5

$2,983,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and permanent conservation easements and to restore and enhance lakes of outstanding biological significance in northeast and north-central Minnesota. Of this amount, $1,612,000 is to the Northern Waters Land Trust and $1,371,000 is to Minnesota Land Trust. Of the amount to Minnesota Land Trust, up to $140,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(l) Red River Basin Riparian Habitat Program, Phase 2

$3,920,000 the second year is to acquire permanent conservation easements to protect, restore, and enhance stream and riparian habitat throughout the Red River watershed. Of this amount, $116,000 is to the commissioner of natural resources for agreements with the Red River Watershed Management Board and $3,804,000 is to the Board of Water and Soil Resources. Of the amount to the Board of Water and Soil Resources, up to $250,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(m) Shell Rock River Watershed Habitat Restoration Program, Phase 15

$2,066,000 the second year is to the commissioner of natural resources for an agreement with the Shell Rock River Watershed District to acquire land in fee and to restore and enhance habitat in the Shell Rock River watershed.

(n) Southeast Minnesota Protection and Restoration, Phase 14

$7,956,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and permanent conservation easements and to restore and enhance wildlife habitat in southeast Minnesota. Of this amount, $1,035,000 is to The Nature Conservancy, $5,825,000 is to Trust for Public Land, and $1,096,000 is to Minnesota Land Trust. Of the amount to Minnesota Land Trust, up to $140,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to

Minnesota Statutes, section 97A.056, subdivision 17.

(o) St. Croix Watershed Habitat Protection and Restoration, Phase 7

$3,859,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and acquire permanent conservation easements and to restore and enhance natural habitat systems in the St. Croix River watershed as follows: $2,157,000 to Trust for Public Land, $130,000 to Wild Rivers Conservancy, and $1,572,000 to Minnesota Land Trust. Of the amount to Minnesota Land Trust, up to $140,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(p) Upper Mississippi Flyway Habitat Conservation Program

$2,156,000 the second year is to the commissioner of natural resources for an agreement with Minnesota Land Trust to acquire permanent conservation easements and to restore and enhance wetlands, stream corridors, and associated uplands in central Minnesota. Of this amount, up to $196,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(q) A River of Birds in the Sky: Conserving Minnesota's Flyway

$1,227,000 the second year is to the commissioner of natural resources for an agreement with National Audubon Society to restore and enhance priority wildlife habitat along the St. Croix, Minnesota, and Mississippi river valleys.

(r) Bone Lake South, Phase 2

$1,432,000 the second year is to the commissioner of natural resources for an agreement with Comfort Lake-Forest Lake Watershed District to restore and enhance wildlife habitat in the Bone Lake south habitat complex in Washington County.

(s) DNR Aquatic Habitat Restoration and Enhancement, Phase 9

$6,517,000 the second year is to the commissioner of natural resources to restore and enhance aquatic habitat in degraded streams and aquatic management areas and to facilitate fish passage throughout Minnesota.

(t) Little Cannon River Stream Habitat Restoration

$500,000 the second year is to the commissioner of natural resources for agreements for survey, design, engineering, and permitting of the Little Cannon River restoration and enhancement project in Goodhue County as follows: $40,000 to Clean Rivers Partners, $10,000 to Great River Greening, and $450,000 to Trout Unlimited.

(u) Mission Creek Watershed Connectivity

$1,296,000 the second year is to the commissioner of natural resources to restore and enhance coldwater stream habitat in the Mission Creek watershed in St. Louis County.

(v) Mud River Enhancement Project

$2,957,000 the second year is to the commissioner of natural resources for an agreement with Red Lake Watershed District to restore and enhance the Mud River habitat complex in Marshall County.

(w) Oak Savanna Restoration for Living Landscapes

$1,702,000 the second year is to the Board of Water and Soil Resources, in partnership with the Xerces Society, to restore and enhance oak savanna and associated ecosystems on local public and Tribal lands.

(x) Swift Coulee Channel Restoration and Enhancement, Phase 2

$2,671,000 the second year is to the commissioner of natural resources for an agreement with the Middle-Snake-Tamarac Rivers Watershed District to restore and enhance priority habitat associated with the Swift Coulee channel restoration in Marshall County.

(y) Woods Creek Restoration

$750,000 the second year is to the commissioner of natural resources for an agreement with Cook County to restore and enhance coldwater stream habitat in Woods Creek in Cook County.

(z) Minnesota Statewide Trout Habitat Enhancement and Protection

$750,000 the second year is to the commissioner of natural resources for an agreement with Trout Unlimited for survey, design, engineering, and permitting of trout stream restoration and enhancement projects throughout Minnesota.

(aa) Conservation Partners Legacy Grant Program: Metro Habitat

$13,797,000 the second year is to the commissioner of natural resources for a program to provide competitive matching grants of up to $500,000 to local, regional, state, and national organizations for enhancing, restoring, or protecting forests, wetlands, prairies, or habitat for fish, game, or wildlife in the seven-county metropolitan area and cities with a population of 50,000 or more. Grants must not be made for activities required to fulfill the duties of

owners of lands subject to conservation easements. Grants must not be made from the appropriation in this paragraph for projects that have a total project cost exceeding $1,000,000. Of the total appropriation, $600,000 may be spent for personnel costs, outreach, and support to first-time applicants and other direct and necessary administrative costs. Grantees may acquire land or interests in land. Easements must be permanent. Grants may not be used to establish easement stewardship accounts. The program must require a match of at least ten percent from nonstate sources for all grants. The match may be cash or in-kind. For grant applications of $25,000 or less, the commissioner must provide a separate, simplified application process. Notwithstanding Minnesota Statutes, section 97A.056, subdivision 19, land acquired by fee with money appropriated in this paragraph is not required to be open to public taking of game. All restoration or enhancement projects must be on land permanently protected by a permanent covenant ensuring perpetual maintenance and protection of restored and enhanced habitat, by a conservation easement, or by public ownership or in public waters as defined in Minnesota Statutes, section 103G.005, subdivision 15. Priority must be given to restoration and enhancement projects on public lands. Minnesota Statutes, section 97A.056, subdivision 13, applies to grants awarded under this paragraph. This appropriation is available until June 30, 2029. No less than five percent of the amount of each grant must be held back from reimbursement until the grant recipient completes a grant accomplishment report by the deadline and in the form prescribed by and satisfactory to the Lessard-Sams Outdoor Heritage Council.

Subd. 6. **Administration**	-0-	2,159,000

(a) Contract Management

$450,000 the second year is to the commissioner of natural resources for contract management duties assigned in this section. The commissioner must provide an accomplishment plan in the form specified by the Lessard-Sams Outdoor Heritage Council on expending this appropriation. The accomplishment plan must include a copy of the grant contract template and reimbursement manual. No money may be expended before the Lessard-Sams Outdoor Heritage Council approves the accomplishment plan. Money appropriated in this paragraph is available until June 30, 2028.

(b) Core Functions in Partner-led OHF Land Acquisitions

$1,377,000 the second year is to the commissioner of natural resources to administer the initial development, restoration, and enhancement of land acquired in fee with money appropriated from the outdoor heritage fund. This appropriation may be used for land acquisition costs incurred by the Department of Natural Resources as part of conveyance of parcels to the department and initial development activities on fee title acquisitions. Money appropriated in this paragraph is available until June 30, 2034.

(c) Technical Evaluation Panel

$192,000 the second year is to the commissioner of natural resources for a technical evaluation panel to conduct up to 20 restoration and enhancement evaluations under Minnesota Statutes, section 97A.056, subdivision 10. Money appropriated in this paragraph is available until June 30, 2028.

(d) Legislative Coordinating Commission

$140,000 the second year is to the Legislative Coordinating Commission for administrative expenses of the Lessard-Sams Outdoor

Heritage Council and for compensating and reimbursing expenses of council members. This appropriation is in addition to the fiscal year 2027 appropriation in Laws 2025, chapter 36, article 1, section 2, subdivision 6, paragraph (b), and is available until June 30, 2027. Minnesota Statutes, section 16A.281, applies to this appropriation.

Subd. 7. **Availability of Appropriation**

(a) Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the accomplishment plan approved by the Lessard-Sams Outdoor Heritage Council. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Money appropriated for fee title acquisition of land may be used to restore, enhance, and provide for public use of the land acquired with the appropriation. Public-use facilities must have a minimal impact on habitat in acquired lands.

(b) Money appropriated in this section is available as follows:

(1) money appropriated to acquire real property is available until June 30, 2030;

(2) money appropriated to restore and enhance land acquired with an appropriation in this article is available for four years after the acquisition date, with a maximum end date of June 30, 2034;

(3) money appropriated to restore and enhance other land is available until June 30, 2031;

(4) notwithstanding clauses (1) to (3), money appropriated for a project that receives at least 15 percent of its funding from federal funds is available until a date sufficient to match the availability of federal funding to

a maximum of six years if the federal funding was confirmed and included in the original approved draft accomplishment plan; and

(5) money appropriated for other projects is available until the end of the fiscal year in which it is appropriated.

Subd. 8. **Payment Conditions and Capital Equipment Expenditures**

(a) All agreements referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures directly related to each appropriation's purpose made on or after July 1, 2026, or the date of accomplishment plan approval, whichever is later, are eligible for reimbursement unless otherwise provided in this section. For the purposes of administering appropriations and legislatively authorized agreements paid out of the outdoor heritage fund, an expense must be considered reimbursable by the administering agency when the recipient presents the agency with an invoice or a binding agreement with the landowner and the recipient attests that the goods have been received or the landowner agreement is binding. Periodic reimbursement must be made upon receiving documentation that the items articulated in the accomplishment plan approved by the Lessard-Sams Outdoor Heritage Council have been achieved, including partial achievements as evidenced by progress reports approved by the Lessard-Sams Outdoor Heritage Council. Reasonable amounts may be advanced to projects to accommodate cash flow needs, support future management of acquired lands, or match a federal share. The advances must be approved as part of the accomplishment plan. Capital equipment expenditures for specific items in excess of $10,000 must be itemized in and approved as part of the accomplishment plan.

(b) Unless otherwise provided, no money appropriated from the outdoor heritage fund in this article may be used to acquire, restore, or enhance any real property unless the specific acquisition, restoration, or enhancement is approved as part of the accomplishment plan on the parcel list.

(c) Reimbursement of eligible expenses must be submitted no later than 12 months after the approval of the final report.

Subd. 9. **Mapping**

Each direct recipient of money appropriated in this section, as well as each recipient of a grant awarded according to this section, must provide geographic information to the Lessard-Sams Outdoor Heritage Council for mapping any lands acquired in fee with funds appropriated in this section and open to public taking of fish and game. The commissioner of natural resources must include the lands acquired in fee with money appropriated in this section on maps showing public recreation opportunities. Maps must include information on and acknowledgment of the outdoor heritage fund, including a notation of any restrictions.

Subd. 10. **Carryforward**

(a) The availability of the appropriation for Laws 2021, First Special Session chapter 1, article 1, section 2, subdivision 5, paragraph (l), St. Louis River Restoration Initiative, Phase VIII, is extended to June 30, 2027.

(b) The availability of the appropriation for Laws 2022, chapter 77, article 1, section 2, subdivision 5, paragraph (u), Daylighting Phalen Creek, is extended to June 30, 2028.

EFFECTIVE DATE. Subdivision 10 is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2024, section 97A.056, subdivision 2, is amended to read:

Subd. 2. **Lessard-Sams Outdoor Heritage Council.** (a) The Lessard-Sams Outdoor Heritage Council of 12 members is created in the legislative branch, consisting of:

(1) two public members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;

(2) two public members appointed by the speaker of the house;

(3) four public members appointed by the governor;

(4) two members of the senate appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration; and

(5) two members of the house of representatives appointed by the speaker of the house.

(b) Members appointed under paragraph (a) must not be registered lobbyists. In making appointments, the governor, senate Subcommittee on Committees of the Committee on Rules and Administration, and the speaker of the house shall consider geographic balance, gender, age, ethnicity, and varying interests including hunting and fishing. The governor's appointments to the council are subject to the advice and consent of the senate.

(c) Public members appointed under paragraph (a) shall have practical experience or expertise or demonstrated knowledge in the science, policy, or practice of restoring, protecting, and enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife.

(d) Legislative members appointed under paragraph (a) shall include the chairs of the legislative committees with jurisdiction over environment and natural resources finance or their designee, one member from the minority party of the senate, and one member from the minority party of the house of representatives.

(e) Public members serve four-year terms. Appointed legislative members serve at the pleasure of the appointing authority. Public and legislative members continue to serve until their successors are appointed. Public members shall be initially appointed according to the following schedule of terms:

(1) two public members appointed by the governor for a term ending the first Monday in January 2011;

(2) one public member appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2011;

(3) one public member appointed by the speaker of the house for a term ending the first Monday in January 2011;

(4) two public members appointed by the governor for a term ending the first Monday in January 2013;

(5) one public member appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2013; and

(6) one public member appointed by the speaker of the house for a term ending the first Monday in January 2013.

(f) Terms, compensation, and removal of public members are as provided in section 15.0575, except that a public member may be compensated at the rate of up to $125 a day. A vacancy on the council may be filled by the appointing authority for the remainder of the unexpired term. A public member of the council may not serve more than eight years, except a public member may serve an additional six months as necessary to fill a vacancy.

(g) Members shall elect a chair, vice-chair, secretary, and other officers as determined by the council. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

~~(h) The Legislative Coordinating Commission may appoint nonpartisan staff and contract with consultants as necessary to support the functions of the council. The council has final approval authority for the hiring of a candidate for executive director. Up to one percent of the money appropriated from the fund may be used to pay for administrative expenses of the council and for compensation and expense reimbursement of council members.~~

Sec. 4. Minnesota Statutes 2024, section 97A.056, is amended by adding a subdivision to read:

Subd. 2a. **Administration; executive director.** (a) The Legislative Coordinating Commission may appoint nonpartisan staff and contract with consultants as necessary to support the functions of the council.

(b) The council has final approval authority for hiring a candidate for executive director. Notwithstanding subdivision 5, a quorum of the council may discuss, interview, and select candidates for executive director in a meeting closed to the public.

(c) Up to one percent of the money appropriated from the fund may be used to pay for administrative expenses of the council and for compensation and expense reimbursement of council members.

Sec. 5. Laws 2024, chapter 106, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. **Habitats**	-0-	101,294,000
(a) St. Croix Watershed Habitat Protection and Restoration, Phase 5		
$4,711,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and acquire permanent conservation easements and to restore and enhance natural habitat systems in the St. Croix River watershed as follows: $1,905,000 to Trust for Public Land; $110,000 to Wild Rivers Conservancy; and $2,696,000 to Minnesota Land Trust. Up to $224,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and		

subject to Minnesota Statutes, section 97A.056, subdivision 17.

(b) Pine and Leech Watershed Targeted RIM Easement Permanent Land Protection, Phase 3

$2,242,000 the second year is to the Board of Water and Soil Resources, in cooperation with the Crow Wing County Soil and Water Conservation District, to acquire permanent conservation easements of high-quality forest, wetland, and shoreline habitat. Up to $120,000 of the total amount is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subdivision 8, paragraph (b), does not apply to this project. A list of permanent conservation easements must be provided as part of the final report.

(c) Protecting Minnesota's Lakes of Outstanding Biological Significance, Phase 3

$3,321,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and permanent conservation easements and to restore and enhance lakes of outstanding biological significance in northeast and north-central Minnesota. Of this amount, $1,083,000 is to the Northern Waters Land Trust and $2,238,000 is to Minnesota Land Trust. Up to $224,000 to Minnesota Land Trust is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(d) Shell Rock River Watershed Habitat Restoration Program, Phase 13

$2,060,000 the second year is to the commissioner of natural resources for an agreement with the Shell Rock River Watershed District to acquire land in fee and restore and enhance habitat in the Shell Rock River watershed.

(e) Cannon River Watershed Habitat Restoration and Protection Program, Phase 13

$2,555,000 the second year is to the commissioner of natural resources for agreements to acquire lands in fee and restore and enhance wildlife habitat in the Cannon River watershed as follows: $54,000 to Clean River Partners; $888,000 to Great River Greening; and $1,613,000 to Trust for Public Land.

(f) Mississippi Headwaters Habitat Corridor Project, Phase 8

$2,706,000 the second year is to acquire lands in fee and permanent conservation easements and to restore wildlife habitat in the Mississippi headwaters. Of this amount:

(1) $1,706,000 is to the commissioner of natural resources for agreements as follows: $57,000 to the Mississippi Headwaters Board and $1,649,000 to Trust for Public Land; and

(2) $1,000,000 is to the Board of Water and Soil Resources, of which up to $100,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(g) Fisheries Habitat Protection on Strategic North Central Minnesota Lakes, Phase 10

$2,687,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and in permanent conservation easements and to restore and enhance wildlife habitat to sustain healthy fish habitat on coldwater lakes in Aitkin, Cass, Crow Wing, and Hubbard Counties as follows: $2,252,000 to Northern Waters Land Trust and $435,000 to Minnesota Land Trust. Up to $56,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and

subject to Minnesota Statutes, section 97A.056, subdivision 17.

(h) Red River Basin Riparian Habitat Program

$5,119,000 the second year is to acquire permanent conservation easements to protect, restore, and enhance stream and riparian habitat throughout the Red River watershed. Of this amount, $169,000 is to the commissioner of natural resources for an agreement with the Red River Watershed Management Board and $4,950,000 is to the Board of Water and Soil Resources. Up to $380,000 of the total amount is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subdivision 8, paragraph (b), does not apply to this project. A list of permanent conservation easements must be provided as part of the final report.

(i) Resilient Habitat for Heritage Brook Trout, Phase 2

$2,486,000 the second year is to the commissioner of natural resources for agreements to acquire permanent conservation easements and to restore and enhance habitat in targeted watersheds of southeast Minnesota to improve heritage brook trout and coldwater aquatic communities. Of this amount, $400,000 is to The Nature Conservancy, $612,000 is to Trout Unlimited, and $1,474,000 is to Minnesota Land Trust. Up to $168,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(j) Southeast Minnesota Protection and Restoration, Phase 12

$3,052,000 the second year is to the commissioner of natural resources for agreements to acquire lands in fee and

permanent conservation easements and to restore and enhance wildlife habitat on public lands and permanent conservation easements in southeast Minnesota as follows: $970,000 to The Nature Conservancy, $964,000 to Trust for Public Land, and $1,118,000 to Minnesota Land Trust. Up to $112,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(k) Lower Wild Rice River Corridor Habitat Restoration, Phase 4

$2,345,000 the second year is to acquire land in permanent conservation easement and to restore river and related habitat in the Wild Rice River corridor. Of this amount, $30,000 is to the commissioner of natural resources for an agreement with the Wild Rice Watershed District and $2,315,000 is to the Board of Water and Soil Resources. The Board of Water and Soil Resources may use up to $60,000 for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subdivision 8, paragraph (b), does not apply to this project. A list of permanent conservation easements must be provided as part of the final report.

(l) DNR Wildlife Management Area and Scientific and Natural Area Acquisition, Phase 16

$1,359,000 the second year is to the commissioner of natural resources to acquire in fee and restore and enhance lands for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire land in fee for scientific and natural area purposes under Minnesota Statutes, section 86A.05, subdivision 5. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are

eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie.

(m) Accelerating Habitat Conservation in Southwest Minnesota, Phase 3

$2,872,000 the second year is to the commissioner of natural resources for an agreement with Minnesota Land Trust to acquire permanent conservation easements and to restore and enhance high-quality wildlife habitat in southwest Minnesota. Of this amount, up to $168,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(n) Sauk River Watershed Habitat Protection and Restoration, Phase 5

$3,965,000 the second year is to the commissioner of natural resources for agreements to acquire lands in fee and permanent conservation easements and restore and enhance wildlife habitat in the Sauk River watershed as follows: $375,000 to Great River Greening; $1,199,000 to Sauk River Watershed District; $1,192,000 to Pheasants Forever; and $1,199,000 to Minnesota Land Trust. Up to $168,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(o) Metro Big Rivers, Phase 14

$8,123,000 the second year is to the commissioner of natural resources for agreements to acquire land in fee and permanent conservation easements and to restore and enhance natural habitat systems associated with the Mississippi, Minnesota, and St. Croix Rivers and their tributaries within the metropolitan area as follows: $1,250,000 to Minnesota Valley National

Wildlife Refuge Trust, Inc.; $420,000 to Friends of the Mississippi River; $803,000 to Great River Greening; $2,750,000 to Trust for Public Land; and $2,900,000 to Minnesota Land Trust. Up to $224,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

(p) Anoka Sand Plain Habitat Conservation, Phase 9

$1,802,000 the second year is to the commissioner of natural resources for agreements to restore and enhance wildlife habitat on public lands and easements in the Anoka Sand Plain ecoregion and intersecting minor watersheds as follows: $1,508,000 to Great River Greening and $294,000 to Sherburne County.

(q) DNR Aquatic Habitat Restoration and Enhancement, Phase 7

$4,206,000 the second year is to the commissioner of natural resources to restore and enhance aquatic habitat in degraded streams and aquatic management areas and to facilitate fish passage.

(r) Minnesota Statewide Trout Habitat Enhancement

$2,308,000 the second year is to the commissioner of natural resources for an agreement with Trout Unlimited to restore and enhance habitat for trout and other species in and along coldwater rivers, lakes, and streams throughout Minnesota.

(s) Knife River Habitat Rehabilitation, Phase 7

$1,572,000 the second year is to the commissioner of natural resources for an agreement with the Arrowhead Regional Development Commission, in cooperation with the Lake Superior Steelhead Association, to restore and enhance trout habitat in the Knife River watershed. If the

Arrowhead Regional Development Commission declines to serve as the fiscal agent for the project, an alternative fiscal agent must be identified in the accomplishment plan for the project.

(t) DNR St. Louis River Restoration Initiative, Phase 11

$2,163,000 the second year is to the commissioner of natural resources to restore and enhance priority aquatic, riparian, and forest habitats in the St. Louis River estuary. Of this amount, $716,000 is for an agreement with Minnesota Land Trust.

(u) Roseau Lake Rehabilitation, Phase 2

$3,054,000 the second year is to the commissioner of natural resources for an agreement with the Roseau River Watershed District to restore and enhance the Roseau Lake and Roseau River habitat complex in Roseau County, Minnesota.

(v) Highbanks Ravine Bat Hibernaculum

$2,300,000 the second year is to the commissioner of natural resources for an agreement with the city of St. Cloud to enhance the Highbanks Ravine Bat Hibernaculum in St. Cloud.

(w) Owámniyomni Native Landscape and River Restoration, St. Anthony Falls

$1,918,000 the second year is to the commissioner of natural resources for an agreement with Friends of the Falls to restore and enhance wildlife habitat at Upper St. Anthony Falls. This appropriation may only be spent for site grading, oak savanna, and aquatic habitat portions of the project.

(x) Silver Lake Dam Fish Passage Modification

$2,368,000 the second year is to the commissioner of natural resources for an agreement with the city of Rochester to restore and enhance aquatic habitat in Silver Lake and the south fork of the Zumbro River

by modifying the existing low-head dam in Rochester.

(y) Little Devil Track River Restoration

$3,000,000 the second year is to the commissioner of natural resources for an agreement with Cook County to restore and enhance stream habitat in the Little Devil Track River.

(z) Conservation Partners Legacy Grant Program: Statewide and Metro Habitat, Phase 16

$15,000,000 the second year is to the commissioner of natural resources for a program to provide competitive matching grants of up to $500,000 to local, regional, state, and national organizations for enhancing, restoring, or protecting forests, wetlands, prairies, or habitat for fish, game, or wildlife in Minnesota. Unless there are not enough eligible grant applications received, of this amount, at least $4,000,000 is for grants in the seven-county metropolitan area and cities with a population of 50,000 or more and at least $4,000,000 is for grants to applicants that have not previously applied for money from the outdoor heritage fund. Grants must not be made for activities required to fulfill the duties of owners of lands subject to conservation easements. Grants must not be made from the appropriation in this paragraph for projects that have a total project cost exceeding $1,000,000. Of the total appropriation, $600,000 may be spent for personnel costs, outreach, and support to first-time applicants and other direct and necessary administrative costs. Grantees may acquire land or interests in land. Easements must be permanent. Grants may not be used to establish easement stewardship accounts. The program must require a match of at least ten percent from nonstate sources for all grants. The match may be cash or in-kind. For grant applications of $25,000 or less, the commissioner must provide a separate,

simplified application process. Subject to Minnesota Statutes, the commissioner of natural resources must, when evaluating projects of equal value, give priority to organizations that have a history of receiving, or a charter to receive, private contributions for local conservation or habitat projects. All restoration or enhancement projects must be on land permanently protected by a permanent covenant ensuring perpetual maintenance and protection of restored and enhanced habitat, by a conservation easement, or by public ownership or in public waters as defined in Minnesota Statutes, section 103G.005, subdivision 15. Priority must be given to restoration and enhancement projects on public lands. Minnesota Statutes, section 97A.056, subdivision 13, applies to grants awarded under this paragraph. This appropriation is available until June 30, 2027. No less than five percent of the amount of each grant must be held back from reimbursement until the grant recipient completes a grant accomplishment report by the deadline and in the form prescribed by and satisfactory to the Lessard-Sams Outdoor Heritage Council. The commissioner must provide notice of the grant program in the summary of game and fish law prepared under Minnesota Statutes, section 97A.051, subdivision 2.

(aa) Protecting Upper Mississippi River from Invasive Carp

$12,000,000 the second year is to the commissioner of natural resources to fund activities to protect the upper Mississippi River from invasive carp. Activities within this appropriation include agreements with federal partners, such as the United States Fish and Wildlife Service, to design, construct, and begin operating and maintaining a structural deterrent for invasive carp at Lock and Dam No. 5 on the Mississippi River to protect Minnesota's aquatic habitat through an adaptive management approach. Deterrent design must

be fully completed ~~within two years of the date of this appropriation~~ by June 30, 2027. Deterrent installation must be completed by June 30, 2029. Money not spent or obligated for design installation and operation of the deterrent may be used for testing technologies to support the future effectiveness of the deterrent. A detailed accomplishment plan must be submitted to and approved by the Lessard-Sams Outdoor Heritage Council before money is released. This appropriation is available until June 30, 2029.

Sec. 6. **LESSARD-SAMS OUTDOOR HERITAGE COUNCIL; TRANSITION.**

Section 3 is effective July 1, 2026, and applies to appointments of public members of the Lessard-Sams Outdoor Heritage Council made on or after that date. Years served on the council before July 1, 2026, count toward the limits imposed by section 3. Members appointed before July 1, 2026, may serve out the remainder of their terms if their service has exceeded the term limits imposed by section 3.

ARTICLE 2

PARKS AND TRAILS FUND

Section 1. Minnesota Statutes 2024, section 85.536, subdivision 5, is amended to read:

Subd. 5. **Districts; plans and hearings.** (a) The commissioner of natural resources, in consultation with the Greater Minnesota Regional Parks and Trails Coalition, shall establish six regional parks and trails districts in the state encompassing the area outside the seven-county metropolitan area. The commissioner shall establish districts by combining counties and may not assign a county to more than one district.

(b) The commission shall develop a strategic plan and criteria for determining parks and trails of regional significance that are eligible for funding from the parks and trails fund and meet the criteria under subdivision 6.

(c) Counties within each district may jointly prepare, after consultation with all affected municipalities, and submit to the commission, and from time to time revise and resubmit to the commission, a master plan for the acquisition and development of parks and trails of regional significance located within the district. ~~Districtwide plans and master plans for individual parks and trails must meet the protocols and criteria as set forth in the greater Minnesota regional parks and trails strategic plan. The counties, after consultation with the commission, shall jointly hold a public hearing on the proposed plan and budget at a time and place determined by the counties. Not less than 15 days before the hearing, the counties shall provide notice of the hearing stating the date, time, and place of the hearing and the place where the proposed plan and budget may be examined~~

~~by any interested person. At any hearing, interested persons shall be permitted to present their views on the plan and budget.~~

(d) The commission shall review each master plan to determine whether it meets the conditions of subdivision 6. If it does not, the commission shall return the plan with its comments to the district for revision and resubmittal.

Sec. 2. Minnesota Statutes 2024, section 85.536, subdivision 7, is amended to read:

Subd. 7. **Recommendations.** (a) In recommending grants under this section, the commission shall make recommendations consistent with master plans.

(b) The commission shall determine recommended grant amounts through an adopted merit-based evaluation process that includes the level of local financial support. The evaluation process is not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply.

(c) When recommending grants, the commission shall consider balance of the grant benefits across greater Minnesota.

(d) Grants may be recommended only for ~~parks and trails~~ projects included in a plan approved by the commission under subdivision 5.

Sec. 3. Minnesota Statutes 2024, section 85.536, subdivision 8, is amended to read:

Subd. 8. **Chair.** The commission shall ~~annually~~ biennially elect from among its members a chair and other officers necessary for the performance of its duties.

Sec. 4. Minnesota Statutes 2024, section 85.536, subdivision 10, is amended to read:

Subd. 10. **Report.** The commission shall submit a report by January 15 each year listing its recommendations by regional parks and trails district under subdivision 7~~, in priority order,~~ to the chairs and ranking minority members of the committees of the senate and house of representatives with primary jurisdiction over legacy appropriations.

Sec. 5. **PARKS AND TRAILS FUND APPROPRIATION EXTENSIONS.**

(a) The availability of the grant to the St. Louis and Lake Counties Regional Railroad Authority for the Mesabi Trail project from the parks and trails fund fiscal year 2024 appropriation under Laws 2023, chapter 40, article 3, section 3, paragraph (c), is extended to June 30, 2027.

(b) The availability of the grant to Olmsted County for the Oxbow Park and Zollman Zoo project from the parks and trails fund fiscal year 2024 appropriation under Laws 2023, chapter 40, article 3, section 3, paragraph (c), is extended to June 30, 2027.

(c) The availability of the grant to Stearns County for the Kraemer Lake and Wildwood County Park project from the parks and trails fund fiscal year 2024 appropriation under Laws 2023, chapter 40, article 3, section 3, paragraph (c), is extended to June 30, 2027.

(d) The availability of the grant to Redwood County for the Plum Creek Park project from the parks and trails fund fiscal year 2024 appropriation under Laws 2023, chapter 40, article 3, section 3, paragraph (c), is extended to June 30, 2027.

(e) The availability of the grant to the city of Sandstone for the Robinson Quarry Park project from the parks and trails fund fiscal year 2025 appropriation under Laws 2023, chapter 40, article 3, section 3, paragraph (c), is extended to June 30, 2028.

(f) The availability of the appropriations for coordination and projects between partners from the parks and trails fund in fiscal years 2024 and 2025 under Laws 2023, chapter 40, article 3, section 3, paragraph (f), is extended to June 30, 2028.

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

Sec. 6. **REPEALER.**

Minnesota Statutes 2024, section 85.536, subdivisions 3 and 4, are repealed.

ARTICLE 3

ARTS AND CULTURAL HERITAGE FUND

Section 1. Laws 2023, chapter 40, article 4, section 2, subdivision 6, as amended by Laws 2025, chapter 36, article 4, section 15, is amended to read:

Subd. 6. **Department of Administration**	17,040,000	14,105,000

(a) The amounts in this subdivision are appropriated to the commissioner of administration for grants to the named organizations for the purposes specified in this subdivision. The commissioner of administration may use a portion of this appropriation for costs that are directly related to and necessary for the administration of grants in this subdivision.

(b) Grant agreements entered into by the commissioner and recipients of appropriations under this subdivision must ensure that money appropriated in this subdivision is used to supplement and not substitute for traditional sources of funding.

(c) **Minnesota Public Radio**

$2,050,000 each year is for Minnesota Public Radio to create programming and expand news service on Minnesota's cultural heritage and history.

(d) **Association of Minnesota Public Educational Radio Stations**

$2,050,000 the first year and $2,050,000 the second year are to the Association of Minnesota Public Educational Radio Stations for production and acquisition grants in accordance with Minnesota Statutes, section 129D.19.

(e) **Public Television**

$5,000,000 the first year and $4,500,000 the second year are to the Minnesota Public Television Association for production and acquisition grants according to Minnesota Statutes, section 129D.18. Of the amount in the first year, $1,000,000 is for producing Minnesota military and veterans' history stories and unique immigrant stories from around the state.

(f) **Wilderness Inquiry**

$500,000 the first year and $600,000 the second year are to Wilderness Inquiry to preserve Minnesota's outdoor history, culture, and heritage by connecting Minnesota youth and families to natural resources.

(g) **Como Park Zoo**

$1,725,000 each year is to the Como Park Zoo and Conservatory for program development that features educational programs and habitat enhancement, special exhibits, music appreciation programs, and historical garden access and preservation.

(h) **Science Museum of Minnesota**

$825,000 each year is to the Science Museum of Minnesota for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage, including student and teacher outreach, statewide educational initiatives, and community-based exhibits that preserve Minnesota's history and cultural heritage.

(i) **Appetite for Change**

$200,000 the first year is to the nonprofit Appetite for Change for the Community Cooks programming, which will preserve the cultural heritage of growing and cooking food in Minnesota.

(j) **Lake Superior Zoo**

$150,000 each year is to the Lake Superior Zoo to develop educational exhibits and programs.

(k) **Great Lakes Aquarium**

$250,000 each year is to the Lake Superior Center Authority to prepare, fabricate, and install a hands-on exhibit with interactive learning components to educate Minnesotans on the history of the natural landscape of the state.

(l) **State Band**

$25,000 the first year and $25,000 the second year are to the Minnesota state band to provide free concerts throughout the state.

(m) **Veterans Memorial Park in Wyoming**

$100,000 the first year is for a grant to the city of Wyoming to build the Veterans Memorial Plaza and related interpretive walk in Railroad Park.

(n) **Great Northern Festival**

$75,000 the first year and $75,000 the second year are for a grant to support the Great Northern Festival, which connects attendees to parks, outdoor spaces, and cultural venues through a festival.

(o) **Governor's Council on Developmental Disabilities**

$50,000 the first year is to the Minnesota Governor's Council on Developmental Disabilities to continue to preserve and raise awareness of the history of Minnesotans with developmental disabilities.

(p) **Minnesota Council on Disability**

$125,000 the first year and $125,000 the second year are to the Minnesota Council on Disability to provide educational opportunities in the arts, history, and cultural heritage of Minnesotans with disabilities in conjunction with the 50th anniversary of the Minnesota Council on Disability. This appropriation is available until June 30, 2027.

(q) **Keller Regional Park**

$500,000 the first year is for a grant to Ramsey County to preserve Minnesota's cultural heritage by enhancing the tuj lub courts at Keller Regional Park.

(r) **Vietnam War Anniversary**

$250,000 the first year is for a grant to the commissioner of veterans affairs to prepare and host a commemoration program for the 50th anniversary of the Vietnam War.

(s) **St. Paul Cultural Art Installation**

$500,000 the first year is for a grant to ~~Forecast Public Art for an~~ the city of St. Paul for a public art installation celebrating Olympic gold medalist Suni Lee. The project funded by this paragraph must be located in St. Paul at the Conway Recreation Center or, if that site is not practicable, at Lake Phalen at the platform containing the bust of Suni Lee. This appropriation is available until June 30, ~~2027~~ 2028.

(t) **One Heartland Center**

$50,000 each year is for a grant to One Heartland Center for programming and outdoor activities for families and youth in Minnesota.

(u) **Forest Lake Veterans Memorial**

$100,000 the first year is for a grant to the Forest Lake Veterans Memorial Committee to construct a memorial to veterans of the United States armed forces at Lakeside

Memorial Park in the city of Forest Lake. This appropriation is available until June 30, 2027.

(v) **Hmong Plaza**

$450,000 the first year is for a grant to the city of St. Paul to construct the Hmong Plaza at Phalen Lake.

(w) **Camille Gage Artist Fellowship**

$55,000 the first year and $55,000 the second year are for a grant to YWCA Minneapolis to fund an annual fellowship to be known as the Camille J. Gage Artist Fellowship. Of this amount, up to $5,000 each year may be used for administrative expenses. YWCA Minneapolis must select a person for the Camille J. Gage Artist Fellowship after an application process that allows both applications by interested persons and nominations of persons by third parties. By October 1, 2026, YWCA Minneapolis must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over legacy on the use of money appropriated under this paragraph and on the activities of the person selected for the Camille J. Gage Artist Fellowship under this paragraph. This appropriation is available until June 30, 2026.

(x) **Minnesota African American Heritage Museum and Gallery**

$235,000 the first year and $125,000 the second year are for arts and cultural heritage programming celebrating African American and Black communities in Minnesota. Of the amount in the first year, $110,000 is for C. Caldwell Fine Arts for an outdoor mural project in North Minneapolis to work with young people to develop skills while using art as the impetus.

(y) **Tibetan American Foundation of Minnesota**

$25,000 the first year and $25,000 the second year are for a grant to the Tibetan American

Foundation of Minnesota to celebrate and teach the art, culture, and heritage of Tibetan Americans in Minnesota.

(z) **Hong De Wu Guan**

$25,000 the first year is for a grant to Hong De Wu Guan to create cultural arts projects like Lion Dance for after-school programs for youth.

(aa) **Sepak Takraw of USA**

$50,000 the first year is for a grant to the Sepak Takraw of USA to work with youth and after-school programs in the community to teach the cultural games of tuj lub and sepak takraw. This appropriation may not be used to hold events.

(bb) **30,000 Feet**

$75,000 the first year and $75,000 the second year are for a grant to 30,000 Feet, a nonprofit organization, to help youth and community artists further develop their artistic skills, to create community art and artistic performances, and to promote and share African American history and culture through the arts.

(cc) **Siengkane Lao Minnesota**

$50,000 the first year and $50,000 the second year are for a grant to Siengkane Lao MN to create cultural arts projects and to preserve traditional performances.

(dd) **Hmong Cultural Center**

$150,000 the first year and $150,000 the second year are for a grant to the Hmong Cultural Center of Minnesota for museum-related programming and educational outreach activities to teach the public about the historical, cultural, and folk arts heritage of Hmong Minnesotans.

(ee) **Comunidades Latinas Unidas En Servicio**

$250,000 the first year and $250,000 the second year are for a grant to Comunidades Latinas Unidas En Servicio (CLUES) to expand arts programming to celebrate Latino cultural heritage; support local artists; and provide professional development, networking, and presentation opportunities.

(ff) **Hmong RPA Writing System**

$300,000 the first year and $300,000 the second year are for grants to recipients who have demonstrated knowledge and interest in preserving Hmong culture to preserve Hmong Minnesotans' heritage, history, language, and culture. Grants must be used in conjunction with Minnesota universities to improve and develop a unified and standardized Latin alphabet form of the Hmong RPA writing system. No portion of this appropriation may be used to encourage religious membership or to conduct personal ceremonies or events. This appropriation is available until June 30, 2028.

(gg) **Somali Museum of Minnesota**

$125,000 the first year and $125,000 the second year are for a grant to the Somali Museum of Minnesota for heritage arts and cultural vitality programs to provide classes, exhibits, presentations, and outreach about the Somali community and heritage in Minnesota.

(hh) **Minnesota Museum of American Art**

$200,000 the first year and $200,000 the second year are for a grant to the Minnesota Museum of American Art for exhibit programming and for a Native American Fellowship at the museum.

(ii) **Fanka Programs**

$250,000 the first year and $250,000 the second year are for a grant to Ka Joog statewide Somali-based collaborative programs for arts and cultural heritage. The funding must be used for Fanka programs to

provide arts education and workshops, mentor programs, and community presentations and community engagement events throughout Minnesota.

(jj) **The Bakken Museum**

$150,000 the first year is for a grant to The Bakken Museum for interactive exhibits and outreach programs on arts and cultural heritage.

(kk) **4-H Shooting Sports**

$50,000 the first year is to the University of Minnesota Extension Office to provide grants to Minnesota 4-H chapters that have members participating in state and national 4-H-sanctioned shooting sports events. Eligible costs for grant money include shooting sports equipment and supplies and event fees associated with participating in state shooting sports events.

(ll) **Public Art Saint Paul**

$75,000 each year is for a grant to Public Art Saint Paul for art programming at the Wakpa Triennial Art Festival to showcase new art across the Twin Cities by Minnesota artists in outdoor and indoor settings and to encourage visitors to experience the arts and culture produced by local arts and culture organizations.

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

ARTICLE 4

STATE LANDS

Section 1. Minnesota Statutes 2024, section 84.0272, subdivision 1, is amended to read:

Subdivision 1. **Acquisition procedure.** When the commissioner of natural resources is authorized to acquire ~~lands or interests in lands~~ fee title or an easement interest in land, the procedure set forth in this section ~~shall apply~~ applies. The commissioner of natural resources shall first prepare a fact sheet showing the lands to be acquired, the legal authority for their acquisition, and the qualities of the land that make it a desirable acquisition. The commissioner of natural resources shall cause the lands to be appraised. An appraiser shall before entering upon the duties of office take and subscribe an oath to faithfully and impartially discharge the duties as appraiser according to the best of the

appraiser's ability and that the appraiser is not interested directly or indirectly in any of the lands to be appraised or the timber or improvements thereon or in the sale thereof and has entered into no agreement or combination to purchase the same or any part thereof, which oath shall be attached to the report of the appraisal. The commissioner of natural resources may pay less than the appraised value, but shall not agree to pay more than ten percent above the appraised value, except that if the commissioner pays less than the appraised value for a parcel of land, the difference between the purchase price and the appraised value may be used to apply to purchases at more than the appraised value. The sum of accumulated differences between appraised amounts and purchases for more than the appraised amount may not exceed the sum of accumulated differences between appraised amounts and purchases for less than the appraised amount. New appraisals may be made at the discretion of the commissioner of natural resources.

Sec. 2. Minnesota Statutes 2024, section 84.0272, subdivision 2, is amended to read:

Subd. 2. **Stream easements.** (a) Notwithstanding subdivision 1, the commissioner may acquire permanent stream easements for angler access, fish management, and habitat work and easements to access permanent stream easements acquired under this subdivision for a onetime payment based on a value attributed to ~~both~~ the stream ~~and~~, the easement corridor, and any access easement. The payment ~~shall equal~~ equals:

(1) the per linear foot of stream within the easement corridor times $5; plus

(2) the easement corridor acres times the estimated market value~~.~~; plus

(3) the access corridor acres times the estimated market value.

(b) The estimated market value is equal to:

(1) the agricultural market value plus the rural vacant market value plus the managed forest market value; divided by

(2) the acres of agricultural land plus the rural vacant land plus the managed forest land.

(c) The agricultural market value, rural vacant market value, and managed forest market value or equivalent are determined from data collected by the Department of Revenue during its annual spring mini abstract survey. If the Department of Revenue changes its property type groups for its annual spring mini abstract survey, the agricultural market value, the rural vacant market value, and the managed forest market value shall be determined by the commissioner from data collected by the Department of Revenue in a manner that provides the most reasonable substitute for the market values as presently reported. The commissioner must use the most recent available data for the city or township within which the easement corridor is located.

(d) The commissioner shall periodically review the easement payment rates under this subdivision to determine whether the stream easement payments reflect current shoreland market values. If the commissioner determines that the easements do not reflect current shoreland market values, the commissioner shall report to the senate and house of representatives natural resources policy committees with recommendations for changes to this subdivision that are necessary for the stream easement payment rates to reflect current shoreland market values. The recommendations may include an adjustment to the dollar amount in paragraph (a), clause (1).

Sec. 3. Minnesota Statutes 2024, section 84.96, is amended by adding a subdivision to read:

Subd. 10. **Access easement.** The commissioner may acquire easements to access native prairie acquired under this section. The commissioner may pay the landowner or land administrator for access easements an amount equal to or less than 50 percent of the payment rate under subdivision 5.

Sec. 4. Laws 2024, chapter 90, article 1, section 52, is amended to read:

Sec. 52. **EFFECTIVE DATE.**

(a) Sections ~~1 to 51~~ 4, 7, 10 to 12, 14 to 17, and 19 to 51, and the amendments to Minnesota Rules, parts 6100.5002, 6213.0100, 6213.0400, 6213.0500, 6232.0200, 6232.0300, 6232.0400, 6232.0500, 6232.0900, 6232.1250, 6232.1300, 6232.1600, 6232.1950, 6232.1970, 6232.1980, 6232.2550, 6232.2800, 6232.3100, 6232.4400, 6234.1600, 6234.1700, 6234.2000, 6234.2600, 6236.0300, 6236.0500, 6236.0950, 6237.0200, 6262.1000, 6262.3200, 6264.0400, and 6266.0700, and the repealer as adopted by the commissioner of natural resources and published in the State Register, volume 49, page 1416, June 30, 2025, are effective upon full implementation of the replacement electronic license, permits, and pass portions of the electronic license system.

(b) Sections 5, 6, 8, 9, 13, and 18 are effective upon full implementation of the vehicle registration portions of the electronic license system.

(c) The commissioner of natural resources must notify the revisor of statutes when the ~~replacement electronic license system is fully implemented.~~ portions of the replacement electronic licensing system governed by the sections and rule modifications described in paragraph (a) are fully implemented and when the portions of the replacement electronic licensing system governed by the sections described in paragraph (b) are fully implemented.

Sec. 5. **ADDITIONS TO STATE PARKS.**

Subdivision 1. **[85.012] [Subd. 21.] Frontenac State Park, Goodhue County.** The following area is added to Frontenac State Park: Lot 3, Block 1, VILLA MARIA ADDITION, according to the recorded plat thereof, Goodhue County, Minnesota.

Subd. 2. **[85.012] [Subd. 24a.] Great River Bluffs State Park, Winona County.** The following area is added to Great River Bluffs State Park: the West Half of the Southeast Quarter of the Northeast Quarter, Section 33, Township 106 North, Range 5 West, Winona County, Minnesota.

Sec. 6. **DELETION FROM STATE PARK.**

[85.012] [Subd. 42.] Mille Lacs Kathio State Park, Mille Lacs County. The following area is deleted from Mille Lacs Kathio State Park: that part of Government Lot 3, Section 33, Township 43 North, Range 27 West, Mille Lacs County, Minnesota, lying easterly of the easterly right-of-way line of U.S. Trunk Highway 169. Excepting therefrom the following described tract of land: commencing at the northwest corner of said Government Lot 3, said corner being marked by a 2-½-inch aluminum post with brass cap (Bureau of Land Management Monument); thence North 89 degrees 43 minutes 55 seconds East, assumed bearing, along the north line of said Government Lot 3, a distance of 1,076.85 feet to the point of beginning of the land to be described; thence

continuing North 89 degrees 43 minutes 55 seconds East, along said north line, a distance of 40.88 feet to a ¾-inch iron rod with disk stamped MN DNR PROPERTY; thence continuing North 89 degrees 43 minutes 55 seconds East, along said north line, a distance of 299.64 feet to a ¾-inch rebar with plastic cap stamped MN DNR LS 47461; thence South 14 degrees 26 minutes 27 seconds East, a distance of 170.18 feet to a ¾-inch iron rod with disk stamped MN DNR PROPERTY; thence South 89 degrees 43 minutes 55 seconds West, a distance of 413.14 feet to a ¾-inch iron rod; thence continuing South 89 degrees 43 minutes 55 seconds West, a distance of 10.50 feet; thence North 07 degrees 53 minutes 17 seconds East, a distance of 70.68 feet; thence North 18 degrees 01 minute 43 seconds East, a distance of 100.09 feet to the point of beginning.

Sec. 7. **PUBLIC SALE OF SURPLUS LAND BORDERING PUBLIC WATER; BECKER COUNTY.**

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c).

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Becker County and is described as: all that part of Government Lot 1, Section 9, Township 138 North, Range 43 West, Becker County, Minnesota, bounded by the water's edge of Rossman Lake and the following described lines: commencing at meander corner No. 17 located at the northwesterly corner of said Government Lot 1; thence North 89 degrees 00 minutes 00 seconds East on an assumed bearing 98.96 feet on and along the north line of said Section 9; thence South 10 degrees 10 minutes 30 seconds East, 233.06 feet to a point on the centerline of a township road and the point of beginning; thence South 10 degrees 10 minutes 30 seconds East, 355.37 feet on and along the centerline of said township road; thence South 87 degrees 05 minutes 10 seconds East, 33.46 feet to the northwesterly corner of Erickson Shores, a plat recorded in the Office of the Register of Deeds, Becker County; thence South 87 degrees 05 minutes 10 seconds East, 443.59 feet on and along the north line of said plat to the northwesterly corner of Lot 1 of Block 1 of said plat; thence North 58 degrees 09 minutes 38 seconds East, 135 feet, more or less, on and along the north line of said Lot 1 of Block 1 to the water's edge of said Rossman Lake and there terminating. And also, from the point of beginning; thence North 88 degrees 40 minutes 54 seconds East, 263 feet, more or less, to the water's edge of Rossman Lake and there terminating. Including all riparian rights to the contained 4.3 acres, more or less, and subject to all existing easements.

(d) The land borders Rossman Lake and is not contiguous to other state lands. The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 8. **PRIVATE SALE OF SURPLUS LAND BORDERING PUBLIC WATER; MILLE LACS COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c) to a federally recognized Indian Tribe, subject to the state's reservation of access

and dam easements over the land described in paragraph (c) if the state elects to reserve such easements.

(b) The land must not be sold for less than the appraised value. The buyer must reimburse the commissioner for all costs and expenses, including staff costs, incurred by the commissioner in making the property salable and in selling the property. The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is all of or a portion of the land located in Mille Lacs County and described as: that part of Government Lot 3, Section 33, Township 43 North, Range 27 West, Mille Lacs County, Minnesota, lying easterly of the easterly right-of-way line of U.S. Trunk Highway 169. Excepting therefrom the following described tract of land: commencing at the northwest corner of said Government Lot 3, said corner being marked by a 2-½-inch aluminum post with brass cap (Bureau of Land Management Monument); thence North 89 degrees 43 minutes 55 seconds East, assumed bearing, along the north line of said Government Lot 3, a distance of 1,076.85 feet to the point of beginning of the land to be described; thence continuing North 89 degrees 43 minutes 55 seconds East, along said north line, a distance of 40.88 feet to a ¾-inch iron rod with disk stamped MN DNR PROPERTY; thence continuing North 89 degrees 43 minutes 55 seconds East, along said north line, a distance of 299.64 feet to a ¾-inch rebar with plastic cap stamped MN DNR LS 47461; thence South 14 degrees 26 minutes 27 seconds East, a distance of 170.18 feet to a ¾-inch iron rod with disk stamped MN DNR PROPERTY; thence South 89 degrees 43 minutes 55 seconds West, a distance of 413.14 feet to a ¾-inch iron rod; thence continuing South 89 degrees 43 minutes 55 seconds West, a distance of 10.50 feet; thence North 07 degrees 53 minutes 17 seconds East, a distance of 70.68 feet; thence North 18 degrees 01 minute 43 seconds East, a distance of 100.09 feet to the point of beginning.

(d) The land to be sold borders on Mille Lacs Lake. The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a federally recognized Indian Tribe.

Sec. 9. **PRIVATE CONVEYANCE OF SURPLUS LAND BORDERING PUBLIC WATER; PINE COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may convey by private sale the surplus land bordering public water that is described in paragraph (c) for no consideration, subject to the state's reservation of an access easement over the land described in paragraph (c).

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be conveyed is located in Pine County and is described as: that part of the West 105 feet of the West 205 feet of that part of Lot 48, Auditor's Subdivision of Section 24, Township 41, Range 21, Pine County, Minnesota, lying South of a line described as follows: commencing at a point on the west line of said Lot 48, 570 feet South of the northwest corner of said lot; thence southeasterly to a point in the east line of said Lot 48, midway between the northeast corner and the southeast corner of said lot, and lying North of the northerly water's edge of the North Branch of the Grindstone River, including all riparian rights.

(d) The land borders the Grindstone River. The Department of Natural Resources has determined that the conveyance will ensure that the private landowners have continued access to the Grindstone River after the Grindstone River dam is removed and the channel restored to a natural alignment.

Sec. 10. **CONVEYANCE OF SURPLUS STATE LAND; REDWOOD COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 16B.281 to 16B.298, or any other law to the contrary, upon approval by the Minnesota Historical Society's Executive Council, the director of the Minnesota Historical Society may convey to the Lower Sioux Indian Community in the state of Minnesota, for no consideration, the surplus land and real property described in paragraph (c).

(b) The Minnesota Historical Society may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Redwood County and is described as: Tract "C" that part of the Northeast Quarter of the Northwest Quarter of Section 8, Township 112, Range 34, Redwood County, Minnesota, lying southerly of the centerline of CSAH 2 as shown on Redwood County Right of Way Plat No. 3 C.S.A.H. Number 2 as of public record, Redwood County, Minnesota.

(d) The Minnesota Historical Society has determined that the state's land management interests and interpretive program interests would best be served if portions of the Lower Sioux Agency Historic Site were conveyed to the Lower Sioux Indian Community in the state of Minnesota.

Sec. 11. **PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

Government Lot 2, EXCEPT the South 760 feet; AND EXCEPT that part of Government Lot 2, shown as Parcel 75 on Minnesota Department of Transportation Right of Way Plat No. 69-181, Section 18, Township 62 North, Range 20 West.

(d) The county has determined that the county's land management interests would best be served if the land was returned to private ownership to resolve a structure encroachment.

Sec. 12. **PRIVATE SALE OF LAND; ST. LOUIS COUNTY.**

(a) Notwithstanding the public sale and competitive bidding requirements of Minnesota Statutes, chapter 373, or other law to the contrary, St. Louis County may sell by private sale the county fee-owned lands described in paragraph (b).

(b) The lands to be sold are located in St. Louis County, Section 34, Township 51 North, Range 18 West, and are described as:

(1) Lots 1, 2, 3, 10, 11, and 12, Block B, including part of the vacated alley adjacent and including part of vacated 3rd Avenue adjacent, Brookston;

(2) Lots 4 thru 9, Block B, including part of the vacated alley adjacent, and including part of 3rd Street S adjacent to Lots 6 and 7, and including part of 3rd Avenue adjacent to Lots 4 thru 6 tool house, Brookston; and

(3) that part of the South Half of the Northeast Quarter lying southerly of the Brookston Plat and westerly of County State-Aid Highway 31.

(c) St. Louis County has determined that the county's interest would best be served if the lands were sold.

Sec. 13. **PRIVATE CONVEYANCE OF SURPLUS LAND BORDERING PUBLIC WATER; WABASHA COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may convey by private sale the surplus land that is described in paragraph (c) to the city of Elgin for no consideration.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be conveyed is located in Wabasha County and is described as:

(1) OUTLOT A, OUTLOT B, and OUTLOT C of WHITEWATER WAY, according to the plat on file and of record in the Office of the County Recorder in and for Wabasha County, Minnesota; and

(2) that part of the West Half of the Northeast Quarter of Section 27, Township 108 North, Range 12 West, Wabasha County, Minnesota, described as follows: beginning at a point of intersection of the north line of the south 165.00 feet of the Northwest Quarter of the Northeast Quarter of said Section 27, with the east line of the West Half of the Northeast Quarter of said Section 27; thence on an assumed bearing of North 89 degrees 44 minutes 01 second West, along said north line of the south 165.00 feet, a distance of 250 feet, more or less, to the centerline of the North Fork of the White Water River; thence northeasterly along said centerline, to a point of intersection with the east line of the West Half of the Northeast Quarter of said Section 27; thence South 00 degrees 11 minutes 14 seconds East, along said east line to the point of beginning.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land was conveyed to and used by the city of Elgin for nonmotorized public recreation and public fishing access.

(e) The conveyance must provide that the lands revert to the state if the city of Elgin:

(1) fails to provide the public use intended on the property;

(2) without the written approval of the commissioner, allows a public use other than the public use agreed to by the commissioner at the time of conveyance; or

(3) abandons the public use of the property.

(f) The commissioner must require that the city of Elgin reimburse the commissioner for all costs and expenses, including staff costs, incurred by the commissioner in making the property salable and in conveying the property.

Sec. 14. **CONVEYANCE OF SURPLUS STATE LAND; WASHINGTON COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 16B.281 to 16B.298, or any other law to the contrary, upon approval by the Minnesota Historical Society's Executive Council, the director of the Minnesota Historical Society may convey to the city of Marine on Saint Croix, for no consideration, the surplus land and real property described in paragraph (c).

(b) The Minnesota Historical Society may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Washington County and is described as: that part of Block 47 of Marine, according to the recorded plat thereof, Washington County, Minnesota, described as follows: commencing at the southwest corner of said Block 47; thence North 24 degrees 18 minutes 37 seconds West, assumed bearing, along the westerly line of said Block 47, a distance of 98.35 feet, to the point of beginning of the tract of land to be described; thence continuing North 24 degrees 18 minutes 37 seconds West, along said westerly line of Block 47, a distance of 61.38 feet; thence North 66 degrees 16 minutes 53 seconds East, 89.81 feet; thence South 24 degrees 27 minutes 39 seconds East, 59.63 feet; thence South 65 degrees 09 minutes 47 seconds West, 89.96 feet, to the point of beginning.

Sec. 15. **APPROPRIATION EXTENSION.**

Notwithstanding any other law to the contrary, the appropriation in Laws 2024, chapter 116, article 1, section 3, subdivision 5, for an electronic licensing system is available until June 30, 2027.

Sec. 16. **EFFECTIVE DATE.**

Sections 4 to 15 are effective the day following final enactment.

ARTICLE 5

AGRICULTURAL UTILIZATION RESEARCH INSTITUTE

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. Pursuant to Minnesota Statutes, section 645.435, if the same appropriation for this purpose is enacted more than once in the 2026 regular session, the appropriation must be given effect only once.

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

ARTICLE 6

IRON ORE MINING; UNEMPLOYMENT BENEFITS

Section 1. **IRON ORE MINING ADDITIONAL UNEMPLOYMENT BENEFITS PROGRAM.**

Subdivision 1. **Availability of additional benefits.** Additional unemployment benefits are available from the Minnesota unemployment insurance trust fund to an applicant who was laid off due to lack of work on or after November 1, 2025, and before March 15, 2026, from:

(1) an employer in the iron ore mining industry that laid off 40 percent or more of the employer's workforce on or after March 15, 2025, and before June 16, 2025; or

(2) an employer that is in the explosive manufacturing industry and providing goods or services to an employer in the iron ore mining industry, if the applicant was laid off due to the cessation or substantial reduction in operations of an employer in the iron ore mining industry as described in clause (1).

Subd. 2. **Eligibility requirements.** An applicant is eligible to receive additional unemployment benefits under this section for any week through the week ending March 20, 2027, if:

(1) the applicant established a benefit account under Minnesota Statutes, section 268.07, with 50 percent or greater of the wage credits from an employer as described in subdivision 1, and has exhausted the maximum amount of regular unemployment benefits available on that benefit account; and

(2) the applicant meets the same requirements that an applicant for regular unemployment benefits must meet under Minnesota Statutes, section 268.069, subdivision 1.

Subd. 3. **Weekly and maximum amount of additional unemployment benefits.** (a) The weekly benefit amount of additional unemployment benefits is the same as the weekly benefit amount of regular unemployment benefits on the benefit account established in subdivision 2, clause (1).

(b) The maximum amount of additional unemployment benefits available to an applicant under this section is an amount equal to 26 weeks of payment at the applicant's weekly additional unemployment benefit amount.

(c) If an applicant qualifies for a new regular benefit account that meets the requirements of subdivision 4, paragraph (b), before the applicant has been paid additional unemployment benefits, and the new regular benefit account meets the requirements of subdivision 2, clause (1), the applicant's weekly additional unemployment benefit amount is equal to the weekly unemployment benefit amount on the applicant's new regular benefit account.

Subd. 4. **Qualifying for a new regular benefit account.** (a) If, after exhausting the maximum amount of regular unemployment benefits available as a result of the layoff under subdivision 1, an applicant qualifies for the new regular benefit account under Minnesota Statutes, section 268.07, the applicant must apply for and establish the new regular benefit account.

(b) If the applicant's weekly benefit amount under the new regular benefit account is equal to or higher than the applicant's weekly additional unemployment benefit amount, the applicant must request unemployment benefits under the new regular benefit account. An applicant is ineligible for additional unemployment benefits under this section until the applicant has exhausted the maximum amount of unemployment benefits available on the new regular benefit account.

(c) If the applicant's weekly unemployment benefit amount on the new regular benefit account is less than the applicant's weekly benefit amount of additional unemployment benefits, the applicant must request additional unemployment benefits. An applicant is ineligible for new regular unemployment benefits until the applicant has exhausted the maximum amount of additional unemployment benefits available under this section.

Subd. 5. **Eligibility for federal Trade Readjustment Allowance benefits.** An applicant who has applied and been determined eligible for federal Trade Readjustment Allowance benefits is not eligible for additional unemployment benefits under this section.

EFFECTIVE DATE. This section is effective retroactively from November 1, 2025."

Delete the title and insert:

"A bill for an act relating to state government; modifying provisions of Lessard-Sams Outdoor Heritage Council and Greater Minnesota Regional Parks and Trails Commission; modifying provisions for acquiring land interests; adding to and deleting from certain state parks; authorizing sales and conveyances of certain lands; modifying effective date for electronic licensing system; providing additional unemployment insurance benefits for certain iron ore miners; appropriating money from outdoor heritage fund; modifying and extending prior appropriations; appropriating money for the Agriculture Utilization Research Institute; amending Minnesota Statutes 2024, sections 84.0272, subdivisions 1, 2; 84.96, by adding a subdivision; 85.536, subdivisions 5, 7, 8, 10; 97A.056, subdivision 2, by adding a subdivision; Laws 2023, chapter 40, article 4, section 2, subdivision 6, as amended; Laws 2024, chapter 90, article 1, section 52; Laws 2024, chapter 106, article 1, section 2, subdivision 5; repealing Minnesota Statutes 2024, section 85.536, subdivisions 3, 4."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Foung Hawj, Aric Putnam, Andrew Lang

House Conferees: Josh Heintzeman, Joe McDonald, Samantha Vang, Peter Fischer

Senator Hawj moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2077 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The roll was called, and there were yeas 41 and nays 26, as follows:

Those who voted in the affirmative were:

Abeler	Coleman	Frentz	Housley	Kupec
Boldon	Cwodzinski	Gustafson	Johnson Stewart	Lang
Carlson	Dibble	Hauschild	Klein	Latz
Champion	Farnsworth	Hawj	Kreun	Mann
Clark	Fateh	Hemmingsen-Jaeger	Kunesh	Marty

Maye Quade	Murphy	Pha	Seeberger
McEwen	Nelson	Port	Westlin
Miller	Oumou Verbeten	Putnam	Wiklund
Mohamed	Pappas	Rest	Xiong

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senators: Carlson, McEwen, and Port.

Those who voted in the negative were:

Bahr	Green	Jasinski	Mathews	Wesenberg
Dahms	Gruenhagen	Johnson	Pratt	Westrom
Dornink	Heintzeman	Koran	Rarick	
Draheim	Hoffman	Lieske	Rasmusson	
Drazkowski	Holmstrom	Limmer	Utke	
Duckworth	Howe	Lucero	Weber	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

S.F. No. 2077 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 47 and nays 20, as follows:

Those who voted in the affirmative were:

Abeler	Farnsworth	Jasinski	Maye Quade	Putnam
Boldon	Fateh	Johnson Stewart	McEwen	Rest
Carlson	Frentz	Klein	Miller	Seeberger
Champion	Gustafson	Kreun	Mohamed	Westlin
Clark	Hauschild	Kunesh	Murphy	Westrom
Coleman	Hawj	Kupec	Nelson	Wiklund
Cwodzinski	Heintzeman	Lang	Oumou Verbeten	Xiong
Dibble	Hemmingsen-Jaeger	Latz	Pappas	
Dornink	Hoffman	Mann	Pha	
Duckworth	Housley	Marty	Port	

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senators: Carlson and Port.

Those who voted in the negative were:

Bahr	Green	Johnson	Lucero	Rasmusson
Dahms	Gruenhagen	Koran	Mathews	Utke
Draheim	Holmstrom	Lieske	Pratt	Weber
Drazkowski	Howe	Limmer	Rarick	Wesenberg

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Maye Quade moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Boldon be added as chief author to S.F. No. 3967. The motion prevailed.

RECESS

Senator Murphy moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 4612 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. No. 4612

A bill for an act relating to state government; modifying provisions relating to the Departments of Health, Human Services, and Children, Youth, and Families; making changes for federal compliance; establishing work or community engagement requirements; providing for pharmacy dispensing reimbursements; modifying reimbursement rates for mental health services; modifying mental health provider credentialing requirements; modifying the county share for Supplemental Nutrition Assistance Program costs; modernizing child care and family child care licensing; modifying the Minnesota African American Family Preservation and Child Welfare Disproportionality Act; establishing a committee, legislative commission, and advisory task force; establishing a hospital stabilization program; transferring regulatory oversight of health maintenance organizations to the commissioner of commerce; requiring coverage of infertility treatment; regulating gas resource development; providing for health care worker retention and protection; requiring reports; authorizing rulemaking; requiring transfer; appropriating money; amending Minnesota Statutes 2024, sections 16A.103, by adding a subdivision; 60A.50, subdivision 3; 60A.951, subdivision 3; 60A.985, subdivision 8; 60A.9853, subdivision 1; 60A.9854; 60B.03, subdivision 2; 60G.01, subdivisions 2, 4; 62A.02, subdivision 8; 62A.021, subdivision 1; 62A.61; 62A.65, subdivisions 7, 8; 62D.08, subdivisions 1, 2, 3, 7; 62D.12, subdivision 1; 62D.124, subdivision 5; 62D.221, subdivisions 1, 2; 62E.11, subdivisions 9, 13; 62J.60, subdivision 5; 62L.02, subdivision 8; 62L.08, subdivision 11; 62L.09, subdivision 3; 62L.10, subdivision 4; 62L.11, subdivision 2; 62M.11; 62Q.01, subdivision 2; 62Q.096; 62Q.106; 62Q.188, subdivision 2; 62Q.37, subdivision 2; 62Q.47; 62Q.51, subdivision 3; 62Q.556, subdivisions 3, 4; 62Q.679; 62Q.69, subdivisions 2, 3; 62Q.71; 62Q.73, subdivisions 3, 10; 62Q.81, subdivision 7; 62U.04, subdivision 13, by adding a subdivision; 103I.001; 103I.005, subdivisions 9, 21, by adding subdivisions; 103I.601, subdivision 1, by adding subdivisions; 142D.21, subdivision 3; 142F.05, by adding subdivisions; 144.1222, subdivision 4, by adding a subdivision; 144.1501, subdivision 2; 144.1503, subdivision 7; 144.1505, subdivisions 1, 2, 3; 144.1507, subdivisions 1, 2, 4, by adding a subdivision; 144.1911, subdivisions 1, 5, 6; 144.555, by adding subdivisions; 145A.14, subdivision 2a; 151.741, subdivision 4; 245.462, by adding a subdivision; 245.4711, subdivision 5; 245.4881, subdivision 5; 245A.211, subdivision 1; 256.01, by adding a subdivision; 256.017, subdivision 2; 256B.01; 256B.04, subdivision 27; 256B.056, subdivisions 1, 2a, 7, 7a; 256B.0561, subdivision 2; 256B.06, subdivision 4; 256B.0625, by adding a subdivision;

256B.076, subdivision 1, by adding subdivisions; 256B.094, subdivisions 2, 3, 6; 256B.75; 260.63, subdivision 10; 260.64, subdivision 2; 260.67, subdivision 2; 260.68, subdivision 2; 260.69, subdivision 1; 260.693, subdivision 2; 260C.451, by adding a subdivision; 295.52, subdivision 8; Minnesota Statutes 2025 Supplement, sections 62D.21; 62D.211; 142A.03, subdivision 2; 144.125, subdivision 1; 151.741, subdivision 5; 245A.07, subdivision 3; 245C.02, subdivision 15a; 245C.05, subdivision 5; 256.043, subdivision 3; 256.9657, subdivision 2b; 256.969, subdivision 2f; 256B.0625, subdivisions 8, 20; 256B.0924, subdivision 6; 256B.1973, subdivision 9; 256B.69, subdivision 6d; 256B.761, by adding a subdivision; 260.691, subdivision 1; 260.692, subdivisions 1, 2, 3; Laws 2024, chapter 117, sections 21; 22; Laws 2024, chapter 127, article 67, section 7; proposing coding for new law in Minnesota Statutes, chapters 62D; 62Q; 103I; 142D; 144; 245A; 256; 256B; 260; proposing coding for new law as Minnesota Statutes, chapters 142H; 142I; repealing Minnesota Statutes 2024, sections 142B.01, subdivisions 11, 12, 13, 25, 26, 27; 142B.41, subdivisions 4, 6, 7, 8, 10, 11, 12, 13; 142B.54, subdivisions 1, 2, 3; 142B.62; 142B.65, subdivisions 1, 2, 3, 4, 5, 6, 7, 10; 142B.66, subdivisions 1, 2, 4, 5; 142B.70, subdivisions 1, 2, 3, 4, 5, 6, 9, 10, 11, 12; 142B.71; 142B.72; 142B.74; 142B.75; 142B.76; 142B.77; 151.741, subdivisions 2, 3, 6; 256B.0625, subdivision 38; 256B.198; 260.63, subdivision 9; Minnesota Statutes 2025 Supplement, sections 142B.41, subdivision 9; 142B.65, subdivisions 8, 9; 142B.66, subdivision 3; 142B.70, subdivisions 7, 8; 256B.69, subdivision 6i; Minnesota Rules, parts 9502.0300; 9502.0315; 9502.0325; 9502.0335; 9502.0341; 9502.0345; 9502.0355; 9502.0365; 9502.0367; 9502.0375; 9502.0395; 9502.0405; 9502.0415; 9502.0425; 9502.0435, subparts 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16; 9502.0445; 9503.0005; 9503.0010; 9503.0015; 9503.0030; 9503.0031; 9503.0032; 9503.0033; 9503.0034; 9503.0040; 9503.0045; 9503.0050; 9503.0055; 9503.0060; 9503.0065; 9503.0070; 9503.0075; 9503.0080; 9503.0085; 9503.0090; 9503.0095; 9503.0100; 9503.0105; 9503.0110; 9503.0115; 9503.0120; 9503.0125; 9503.0130; 9503.0140; 9503.0145; 9503.0150; 9503.0155; 9503.0170.

May 17, 2026

The Honorable Bobby Joe Champion
President of the Senate

The Honorable Lisa M. Demuth
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 4612 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 4612 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

DEPARTMENT OF HEALTH

Section 1. Minnesota Statutes 2025 Supplement, section 3.732, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher Education, the Health and Education Facilities Authority, ~~the Health Technology Advisory Committee,~~ the Armory Building Commission, the Zoological Board, the Department of Iron Range Resources and Rehabilitation, the Minnesota Historical Society, the State Agricultural Society, the University of Minnesota, the Minnesota State Colleges and Universities, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota National Guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs or other similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor except, for purposes of this section and section 3.736 only, a guardian ad litem acting under court appointment, or members of the Minnesota National Guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the Second or Fourth Judicial District~~, a member of the Health Technology Advisory Committee,~~ and any officer, agent, or employee of the state of Wisconsin performing work for the state of Minnesota pursuant to a joint state initiative.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. Minnesota Statutes 2024, section 62J.17, subdivision 6a, is amended to read:

Subd. 6a. **Prospective review and approval.** (a) No health care provider subject to prospective review under this subdivision shall make a major spending commitment unless:

(1) the provider has filed an application with the commissioner to proceed with the major spending commitment and has provided all supporting documentation and evidence requested by the commissioner; and

(2) the commissioner determines, based upon this documentation and evidence, that the major spending commitment is appropriate under the criteria provided in subdivision 5a in light of the alternatives available to the provider.

(b) A provider subject to prospective review and approval shall submit an application to the commissioner before proceeding with any major spending commitment. The provider may submit

information, with supporting documentation, regarding why the major spending commitment should be excepted from prospective review under subdivision 7.

(c) The commissioner shall determine, based upon the information submitted, whether the major spending commitment is appropriate under the criteria provided in subdivision 5a, or whether it should be excepted from prospective review under subdivision 7. In making this determination, the commissioner may also consider relevant information from other sources. ~~At the request of the commissioner, the health technology advisory committee shall convene an expert review panel made up of persons with knowledge and expertise regarding medical equipment, specialized services, health care expenditures, and capital expenditures to review applications and make recommendations to the commissioner.~~ The commissioner shall make a decision on the application within 60 days after an application is received.

(d) The commissioner of health has the authority to issue fines, seek injunctions, and pursue other remedies as provided by law.

Sec. 3. Minnesota Statutes 2024, section 62J.2930, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The commissioner of health shall establish an information clearinghouse within the Department of Health to facilitate the ability of consumers, employers, providers, health plan companies, and others to obtain information on health reform activities in Minnesota. The commissioner shall make available through the clearinghouse updates on federal and state health reform activities, including information developed or collected by the Department of Health on cost containment or other research initiatives, the development of voluntary purchasing pools, action plans submitted by health plan companies, reports or recommendations of ~~the Health Technology Advisory Committee and other~~ entities on technology assessments, and reports or recommendations from other formal committees applicable to health reform activities. The clearinghouse shall also refer requestors to sources of further information or assistance. The clearinghouse is subject to chapter 13.

Sec. 4. Minnesota Statutes 2024, section 62K.02, subdivision 2, is amended to read:

Subd. 2. **Scope.** (a) This chapter applies only to health plans offered in the individual market or the small group market, including stand-alone dental plans sold on MNsure.

(b) This chapter applies to health carriers with respect to individual health plans and small group health plans, unless otherwise specified.

(c) If a health carrier issues or renews individual or small group health plans in other states, this chapter applies only to health plans issued or renewed in this state to a Minnesota resident, or to cover a resident of the state, or issued or renewed to a small employer that is actively engaged in business in this state, unless otherwise specified.

(d) This chapter does not apply to short-term coverage as defined in section 62A.65, subdivision 7, or grandfathered plan coverage as defined in section 62A.011, subdivision 1b.

Sec. 5. Minnesota Statutes 2024, section 62K.03, subdivision 6, is amended to read:

Subd. 6. **Health plan.** "Health plan" means a health plan as defined in section 62A.011, subdivision 3, and includes stand-alone dental plans sold on MNsure.

Sec. 6. Minnesota Statutes 2024, section 62K.075, is amended to read:

62K.075 PROVIDER NETWORK NOTIFICATIONS.

(a) A health carrier must provide on the carrier's website the provider network for each product offered by the carrier, and must update the carrier's website at least once a month with any changes to the carrier's provider network, including provider changes from in-network status to out-of-network status. A health carrier must also provide on the carrier's website, for each product offered by the carrier, a list of the current waivers of the requirements in section 62K.10, subdivision 2 ~~or 3~~, in a format that is easily accessed and searchable by enrollees and prospective enrollees.

(b) Upon notification from an enrollee, a health carrier must reprocess any claim for services provided by a provider whose status has changed from in-network to out-of-network as an in-network claim if the service was provided after the network change went into effect but before the change was posted as required under paragraph (a) unless the health carrier notified the enrollee of the network change prior to the service being provided. This paragraph does not apply if the health carrier is able to verify that the health carrier's website displayed the correct provider network status on the health carrier's website at the time the service was provided.

(c) The limitations of section 62Q.56, subdivision 2a, shall apply to payments required by paragraph (b).

Sec. 7. Minnesota Statutes 2025 Supplement, section 62K.10, subdivision 2, is amended to read:

Subd. 2. **Time and distance standards.** Health carriers must meet the time and distance standards under Code of Federal Regulations, title 45, section 155.1050, for all covered health services, including dental, retail pharmacy, and specialty services.

Sec. 8. Minnesota Statutes 2024, section 62K.105, is amended to read:

62K.105 NETWORK ADEQUACY COMPLAINTS.

The commissioner of health shall establish a clear, easily accessible process for accepting complaints from enrollees regarding health carrier compliance with section 62K.10, subdivision 2~~,~~ ~~3,~~ or 4. Using this process, an enrollee may file a complaint with the commissioner that a health carrier is not in compliance with the requirements of section 62K.10, subdivision 2~~, 3,~~ or 4. The commissioner of health shall investigate all complaints received under this section.

Sec. 9. Minnesota Statutes 2024, section 62K.14, is amended to read:

62K.14 LIMITED-SCOPE PEDIATRIC DENTAL PLANS.

(a) Limited-scope pediatric dental plans must be offered to the extent permitted under the Affordable Care Act: (1) on a guaranteed issue and guaranteed renewable basis; (2) with premiums rated on allowable rating factors used for health plans; and (3) without any exclusions or limitations based on preexisting conditions.

(b) Notwithstanding paragraph (a), a health carrier may discontinue a limited scope pediatric dental plan at the end of a plan year if the health carrier provides written notice to enrollees before coverage is to be discontinued that the particular plan is being discontinued and the health carrier offers enrollees other dental plan options that are the same or substantially similar to the dental plan being discontinued in terms of premiums, benefits, cost-sharing requirements, and network adequacy. The written notice to enrollees must be provided at least 105 days before the end of the plan year.

~~(c) Limited-scope pediatric dental plans must ensure primary care dental services are available within 60 miles or 60 minutes' travel time.~~

~~(d)~~ (c) If a stand-alone dental plan as defined under the Affordable Care Act or a limited-scope pediatric dental plan is offered, either separately or in conjunction with a health plan offered to individuals or small employers, the health plan shall not be considered in noncompliance with the requirements of the essential benefit package in the Affordable Care Act because the health plan does not offer coverage of pediatric dental benefits if these benefits are covered through the stand-alone or limited-scope pediatric dental plan, to the extent permitted under the Affordable Care Act.

~~(e)~~ (d) Health carriers offering limited-scope pediatric dental plans must comply with this section and sections 62K.07, 62K.08, 62K.10, 62K.13, and 62K.15.

~~(f)~~ (e) The commissioner of commerce shall enforce paragraphs (a) and (b). Any limited-scope pediatric dental plan that is to be offered to replace a discontinued dental plan under paragraph (b) must be approved by the commissioner of commerce in terms of cost and benefit similarity, and the commissioner of health in terms of network adequacy similarity. ~~The commissioner of health shall enforce paragraph (c).~~

Sec. 10. Minnesota Statutes 2024, section 62U.04, subdivision 4, is amended to read:

Subd. 4. **Encounter data.** (a) All health plan companies, dental organizations, and third-party administrators shall submit encounter data on a monthly basis to a private entity designated by the commissioner of health. The data shall be submitted in a form and manner specified by the commissioner subject to the following requirements:

(1) the data must be de-identified data as described under the Code of Federal Regulations, title 45, section 164.514;

(2) the data for each encounter must include an identifier for the patient's health care home if the patient has selected a health care home, data on contractual value-based payments, and data deemed necessary by the commissioner to uniquely identify claims in the individual health insurance market;

(3) the data must include enrollee race and ethnicity, to the extent available, for claims incurred on or after January 1, 2023; ~~and~~

(4) except for the data described in clauses (2) and (3), the data must not include information that is not included in a health care claim, dental care claim, or equivalent encounter information transaction that is required under section 62J.536~~.~~; and

(5) the data must include at least the following data fields for any fully denied claims:

(i) an indicator of which claim lines were denied;

(ii) the reason for denial of each denied claim line;

(iii) the claim line status in terms of adjudication; and

(iv) a claim identifier to link the original claim to subsequent action on the claim.

(b) The commissioner or the commissioner's designee shall only use the data submitted under paragraph (a) to carry out the commissioner's responsibilities in this section, including supplying the data to providers so they can verify their results of the peer grouping process consistent with the recommendations developed pursuant to subdivision 3c, paragraph (d), and adopted by the commissioner and, if necessary, submit comments to the commissioner or initiate an appeal.

(c) Data on providers collected under this subdivision are private data on individuals or nonpublic data, as defined in section 13.02. Notwithstanding the data classifications in this paragraph, data on providers collected under this subdivision may be released or published as authorized in subdivision 11. The commissioner or the commissioner's designee shall establish procedures and safeguards to protect the integrity and confidentiality of any data that it maintains.

(d) The commissioner or the commissioner's designee shall not publish analyses or reports that identify, or could potentially identify, individual patients.

(e) The commissioner shall compile summary information on the data submitted under this subdivision. The commissioner shall work with its vendors to assess the data submitted in terms of compliance with the data submission requirements and the completeness of the data submitted by comparing the data with summary information compiled by the commissioner and with established and emerging data quality standards to ensure data quality.

Sec. 11. 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 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. 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) To implement paragraph (a), 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~~ assess fees according to the fee schedule in subdivision 14 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~~.~~; and

(4) annually publish on the Department of Health website a list of projects authorized under this subdivision.

Sec. 12. Minnesota Statutes 2024, section 62U.04, is amended by adding a subdivision to read:

Subd. 14. **Fees for expanded access to and use of the all-payer claims database.** (a) For purposes of this section:

(1) "custom data set or analysis" means a de-identified data set or report for which a standard data set or limited use data sets are not appropriate, that only provides the minimum necessary data, and that is de-identified using the expert determination method as defined in Code of Federal Regulations, title 45, section 164.514(b)(1);

(2) "data file" means a data file derived from medical claims, pharmacy claims, dental claims, eligibility information, membership information, or provider information for a single year;

(3) "limited use data set" means a data set that meets the requirements in Code of Federal Regulations, title 45, section 164.514(e)(2), and may include protected health information from which certain direct identifiers of individuals have been removed under the principle of minimum information necessary; and

(4) "standard data set" means a static data release designed by the commissioner to serve a wide range of projects in which nearly all de-identified data elements are disclosed in one release after applying the safe harbor de-identification method defined in Code of Federal Regulations, title 45, section 164.514(b)(2), and from which protected health information and any combination of data elements that directly identify any person are excluded.

(b) The commissioner must assess fees on an individual or organization that receives data under subdivision 13 for the cost of accessing or receiving the data. Costs under this paragraph may include but are not limited to the cost of producing and releasing data to the individual or organization under subdivision 13 and managing infrastructure and operations. The commissioner must assess fees according to the following schedule based on the type of data requested and number of years for which access is requested:

(1) the fee for a standard data set is $3,500 per data file per year;

(2) the fee for a limited use data set is $7,000 per data file per year; and

(3) the fee for a custom data set or analysis is $89 per hour of staff time expended, with fees not to exceed $5,785.

(c) An individual or organization that receives approval to access or receive data under subdivision 13 must pay all the required fees in full before accessing or receiving the requested data.

(d) The commissioner may grant a partial or full waiver of the fees in paragraph (b) if the individual or organization requesting the data meets at least one of the following criteria:

(1) the fees represent a financial hardship to the individual or organization;

(2) the organization is a self-insured data submitter under this section;

(3) the individual or organization is affiliated with an academic institution;

(4) the individual or organization requests a high volume of data files; or

(5) the request is from a Tribal health director for, or the governing body of, one of the 11 federally recognized Tribes in Minnesota.

In determining whether to grant a waiver under this paragraph, the commissioner may consult the research advisory group established under subdivision 13.

(e) Fees paid by an individual or organization approved to access or receive data under subdivision 13 are nonrefundable. Fees collected under this subdivision must be deposited into an account in the state government special revenue fund. Money in that account does not cancel.

(f) The commissioner must publish the fee schedule in paragraph (b) on the Department of Health website.

Sec. 13. Minnesota Statutes 2024, section 144.059, subdivision 8, is amended to read:

Subd. 8. **Duties.** (a) The council shall consult with and advise the commissioner on matters related to the establishment, maintenance, operation, and outcomes evaluation of palliative care initiatives in the state.

(b) By February 15 of each odd-numbered year, the council shall submit to the chairs and ranking minority members of the committees of the senate and the house of representatives with primary jurisdiction over health care a report containing:

(1) the advisory council's assessment of the availability of palliative care in the state;

(2) the advisory council's analysis of barriers to greater access to palliative care; and

(3) recommendations for legislative action, with draft legislation to implement the recommendations.

(c) The Department of Health shall publish the report ~~each year~~ on the department's website.

Sec. 14. Minnesota Statutes 2024, section 144.1222, is amended by adding a subdivision to read:

Subd. 2e. **Private residential pool used for certified swimming classes.** Notwithstanding Minnesota Rules, part 4717.0250, subpart 7, a private residential pool may be used as part of a business if the private residential pool is used by a paying guest of the homeowner and the guest is participating in a certified swimming class conducted by the homeowner, provided that:

(1) the homeowner is a certified swimming instructor and is conducting a certified swimming class on a one-on-one basis;

(2) not more than four individuals are in the pool at the same time during the class;

(3) prior to each new paying guest beginning participation in a certified swimming class:

(i) the guest, or the guest's parent or legal guardian if the guest is a minor, provides written consent to use of the pool. The written consent must include a statement that the guest, or the guest's parent or legal guardian if the guest is a minor, has received and read materials provided by the Department of Health with information on the risk of disease transmission and other risks associated with pools; and a statement that the Department of Health does not monitor or inspect the homeowner's pool to ensure compliance with the requirements in this section or Minnesota Rules, chapter 4717; and

(ii) the homeowner tests the pool's water for the concentration of chlorine or bromine, pH, and alkalinity, and the water in the pool meets the requirements for disinfection residual, pH, and alkalinity in Minnesota Rules, part 4717.1750, subparts 3 to 6; and

(4) the following notice is conspicuously posted at the pool and, prior to each new paying guest beginning participation in a certified swimming class, is provided to the guest or to the guest's parent or legal guardian if the guest is a minor:

"NOTICE

This pool is exempt from state and local anti-entrapment and sanitary requirements that prevent waterborne diseases and chemical burns and is not subject to inspection.

USE AT YOUR OWN RISK"

Sec. 15. Minnesota Statutes 2024, section 144.1222, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "ASME/ANSI standard" means a safety standard accredited by the American National Standards Institute and published by the American Society of Mechanical Engineers.

(c) "ASTM standard" means a safety standard issued by ASTM International, formerly known as the American Society for Testing and Materials.

(d) "Public pool" means any pool other than a private residential pool, that is: (1) open to the public generally, whether for a fee or free of charge; (2) open exclusively to members of an organization and their guests; (3) open to residents of a multiunit apartment building, apartment complex, residential real estate development, or other multifamily residential area; (4) open to patrons of a hotel or lodging or other public accommodation facility; or (5) operated by a person in a park, school, licensed child care facility, group home, motel, camp, resort, club, condominium, manufactured home park, or political subdivision with the exception of swimming pools at family day care homes licensed under section 142B.41, subdivision 9, paragraph (a).

(e) "Unblockable suction outlet or drain" means a drain of any size and shape that a human body cannot sufficiently block to create a suction entrapment hazard and meets ASME/ANSI standards.

(f) "Certified swimming class" means an infant swimming resource (ISR) class; an American Red Cross swimming class, swimming lesson, or learn-to-swim class; or any other swimming class certified by a nationally accredited organization that operates in all 50 states.

(g) "Certified swimming instructor" means a certified ISR instructor; a certified American Red Cross swimming instructor or swim coach; or any other swimming instructor certified by a nationally accredited organization that operates in all 50 states.

Sec. 16. Minnesota Statutes 2025 Supplement, section 144.125, subdivision 1, is amended to read:

Subdivision 1. **Duty to perform testing.** (a) It is the duty of (1) the administrative officer or other person in charge of each institution caring for infants 28 days or less of age, (2) the person required in pursuance of the provisions of section 144.215, to register the birth of a child, or (3) the nurse midwife or midwife in attendance at the birth, to arrange to have administered to every infant or child in its care tests for heritable and congenital disorders according to subdivision 2 and rules prescribed by the state commissioner of health.

(b) Testing, recording of test results, reporting of test results, and follow-up of infants with heritable congenital disorders, including hearing loss detected through the early hearing detection and intervention program in section 144.966, shall be performed at the times and in the manner prescribed by the commissioner of health.

(c) The fee to support the newborn screening program, including tests administered under this section and section 144.966, shall be $184.35 per specimen. This fee amount shall be deposited in the state treasury and credited to the state government special revenue fund. If the individual described in paragraph (a) submits to an insurer a claim for reimbursement for a newborn screening program fee but does not receive reimbursement from the insurer, the individual may request a special fee exemption form from the newborn screening program and may apply for an exemption from the fee. To qualify for the exemption, the individual must provide documentation to the newborn screening program that the insurer did not reimburse the individual for the fee.

(d) The fee to offset the cost of the support services provided under section 144.966, subdivision 3a, shall be $15 per specimen. This fee shall be deposited in the state treasury and credited to the general fund.

Sec. 17. Minnesota Statutes 2024, section 144.1501, subdivision 2, is amended to read:

Subd. 2. **Availability.** (a) The commissioner of health shall use money appropriated for health professional education loan forgiveness in this section:

(1) for medical residents, physicians, mental health professionals, and alcohol and drug counselors agreeing to practice in designated rural areas or underserved urban communities or specializing in the area of pediatric psychiatry;

(2) for midlevel practitioners agreeing to practice in designated rural areas or to teach at least 12 credit hours, or 720 hours per year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(3) for nurses who agree to practice in a Minnesota nursing home; in an intermediate care facility for persons with developmental disability; in a hospital if the hospital owns and operates a Minnesota nursing home and a minimum of 50 percent of the hours worked by the nurse is in the nursing home; in an assisted living facility as defined in section 144G.08, subdivision 7; or for a home care provider as defined in section 144A.43, subdivision 4; or agree to teach at least 12 credit hours, or 720 hours per year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(4) for other health care technicians agreeing to teach at least 12 credit hours, or 720 hours per year in their designated field in a postsecondary program at the undergraduate level or the equivalent at the graduate level. The commissioner, in consultation with the Healthcare Education-Industry Partnership, shall determine the health care fields where the need is the greatest, including, but not limited to, respiratory therapy, clinical laboratory technology, radiologic technology, and surgical technology;

(5) for pharmacists, advanced dental therapists, dental therapists, and public health nurses who agree to practice in designated rural areas;

(6) for dentists agreeing to deliver at least 25 percent of the dentist's yearly patient encounters to state public program enrollees or patients receiving sliding fee schedule discounts through a formal sliding fee schedule meeting the standards established by the United States Department of Health and Human Services under Code of Federal Regulations, title 42, section 51c.303; and

(7) for nurses employed as a hospital nurse by a nonprofit hospital and providing direct care to patients at the nonprofit hospital.

(b) Appropriations made for health professional education loan forgiveness in this section do not cancel and are available until expended~~, except that at the end of each biennium, any remaining balance in the account that is not committed by contract and not needed to fulfill existing commitments shall cancel to the fund~~.

Sec. 18. Minnesota Statutes 2024, section 144.1503, subdivision 7, is amended to read:

Subd. 7. **Selection process.** The commissioner shall determine a maximum award for grants and loan forgiveness, and shall make selections based on the information provided in the grant application, including the demonstrated need for an applicant provider to enhance the education of its workforce, the proposed employee scholarship or loan forgiveness selection process, the applicant's proposed budget, and other criteria as determined by the commissioner. Notwithstanding any law

or rule to the contrary, amounts appropriated for purposes of this section do not cancel and are available until expended~~, except that at the end of each biennium, any remaining amount that is not committed by contract and not needed to fulfill existing commitments shall cancel to the general fund~~.

Sec. 19. Minnesota Statutes 2024, section 144.1505, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following definitions apply:

(1) "eligible advanced practice registered nurse program" means a program that is located in Minnesota and is currently accredited as a master's, doctoral, or postgraduate level advanced practice registered nurse program by the Commission on Collegiate Nursing Education or by the Accreditation Commission for Education in Nursing, or ~~is~~ presents a credible plan as a candidate for accreditation;

(2) "eligible dental therapy program" means a dental therapy education program or advanced dental therapy education program ~~that is~~ located in Minnesota ~~and is either~~ that:

(i) is approved by the Board of Dentistry; ~~or~~

(ii) is currently accredited by the Commission on Dental Accreditation; or

(iii) presents a credible plan as a candidate for accreditation;

(3) "eligible mental health professional program" means a program that is located in Minnesota and is ~~listed~~ currently accredited as a mental health professional program by the appropriate accrediting body for clinical social work, psychology, marriage and family therapy, or licensed professional clinical counseling, or ~~is~~ presents a credible plan as a candidate for accreditation;

(4) "eligible pharmacy program" means a program that is located in Minnesota and is currently accredited as a doctor of pharmacy program by the Accreditation Council on Pharmacy Education or presents a credible plan as a candidate for accreditation;

(5) "eligible physician assistant program" means a program that is located in Minnesota and is currently accredited as a physician assistant program by the Accreditation Review Commission on Education for the Physician Assistant, or ~~is~~ presents a credible plan as a candidate for accreditation;

(6) "mental health professional" means an individual providing clinical services in the treatment of mental illness who meets one of the qualifications under section 245.462, subdivision 18;

(7) "eligible physician training program" means a medical school training program or a physician residency training program located in Minnesota ~~and~~ that is currently accredited by the accrediting body or has presented a credible plan as a candidate for accreditation;

(8) "eligible dental program" means a dental education program or a dental residency training program located in Minnesota and that is currently accredited by the accrediting body or has presented a credible plan as a candidate for accreditation; ~~and~~

(9) "project" means a project to ~~establish or expand~~ (i) plan or implement a new eligible clinical training ~~for physician assistants, advanced practice registered nurses, pharmacists, dental therapists, advanced dental therapists, or mental health professionals in Minnesota.~~ program or increase the

base number of trainees in an existing eligible clinical training program, or (ii) add or expand rural rotations or clinical training experiences in an existing eligible clinical training program;

(10) "rural community" means a Tribal Nation, statutory city, home rule charter city, or township in Minnesota that is outside the seven-county metropolitan area as defined in section 473.121, subdivision 2; and

(11) "underserved community" means a Minnesota area or population included in the list of designated primary medical care health professional shortage areas, medically underserved areas, or medically underserved populations maintained and updated by the United States Department of Health and Human Services.

Sec. 20. Minnesota Statutes 2024, section 144.1505, subdivision 2, is amended to read:

Subd. 2. **Programs.** (a) For advanced practice provider clinical training expansion grants, the commissioner of health shall award ~~health professional training site~~ grants to eligible physician assistant, advanced practice registered nurse, pharmacy, dental therapy, and mental health professional programs to plan and implement ~~expanded~~ a new eligible clinical training program or increase the base number of trainees in an existing eligible clinical training program. Clinical training must take place in communities outside the seven-county metropolitan area as defined in section 473.121, subdivision 2, or in underserved communities. A planning grant shall not exceed $75,000, and a three-year training grant shall not exceed $300,000 per project. The commissioner may provide a ~~one-year,~~ no-cost extension for grants.

(b) For health professional rural ~~and underserved~~ clinical rotations grants, the commissioner of health shall award ~~health professional training site~~ grants to existing eligible physician, physician assistant, advanced practice registered nurse, pharmacy, dentistry, dental therapy, and mental health professional training programs to ~~augment existing clinical training programs to~~ add, expand, or enhance rural ~~and underserved~~ rotations or clinical training experiences, such as credential or certificate rural tracks or other specialized training. Rotations and clinical training experiences must take place in rural communities, excluding the cities of Duluth, Moorhead, Rochester, and St. Cloud. For physician and dentist training, the expanded training must include rotations in primary care settings such as community clinics, hospitals, health maintenance organizations, or practices in rural communities.

(c) Advanced practice provider clinical training expansion grant funds may be used for:

(1) ~~establishing or expanding rotations~~ planning and implementing a new clinical training program or increasing the base number of trainees in an existing clinical training program as described in paragraph (a);

(2) recruitment, training, and retention of students ~~and~~, faculty, and preceptors;

(3) connecting students with appropriate clinical training sites, internships, practicums, or externship ~~activities~~ opportunities;

(4) travel and lodging for students;

(5) faculty, student, and preceptor salaries, incentives, or other financial support;

(6) development and implementation of health equity and cultural ~~competency~~ responsiveness training;

(7) evaluations of the clinical training program to inform program improvements;

(8) training site improvements, fees, equipment, and supplies required to establish, maintain, or expand a training program; ~~and~~

(9) supporting clinical education in which trainees are part of a primary care team model~~.~~; and

(10) onboarding expenses for trainees to meet clinical training site requirements.

(d) Health professional rural clinical rotation grant funds may be used for:

(1) adding, expanding, or enhancing rural rotations and clinical training experiences in an existing clinical training program as described in paragraph (b);

(2) recruitment, training, and retention of students, faculty, and preceptors;

(3) connecting students with appropriate clinical training sites, internships, practicums, or externship opportunities;

(4) travel and lodging for students;

(5) faculty, student, and preceptor salaries, stipends, or other financial support;

(6) development and implementation of health equity and cultural responsiveness training;

(7) evaluations of the rural rotation or clinical training experience to inform program improvements;

(8) training site improvements, fees, equipment, and supplies required to establish or expand rural rotations or clinical training experiences;

(9) supporting clinical education in which trainees are part of a primary care team model; and

(10) onboarding expenses for trainees to meet clinical training site requirements.

Sec. 21. Minnesota Statutes 2024, section 144.1505, subdivision 3, is amended to read:

Subd. 3. **Applications.** (a) Eligible physician assistant, advanced practice registered nurse, pharmacy, dental therapy, dental, physician, and mental health professional programs seeking a grant shall apply to the commissioner. Applications for advanced practice provider clinical training expansion grants must include a description of the number of additional students who will be trained using grant funds~~;~~ and attestation that funding will be used to support an increase in the number of clinical training slots~~;~~.

(b) All applications must include a description of the problem that the proposed project will address; a description of the project, including all costs associated with the project~~,~~; sources of funds for the project~~,~~; detailed uses of all funds for the project, and the results expected; and a plan to maintain or operate ~~any component included in~~ the project after the grant period, including a

description of potential barriers to sustainability. ~~The applicant~~ Applicants must describe achievable objectives, a timetable, and roles and capabilities of responsible individuals in the organization.

~~Applicants applying under subdivision 2, paragraph (b),~~ (c) Applications for rural clinical rotation grants must include a description of the new, expanded, or enhanced rural rotations or clinical training experiences; attestation that funding will be used to support improved rural clinical training experiences; and information about length of training and training site settings, geographic location of rural sites, and rural populations expected to be served.

Sec. 22. Minnesota Statutes 2024, section 144.1507, subdivision 1, is amended to read:

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

(b) "Eligible program" means a program that meets the following criteria:

(1) is located in Minnesota;

(2) trains medical residents in the specialties of family medicine, general internal medicine, general pediatrics, psychiatry, geriatrics, or general surgery in rural residency training programs or in community-based ambulatory care centers that primarily serve the underserved, or trains postdoctoral psychology residents; and

(3) is accredited by the Accreditation Council for Graduate Medical Education or the American Psychological Association or presents a credible plan to obtain accreditation.

(c) "Rural community" means a Tribal Nation, statutory city, home rule charter city, or township in Minnesota that is outside the seven-county metropolitan area as defined in section 473.121, subdivision 2, excluding the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

~~(c)~~ (d) "Rural residency training program" means a rural medical residency program or a rural psychology residency program that provides ~~an initial year of~~ training in an accredited residency program in Minnesota. ~~The subsequent years of the residency program are~~ At least two-thirds of the residency training must be based in rural communities, utilizing local clinics and community hospitals, with specialty rotations in nearby regional medical centers. When specialty rotations cannot take place within rural communities, training may occur in nonrural sites provided that at least one-half of all training occurs in rural communities. For residency training programs in general surgery, pediatrics, and psychiatry, at least one-half of the residency training must be based in communities outside the seven-county metropolitan area, with rotations in rural communities.

~~(d)~~ (e) "Community-based ambulatory care centers" means federally qualified health centers, community mental health centers, rural health clinics, health centers operated by the Indian Health Service, an Indian Tribe or Tribal organization, or an urban American Indian organization or an entity receiving funds under Title X of the Public Health Service Act.

~~(e)~~ (f) "Eligible project" means a project to establish and maintain a rural residency training program.

Sec. 23. Minnesota Statutes 2024, section 144.1507, subdivision 2, is amended to read:

Subd. 2. **Rural residency training program.** (a) The commissioner of health shall award rural residency training program grants to eligible programs to plan, implement, and sustain rural residency training programs. A rural medical residency training program grant shall not exceed $250,000 per year for up to three years for planning and development, and $225,000 per resident per year for each year thereafter to sustain the program. A rural psychology residency training program grant shall not exceed $150,000 per year for up to three years for planning and development and $150,000 per resident per year for each year thereafter to sustain the program. Medical and psychology residency programs that meet eligibility guidelines and continue to demonstrate financial need shall be granted sustaining funds, renewable every five years.

(b) Funds may be spent to cover the costs of:

(1) planning related to establishing accredited rural residency training programs;

(2) obtaining accreditation by the Accreditation Council for Graduate Medical Education, the American Psychological Association, or another national body that accredits rural residency training programs;

(3) establishing new rural residency training programs;

(4) recruitment, training, and retention of new residents and faculty related to the new rural residency training program;

(5) travel and lodging for new residents;

(6) faculty, new resident, and preceptor salaries related to new rural residency training programs;

(7) training site improvements, fees, equipment, and supplies required for new rural residency training programs; and

(8) supporting clinical education in which trainees are part of a primary care team model.

Sec. 24. Minnesota Statutes 2024, section 144.1507, subdivision 4, is amended to read:

Subd. 4. **Consideration of grant applications.** The commissioner shall review each application to determine if the residency program application is complete, if the proposed rural residency program and residency slots are eligible for a grant, and if the program is eligible for federal graduate medical education funding, and when the funding is available. If eligible programs are not eligible for federal graduate medical education funding, the commissioner may award continuation funding to the eligible program beyond the initial grant period without requiring a competitive application. The commissioner shall award grants to support training programs in family medicine, general internal medicine, general pediatrics, psychiatry, geriatrics, general surgery, psychology, and other primary care focus areas.

Sec. 25. Minnesota Statutes 2024, section 144.1507, is amended by adding a subdivision to read:

Subd. 6. **Clinical training program coordination.** The commissioner may award grants to the University of Minnesota to provide technical assistance to residency training programs for coordinated development of rural clinical training programs statewide.

Sec. 26. Minnesota Statutes 2024, section 144.1911, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The international medical graduates assistance program is established to address barriers to practice and facilitate pathways to assist immigrant international medical graduates to integrate into the Minnesota health care delivery system, with the goal of increasing access to primary care in rural and underserved areas of the state. Notwithstanding any law to the contrary, appropriations made to the program do not cancel and are available until expended.

Sec. 27. Minnesota Statutes 2024, section 144.1911, subdivision 5, is amended to read:

Subd. 5. **Clinical preparation.** ~~(a)~~ The commissioner shall award grants to support clinical preparation for Minnesota international medical graduates needing additional clinical preparation or experience to qualify for residency. The grant program shall include:

(1) proposed training curricula;

(2) associated policies and procedures for clinical training sites, which must be part of existing clinical medical education programs in Minnesota; and

(3) monthly stipends for international medical graduate participants. Priority shall be given to primary care sites in rural or underserved areas of the state~~, and~~. International medical graduate participants who receive funding through the international medical graduate primary care residency grant program must commit to serving at least five years in a rural or underserved community of the state.

~~(b) The policies and procedures for the clinical preparation grants must be developed by December 31, 2015, including an implementation schedule that begins awarding grants to clinical preparation programs beginning in June of 2016.~~

Sec. 28. Minnesota Statutes 2024, section 144.1911, subdivision 6, is amended to read:

Subd. 6. **International medical graduate primary care residency grant program and revolving account.** (a) The commissioner shall award grants to support primary care residency positions designated for Minnesota immigrant physicians who are willing to serve in rural or underserved areas of the state. No grant shall exceed $150,000 per residency position per year. Eligible primary care residency grant recipients include accredited family medicine, general surgery, internal medicine, obstetrics and gynecology, psychiatry, and pediatric residency programs. Eligible primary care residency programs shall apply to the commissioner. Applications must include the number of anticipated residents to be funded using grant funds and a budget. ~~Notwithstanding any law to the contrary, funds awarded to grantees in a grant agreement do not lapse until the grant agreement expires.~~ Before any funds are distributed, a grant recipient shall provide the commissioner with the following:

(1) a copy of the signed contract between the primary care residency program and the participating international medical graduate;

(2) certification that the participating international medical graduate has lived in Minnesota for at least two years and is certified by the Educational Commission on Foreign Medical Graduates.

Residency programs may also require that participating international medical graduates hold a Minnesota certificate of clinical readiness for residency, once the certificates become available; and

(3) verification that the participating international medical graduate has executed a participant agreement pursuant to paragraph (b).

(b) Upon acceptance by a participating residency program, international medical graduates shall enter into an agreement with the commissioner to provide primary care for at least five years in a rural or underserved area of Minnesota after graduating from the residency program and make payments to the revolving international medical graduate residency account for five years beginning in their second year of postresidency employment. Participants shall pay $15,000 or ten percent of their annual compensation each year, whichever is less.

(c) A revolving international medical graduate residency account is established as an account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account appropriations, payments, and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the account. Funds in the account are appropriated annually to the commissioner to award grants and administer the grant program established in paragraph (a). Notwithstanding any law to the contrary, any funds deposited in the account do not expire. The commissioner may accept contributions to the account from private sector entities subject to the following provisions:

(1) the contributing entity may not specify the recipient or recipients of any grant issued under this subdivision;

(2) the commissioner shall make public the identity of any private contributor to the account, as well as the amount of the contribution provided; and

(3) a contributing entity may not specify that the recipient or recipients of any funds use specific products or services, nor may the contributing entity imply that a contribution is an endorsement of any specific product or service.

Sec. 29. Minnesota Statutes 2024, section 144.293, subdivision 7, is amended to read:

Subd. 7. **Exception to consent.** Subdivision 2 does not apply to the release of health records to the commissioner of health ~~or the Health Data Institute under chapter 62J~~, provided that the commissioner encrypts the patient identifier upon receipt of the data.

Sec. 30. Minnesota Statutes 2024, section 144.551, subdivision 1, as amended by Laws 2026, chapter 91, section 1, is amended to read:

Subdivision 1. **Restricted construction or modification.** (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; (iv) the relocation or redistribution does not involve the construction of a new hospital building; and (v) the transferred beds are used first to replace within the hospital corporate system the total number of beds previously used in the closed facility site or complex for mental health services and substance use disorder services. Only after the hospital corporate system has fulfilled the requirements of this item may the remainder of the available capacity of the closed facility site or complex be transferred for any other purpose;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice County that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 100 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the Direct Care and Treatment executive board to a new or existing facility, building, or complex operated by the Direct Care and Treatment executive board; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus;

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27 beds, of which 12 serve mental health needs, may be transferred from Hennepin County Medical Center to Regions Hospital under this clause;

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami County;

(14) a construction project involving the addition of up to eight new beds in an existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

(15) a construction project involving the addition of 20 new hospital beds in an existing hospital in Carver County serving the southwest suburban metropolitan area;

(16) a project for the construction or relocation of up to 20 hospital beds for the operation of up to two psychiatric facilities or units for children provided that the operation of the facilities or units have received the approval of the commissioner of human services;

(17) a project involving the addition of 14 new hospital beds to be used for rehabilitation services in an existing hospital in Itasca County;

(18) a project to add 20 licensed beds in existing space at a hospital in Hennepin County that closed 20 rehabilitation beds in 2002, provided that the beds are used only for rehabilitation in the hospital's current rehabilitation building. If the beds are used for another purpose or moved to another location, the hospital's licensed capacity is reduced by 20 beds;

(19) a critical access hospital established under section 144.1483, clause (9), and section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public Law 105-33, to the extent that the critical access hospital does not seek to exceed the maximum number of beds permitted such hospital under federal law;

(20) notwithstanding section 144.552, a project for the construction of a new hospital in the city of Maple Grove with a licensed capacity of up to 300 beds provided that:

(i) the project, including each hospital or health system that will own or control the entity that will hold the new hospital license, is approved by a resolution of the Maple Grove City Council as of March 1, 2006;

(ii) the entity that will hold the new hospital license will be owned or controlled by one or more not-for-profit hospitals or health systems that have previously submitted a plan or plans for a project in Maple Grove as required under section 144.552, and the plan or plans have been found to be in the public interest by the commissioner of health as of April 1, 2005;

(iii) the new hospital's initial inpatient services must include, but are not limited to, medical and surgical services, obstetrical and gynecological services, intensive care services, orthopedic services, pediatric services, noninvasive cardiac diagnostics, behavioral health services, and emergency room services;

(iv) the new hospital:

(A) will have the ability to provide and staff sufficient new beds to meet the growing needs of the Maple Grove service area and the surrounding communities currently being served by the hospital or health system that will own or control the entity that will hold the new hospital license;

(B) will provide uncompensated care;

(C) will provide mental health services, including inpatient beds;

(D) will be a site for workforce development for a broad spectrum of health-care-related occupations and have a commitment to providing clinical training programs for physicians and other health care providers;

(E) will demonstrate a commitment to quality care and patient safety;

(F) will have an electronic medical records system, including physician order entry;

(G) will provide a broad range of senior services; and

(H) will provide emergency medical services that will coordinate care with regional providers of trauma services and licensed emergency ambulance services in order to enhance the continuity of care for emergency medical patients; and

~~(I) will be completed by December 31, 2009, unless delayed by circumstances beyond the control of the entity holding the new hospital license; and~~

(v) as of 30 days following submission of a written plan, the commissioner of health has not determined that the hospitals or health systems that will own or control the entity that will hold the new hospital license are unable to meet the criteria of this clause;

(21) a project approved under section 144.553;

(22) a project for the construction of a hospital with up to 25 beds in Cass County within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's license holder is approved by the Cass County Board;

(23) a project for an acute care hospital in Fergus Falls that will increase the bed capacity from 108 to 110 beds by increasing the rehabilitation bed capacity from 14 to 16 and closing a separately licensed 13-bed skilled nursing facility;

(24) notwithstanding section 144.552, a project for the construction and expansion of a specialty psychiatric hospital in Hennepin County for up to 50 beds, exclusively for patients who are under 21 years of age on the date of admission. The commissioner conducted a public interest review of the mental health needs of Minnesota and the Twin Cities metropolitan area in 2008. No further public interest review shall be conducted for the construction or expansion project under this clause;

(25) a project for a 16-bed psychiatric hospital in the city of Thief River Falls, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete;

(26)(i) a project for a 20-bed psychiatric hospital, within an existing facility in the city of Maple Grove, exclusively for patients who are under 21 years of age on the date of admission, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete;

(ii) this project shall serve patients in the continuing care benefit program under section 256.9693. The project may also serve patients not in the continuing care benefit program; and

(iii) if the project ceases to participate in the continuing care benefit program, the commissioner must complete a subsequent public interest review under section 144.552. If the project is found not to be in the public interest, the license must be terminated six months from the date of that finding. If the commissioner of human services terminates the contract without cause or reduces per diem payment rates for patients under the continuing care benefit program below the rates in effect for services provided on December 31, 2015, the project may cease to participate in the continuing care benefit program and continue to operate without a subsequent public interest review;

(27) a project involving the addition of 21 new beds in an existing psychiatric hospital in Hennepin County that is exclusively for patients who are under 21 years of age on the date of admission;

(28) a project to add 55 licensed beds in an existing safety net, level I trauma center hospital in Ramsey County as regulated under section 383A.91, subdivision 5, of which 15 beds are to be used for inpatient mental health and 40 are to be used for other services. In addition, five unlicensed observation mental health beds shall be added;

(29) upon submission of a plan to the commissioner for public interest review under section 144.552 and the addition of the 15 inpatient mental health beds specified in clause (28), to its bed capacity, a project to add 45 licensed beds in an existing safety net, level I trauma center hospital in Ramsey County as regulated under section 383A.91, subdivision 5. Five of the 45 additional beds authorized under this clause must be designated for use for inpatient mental health and must be added to the hospital's bed capacity before the remaining 40 beds are added. Notwithstanding section 144.552, the hospital may add licensed beds under this clause prior to completion of the public interest review, provided the hospital submits its plan by the 2021 deadline and adheres to the timelines for the public interest review described in section 144.552;

(30) upon submission of a plan to the commissioner for public interest review under section 144.552, a project to add up to 30 licensed beds in an existing psychiatric hospital in Hennepin County that exclusively provides care to patients who are under 21 years of age on the date of admission. Notwithstanding section 144.552, the psychiatric hospital may add licensed beds under this clause prior to completion of the public interest review, provided the hospital submits its plan by the 2021 deadline and adheres to the timelines for the public interest review described in section 144.552;

(31) any project to add licensed beds in a hospital located in Cook County or Mahnomen County that: (i) is designated as a critical access hospital under section 144.1483, clause (9), and United States Code, title 42, section 1395i-4; (ii) has a licensed bed capacity of fewer than 25 beds; and (iii) has an attached nursing home, so long as the total number of licensed beds in the hospital after the bed addition does not exceed 25 beds. Notwithstanding section 144.552, a public interest review is not required for a project authorized under this clause;

(32) upon submission of a plan to the commissioner for public interest review under section 144.552, a project to add 22 licensed beds at a Minnesota freestanding children's hospital in St. Paul that is part of an independent pediatric health system with freestanding inpatient hospitals located in Minneapolis and St. Paul. The beds shall be utilized for pediatric inpatient behavioral health services. Notwithstanding section 144.552, the hospital may add licensed beds under this clause prior to completion of the public interest review, provided the hospital submits its plan by the 2022 deadline and adheres to the timelines for the public interest review described in section 144.552;

(33) a project for a 144-bed psychiatric hospital on the site of the former Bethesda hospital in the city of Saint Paul, Ramsey County, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete. Following the completion of the construction project, the commissioner of health shall monitor the hospital, including by assessing the hospital's case mix and payer mix, patient transfers, and patient diversions. The hospital must have an intake and assessment area. The hospital must accommodate patients with acute mental health needs, whether they walk up to the facility, are delivered by ambulances or law enforcement, or are transferred from other facilities. The hospital must comply with subdivision 1a, paragraph (b). The hospital must annually submit de-identified data to the department in the format and manner defined by the commissioner;

(34) a project involving the relocation of up to 26 licensed long-term acute care hospital beds from an existing long-term care hospital located in Hennepin County with a licensed capacity prior to the relocation of 92 beds to dedicated space on the campus of an existing safety net, level I trauma center hospital in Ramsey County as regulated under section 383A.91, subdivision 5, provided both the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete and the relocated beds continue to be used as long-term acute care hospital beds after the relocation; or

(35) a project to add 85 licensed beds in an existing safety net, level I trauma center hospital in Ramsey County as regulated under section 383A.91, subdivision 5.

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

Sec. 31. Minnesota Statutes 2024, section 145.56, subdivision 5, is amended to read:

Subd. 5. **Periodic evaluations; biennial reports.** To the extent funds are appropriated for the purposes of this subdivision, the commissioner shall conduct periodic evaluations of the impact of and outcomes from implementation of the state's suicide prevention plan and each of the activities specified in this section. ~~By July 1, 2002, and~~ On July 1 of each even-numbered year ~~thereafter~~, the commissioner shall report the results of these evaluations to the chairs of the policy and finance committees in the house of representatives and senate with jurisdiction over health and human services issues.

Sec. 32. Minnesota Statutes 2024, section 145.561, subdivision 2, is amended to read:

Subd. 2. **988 Lifeline.** (a) The commissioner shall administer the designation of and oversight for a 988 Lifeline center or a network of 988 Lifeline centers to answer contacts from individuals accessing the Suicide and Crisis Lifeline from any jurisdiction within the state 24 hours per day, seven days per week.

(b) The designated 988 Lifeline Center must:

(1) have an active agreement with the 988 Suicide and Crisis Lifeline program for participation in the network and the department;

(2) meet the 988 Lifeline program requirements and best practice guidelines for operational and clinical standards;

(3) provide data and reports, and participate in evaluations and related quality improvement activities as required by the 988 Lifeline program and the department;

(4) identify or adapt technology that is demonstrated to be interoperable across mobile crisis and public safety answering points used in the state for the purpose of crisis care coordination;

(5) facilitate crisis and outgoing services, including mobile crisis teams in accordance with guidelines established by the 988 Lifeline program and the department;

(6) actively collaborate and coordinate service linkages with mental health and substance use disorder treatment providers, local community mental health centers including certified community behavioral health clinics and community behavioral health centers, mobile crisis teams, and community based and hospital emergency departments;

(7) offer follow-up services to individuals accessing the 988 Lifeline Center that are consistent with guidance established by the 988 Lifeline program and the department; and

(8) meet the requirements set by the 988 Lifeline program and the department for serving at-risk and specialized populations.

(c) The commissioner shall adopt rules to allow appropriate information sharing and communication between and across crisis and emergency response systems.

(d) The commissioner, having primary oversight of suicide prevention, shall work with the 988 Lifeline program, veterans crisis line, and other SAMHSA-approved networks for the purpose of ensuring consistency of public messaging about 988 services.

(e) The commissioner shall work with representatives from 988 Lifeline Centers and public safety answering points, other public safety agencies, and the commissioner of public safety to facilitate the development of protocols and procedures for interactions between 988 and 911 services across Minnesota. Protocols and procedures shall be developed following available national standards and guidelines.

(f) The commissioner shall provide ~~an annual~~ a biennial public report on 988 Lifeline usage by July 1 of each even-numbered year, including data on answer rates, abandoned calls, and referrals to 911 emergency response. The biennial report may be included as a section within the state suicide prevention report required under section 145.56.

Sec. 33. Minnesota Statutes 2024, section 145.882, is amended by adding a subdivision to read:

Subd. 9. **Contracting and procurement.** The commissioner is exempt from the contract term limits in chapter 16C for issuance of benefits under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) through an electronic benefit transfer (EBT) system and related services and contracts. The contracts may have an initial term of up to five years, with extensions not to exceed a ten-year total contract duration.

Sec. 34. Minnesota Statutes 2024, section 145.882, is amended by adding a subdivision to read:

Subd. 10. **Management information systems; contracting and procurement.** WIC is exempt from the contract term limits in chapter 16C for the management information systems used for issuance of supplemental nutrition benefits and the WIC EBT systems used for processing the redemptions of supplemental nutrition benefits. These contracts may have an initial term of up to five years, with extensions not to exceed a ten-year total contract duration.

Sec. 35. Minnesota Statutes 2024, section 145A.04, subdivision 15, is amended to read:

Subd. 15. **State and local advisory committees.** (a) A state community health services advisory committee is established to advise, consult with, and make recommendations to the commissioner on the development, maintenance, funding, and evaluation of local and Tribal public health services. Each community health board may appoint a member to serve on the committee. Each of Minnesota's federally recognized Tribal Nations may appoint a member to serve on the committee. The committee must meet at least quarterly, and special meetings may be called by the committee chair or a majority of the members. A Tribal Nation may elect to participate at any time. Members or their alternates may be reimbursed for travel and other necessary expenses while engaged in their official duties.

(b) Notwithstanding section 15.059, the State Community Health Services Advisory Committee does not expire.

(c) The city boards or county boards that have established or are members of a community health board may appoint a community health advisory committee to advise, consult with, and make recommendations to the community health board on the duties under subdivision 1a.

Sec. 36. Minnesota Statutes 2024, section 145A.14, subdivision 2a, is amended to read:

Subd. 2a. **Tribal governments.** (a) Of the funding available for local public health grants, $1,500,000 per year is available to Tribal governments for:

(1) maternal and child health activities ~~under section 145.882, subdivision 7~~;

(2) activities to reduce health disparities ~~under section 145.928, subdivision 10~~; ~~and~~

(3) emergency preparedness; and

(4) additional public health activities identified by each Tribal government.

(b) The commissioner, in consultation with Tribal governments, shall establish a formula for distributing the funds and developing the outcomes to be measured.

Sec. 37. Minnesota Statutes 2024, section 148.517, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** An applicant who applies for licensure as a speech-language pathologist or audiologist by reciprocity must meet the requirements of subdivisions 2 and 3. An applicant who applies for licensure as an audiologist by reciprocity must pass the practical exam required under section 148.515, subdivision 6.

Sec. 38. Minnesota Statutes 2024, section 148.517, subdivision 2, is amended to read:

Subd. 2. **Current credentials required.** An applicant applying for licensure by reciprocity must provide evidence to the commissioner that the applicant holds a current and unrestricted credential for the practice of speech-language pathology or audiology in another jurisdiction that has requirements equivalent to or higher than those in effect for determining whether an applicant in this state is qualified to be licensed as a speech-language pathologist or audiologist. An applicant who provides sufficient evidence need not meet the requirements of section 148.515, except for section 148.515, subdivision 6, for applicants for licensure as an audiologist, provided that the applicant otherwise meets all other requirements of section 148.514.

Sec. 39. Minnesota Statutes 2024, section 148.5191, subdivision 4, is amended to read:

Subd. 4. **Renewal deadline.** Each license, including a temporary license provided under section 148.5161, must state an expiration date. An application for licensure renewal must be received by the Department of Health ~~or postmarked~~ at least 30 days before the expiration date. ~~If the postmark is illegible, the application shall be considered timely if received at least 21 days before the expiration date.~~

When the commissioner establishes the renewal schedule for an applicant, licensee, or temporary licensee, if the period before the expiration date is less than two years, the fee shall be prorated.

Sec. 40. Minnesota Statutes 2024, section 149A.91, subdivision 3, is amended to read:

Subd. 3. **Embalming or refrigeration required.** (a) A dead human body must be embalmed by a licensed mortician or registered intern or practicum student or clinical student, refrigerated, or packed in dry ice in the following circumstances:

(1) if the body will be transported by public transportation, pursuant to section 149A.93, subdivision 7;

(2) if final disposition will not be accomplished within 72 hours after death or release of the body by a competent authority with jurisdiction over the body or the body will be lawfully stored for final disposition in the future, except as provided in section 149A.94, subdivision 1;

(3) if the body will be publicly viewed subject to paragraph (b); or

(4) if so ordered by the commissioner of health for the control of infectious disease and the protection of the public health.

(b) For purposes of this subdivision, "publicly viewed" means reviewal of a dead human body by anyone other than those mentioned in section 149A.80, subdivision 2, and their minor children. Dry ice may only be used when the dead human body is publicly viewed within private property.

(c) A body may not be kept in refrigeration for a period that exceeds ~~six~~ 14 calendar days, or packed in dry ice for a period that exceeds four calendar days, from the time and release of the body from the place of death or from the time of release from the coroner or medical examiner.

Sec. 41. Minnesota Statutes 2024, section 149A.94, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Every dead human body lying within the state, except unclaimed bodies delivered for dissection by the medical examiner, those delivered for anatomical study pursuant to section 149A.81, subdivision 2, or lawfully carried through the state for the purpose of disposition elsewhere; and the remains of any dead human body after dissection or anatomical study, shall be decently buried or entombed in a public or private cemetery, alkaline hydrolyzed, cremated, or~~, effective July 1, 2025,~~ naturally reduced within ~~a reasonable time~~ 14 calendar days after death or release of the body by a competent authority with jurisdiction over the body. Where final disposition of a body will not be accomplished, or~~, effective July 1, 2025,~~ when natural organic reduction will not be initiated, within 72 hours following death or release of the body by a competent authority with jurisdiction over the body, the body must be properly embalmed, refrigerated, or packed with dry ice. A body may not be kept in refrigeration for a period exceeding ~~six~~ 14 calendar days, or packed in dry ice for a period that exceeds four calendar days, from the time of death or release of the body from the coroner or medical examiner.

Sec. 42. Minnesota Statutes 2024, section 149A.955, subdivision 14, is amended to read:

Subd. 14. **Bodies awaiting natural organic reduction.** A dead human body must be placed in the natural organic reduction vessel to initiate the natural reduction process within ~~24 hours~~ 14 calendar days after the natural organic reduction facility accepts legal and physical custody of the body. A natural organic reduction facility must keep the body in refrigeration while awaiting natural reduction. If a natural organic reduction facility does not initiate natural reduction within 14 calendar days after accepting legal and physical custody of the body, the facility must arrange final disposition of the body by burial or cremation. The person or persons with the right to control and duty of disposition of the body must determine whether the body is buried or cremated, and the body must be buried or cremated within five calendar days after the end of the 14-day period.

Sec. 43. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 62Q.075, as Minnesota Statutes, section 62D.081. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Sec. 44. **REPEALER.**

Minnesota Statutes 2024, sections 13D.08, subdivision 4; 62J.06; 62J.156; 62J.2930, subdivision 4; 62J.57; and 144.9821, are repealed.

ARTICLE 2

GAS RESOURCE DEVELOPMENT

Section 1. Minnesota Statutes 2024, section 93.514, is amended to read:

93.514 GAS AND OIL PRODUCTION RULEMAKING.

(a) The following agencies may adopt rules governing gas and oil exploration or production, as applicable:

(1) the commissioner of the Pollution Control Agency may adopt or amend rules regulating air emissions; water discharges, including stormwater management; and storage tanks as they pertain to gas and oil production;

~~(2) the commissioner of health may adopt or amend rules on groundwater and surface water protection, exploratory boring construction, drilling registration and licensure, and inspections as they pertain to the exploration and appraisal of gas and oil resources;~~

~~(3)~~ (2) the Environmental Quality Board may adopt or amend rules to establish mandatory categories for environmental review as they pertain to gas and oil production;

~~(4)~~ (3) the commissioner of natural resources must adopt or amend rules pertaining to ~~the conversion of an exploratory boring to a production well,~~ pooling, spacing, unitization, ~~well abandonment,~~ siting, financial assurance, and reclamation for the production of gas and oil; and

~~(5)~~ (4) the commissioner of labor and industry may adopt or amend rules to protect workers from exposure and other potential hazards from gas and oil production.

(b) An agency adopting rules under this section must use the expedited procedure in section 14.389. Rules adopted or amended under this authority are exempt from the 18-month time limit under section 14.125. The agency must publish notice of intent to adopt expedited rules within 24 months of May 22, 2024.

(c) For purposes of this section, "gas" includes both hydrocarbon and nonhydrocarbon gases. "Production" includes extraction and beneficiation of gas or oil from consolidated or unconsolidated formations in the state.

(d) Any grant of rulemaking authority in this section is in addition to existing rulemaking authority and does not replace, impair, or interfere with any existing rulemaking authority.

(e) An entity adopting rules under this section is subject to the Tribal consultation requirements under section 10.65.

Sec. 2. Minnesota Statutes 2024, section 103I.001, is amended to read:

103I.001 LEGISLATIVE INTENT.

This chapter is intended to protect the health and general welfare by providing a means for the ~~development and~~ protection of the natural resource of groundwater in an orderly, healthful, and reasonable manner.

Sec. 3. Minnesota Statutes 2024, section 103I.005, subdivision 9, is amended to read:

Subd. 9. **Exploratory boring.** "Exploratory boring" means a surface drilling done to explore or prospect for ~~oil, natural~~ gas, apatite, diamonds, graphite, gemstones, kaolin clay, and metallic minerals, including iron, copper, zinc, lead, gold, silver, titanium, vanadium, nickel, cadmium, molybdenum, chromium, manganese, cobalt, zirconium, beryllium, thorium, uranium, aluminum, platinum, palladium, radium, tantalum, tin, and niobium~~, and a drilling or boring for petroleum~~.

Sec. 4. Minnesota Statutes 2024, section 103I.005, is amended by adding a subdivision to read:

Subd. 10a. **Gas.** "Gas" includes both hydrocarbon and nonhydrocarbon gases.

Sec. 5. Minnesota Statutes 2024, section 103I.005, is amended by adding a subdivision to read:

Subd. 10b. **Gas well.** "Gas well" means an excavation that is constructed to locate, extract, or produce gas.

Sec. 6. Minnesota Statutes 2024, section 103I.005, is amended by adding a subdivision to read:

Subd. 10c. **Gas well contractor.** "Gas well contractor" means a person with a gas well contractor's license issued by the commissioner.

Sec. 7. Minnesota Statutes 2024, section 103I.005, is amended by adding a subdivision to read:

Subd. 11a. **Hydraulic fracturing treatment.** "Hydraulic fracturing treatment" means all stages of the treatment of a gas well by the application of fluid under pressure that is expressly intended to initiate or propagate fractures in a target geologic formation to enhance production of oil and gas.

Sec. 8. Minnesota Statutes 2024, section 103I.005, subdivision 21, is amended to read:

Subd. 21. **Well.** "Well" means an excavation that is drilled, cored, bored, washed, driven, dug, jetted, or otherwise constructed if the excavation is intended for the location, diversion, artificial recharge, monitoring, testing, remediation, or acquisition of groundwater. Well includes environmental wells, drive point wells, and dewatering wells. "Well" does not include:

(1) an excavation by backhoe, or otherwise for temporary dewatering of groundwater for nonpotable use during construction, if the depth of the excavation is 25 feet or less;

(2) an excavation made to obtain or prospect for oil, ~~natural~~ gas, minerals, or products of mining or quarrying;

(3) an excavation to insert media to repressure oil or ~~natural~~ gas bearing formations or to store petroleum, ~~natural~~ gas, or other products;

(4) an excavation for nonpotable use for wildfire suppression activities; ~~or~~

(5) borings; or

(6) gas and oil wells.

Sec. 9. Minnesota Statutes 2024, section 103I.601, subdivision 1, is amended to read:

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

(b) "Data" includes samples and factual noninterpreted data obtained from exploratory borings and samples including analytical results.

(c) "Parcel" means a government section, fractional section, or government lot.

(d) "Samples" means at least a one-quarter portion of all samples from exploratory borings that are customarily collected by the explorer. When the exploratory borings are being done to explore or prospect for kaolin clay, "samples" means a representative sample of at least two cubic inches of material per foot from exploratory borings of the material that is customarily collected by the explorer.

(e) "Encounter gas" means a sustained presence of gas in an exploratory boring for at least 24 hours and in which gas has not dissipated prior to sealing.

Sec. 10. Minnesota Statutes 2024, section 103I.601, is amended by adding a subdivision to read:

Subd. 10. **Exploratory borings encountering gas.** (a) Requirements in this subdivision apply only for exploratory borings encountering gas.

(b) An explorer must notify the commissioners of health and natural resources:

(1) within 24 hours of drilling an exploratory boring encountering gas; and

(2) prior to beginning a permanent sealing of an exploratory boring encountering gas.

(c) An explorer must submit a permanent sealing notification and fee of $125 to the commissioner prior to permanently sealing an exploratory boring encountering gas.

(d) An explorer must begin permanently sealing an exploratory boring encountering gas within ten days of encountering gas.

(e) An exploratory boring encountering gas is exempt from paragraph (d) if the boring is constructed to prevent movement of gas and water within and from one geological formation to another. The boring must be permanently sealed according to rules adopted by the commissioner.

(f) An exploratory boring encountering gas must be permanently sealed from the bottom of the boring to within two feet of the established ground surface.

(g) A permanent sealing report as required by subdivision 9 must also contain information indicating gas was encountered during construction and at what depth it was encountered.

(h) A person must not use an exploratory boring to extract gas for production.

Sec. 11. Minnesota Statutes 2024, section 103I.601, is amended by adding a subdivision to read:

Subd. 11. **Conversion of a gas well prohibited.** A person must not convert a gas well to any other type of well or boring.

Sec. 12. Minnesota Statutes 2024, section 103I.601, is amended by adding a subdivision to read:

Subd. 12. **Conversion of a well or boring to a gas well.** A person must not convert a well or boring to a gas well, except that an exploratory boring may be converted to a gas well if the exploratory boring was constructed:

(1) with innermost casing meeting API Specification 5CT;

(2) before July 1, 2025; and

(3) in compliance with provisions of this chapter.

Sec. 13. **[103I.706] GAS WELLS.**

Subdivision 1. **Rulemaking authority.** The commissioner of health must adopt rules for gas wells including requirements for exploratory borings for gas, and drilling, construction, sealing, use, reporting, and rig registration; and for licensing and certifying persons constructing, repairing, and sealing gas wells. These rules must include a prohibition against hydraulic fracturing treatment and a prohibition against the injection or disposal of surface water, groundwater, or any other liquid, gas, or chemical except for approved drilling fluids. In adopting rules under this section, the commissioner must use the expedited procedure in section 14.389. These rules must distinguish between types of gas based on the risks they pose to groundwater quality, health, and safety, and must specify the requirements that apply when an exploratory boring or gas well encounters a gas different from that for which exploration, prospecting, location, extraction, or production was proposed. Rules adopted or amended under this authority are exempt from the 18-month time limit under section 14.125. The commissioner must publish notice of intent to adopt expedited rules within 24 months after May 22, 2026. In adopting rules under this subdivision, the commissioner is subject to the Tribal consultation requirements under section 10.65.

Subd. 2. **Fees.** (a) License, certification, and registration renewals are not prorated and expire on December 31 of each year.

(b) An applicant must meet the gas well contractor license requirements and fee requirements to construct, repair, or seal a gas well. The fee for a gas well contractor license is $300. The annual renewal fee for a gas well contractor license is $300.

(c) A gas well contractor must designate a certified representative. The certified representative must meet the application and fee requirements. The application fee for a certified representative is $100. The annual renewal fee for a certified representative is $100.

(d) A gas well contractor must meet the registration and fee requirements for rigs used to construct, repair, service, or seal a gas well. The fee to register gas well rigs is $125. The annual renewal fee for gas well rig registration is $125.

(e) If a gas well contractor or certified representative under paragraphs (b) and (c) fails to submit all information required for renewal or submits the application and information after the required renewal date:

(1) the gas well contractor or certified representative must include a late fee of $75; and

(2) the gas well contractor or certified representative may not conduct activities authorized by the gas well contractor's license or certified representative's certification until the renewal application, renewal application fee, and all other information required is submitted.

(f) A gas well contractor must submit a notification for construction of a proposed gas well on a form prescribed by the commissioner, with a fee of $10,000.

(g) A gas well contractor must submit a notification for sealing a gas well on a form prescribed by the commissioner, with a fee of $7,500.

Subd. 3. **Rig registration.** (a) Rigs used to drill, maintain, repair, or seal a gas well, including drilling rigs and workover rigs, must be registered with the commissioner.

(b) A person must file an application to register a rig on a form provided by the commissioner with the fee under subdivision 2, paragraph (d), with the commissioner.

(c) A registration is valid until the date prescribed by the commissioner in the registration.

(d) A person must file an application with the fee under subdivision 2, paragraph (d), to renew the registration by the date prescribed by the commissioner in the registration.

Subd. 4. **Gas well contractor's license.** (a) A person must not construct, repair, or seal a gas well without a gas well contractor's license issued by the commissioner.

(b) A person must file a complete application for a gas well contractor's license on a form provided by the commissioner with the fee under subdivision 2, paragraph (b), with the commissioner. The person applying must meet the qualifications for a gas well contractor license.

(c) A gas well contractor's license is valid until the date prescribed by the commissioner in the license.

(d) A gas well contractor must file a complete application with the fee under subdivision 2, paragraph (b), to renew the license by the date prescribed by the commissioner in the license. A person must not construct, repair, or seal a gas well until a gas well contractor's license is renewed. The commissioner may not renew a license until the renewal fee is paid.

(e) A gas well contractor must include information at the time of renewal that the applicant has met the continuing education requirements established by the commissioner for gas wells.

(f) A gas well contractor must designate a certified representative to supervise and oversee regulated work on gas wells.

(g) A person must file a complete application on a form provided by the commissioner with the fee under subdivision 2, paragraph (c), to qualify as a certified representative.

(h) A certified representative must file an application with the fee under subdivision 2, paragraph (c), to renew the certification by the expiration date prescribed by the commissioner on the certification. A certified representative may not supervise or oversee regulated work on a gas well until the renewal application and application fee are submitted. The commissioner may not review a certification until the renewal fee is paid.

(i) A certified representative must include information at the time of renewal that the applicant has met the continuing education requirements established by the commissioner for gas wells.

(j) The commissioner of natural resources may require a bond, security, or other assurance from a gas well contractor if the commissioner of natural resources has reasonable doubts about the person's financial ability to comply with the requirements of law relating to reclamation of a gas well and the process to restore the land disturbed by a gas well drilling and production operations back to the condition of original state.

(k) The commissioner may suspend or revoke a licensee's license according to section 144.99.

Subd. 5. **Construction notification.** (a) A gas well contractor must not begin drilling or constructing a gas well unless it is included in a valid gas resource development permit issued by the commissioner of natural resources.

(b) After receiving permit approval from the commissioner of natural resources and prior to drilling or constructing a gas well, the gas well contractor must submit a notification to construct a gas well:

(1) to the commissioner, along with the fee under subdivision 2, paragraph (f); and

(2) to any Tribal Nation for which the gas well will be located within five miles of the Tribal Nation's exterior boundary, or to the nearest Tribal Nation if the gas well will not be located within five miles of any Tribal Nation's exterior boundary.

Subd. 6. **Access to drill sites.** (a) The commissioner of health shall have access to gas well sites to inspect gas wells, including the drilling, construction, and sealing of gas wells.

(b) The commissioner of health has enforcement authority according to section 144.99.

Subd. 7. **Emergency notification.** In the event of an occurrence during construction, repair, or sealing of a gas well that has a potential for significant adverse public health or environmental effects, the person drilling or constructing a gas or well must promptly:

(1) take reasonable action to minimize the adverse effects; and

(2) notify the commissioners of health, natural resources, and the Pollution Control Agency immediately by informing the Minnesota Duty Officer.

Subd. 8. **Sealing notification.** (a) A gas well, including an unsuccessful gas well, that is not in use must be sealed by a gas well contractor.

(b) A gas well contractor must file a notification and fee with the commissioner prior to sealing a gas well.

Subd. 9. **Report of work.** Within 60 days after completion or sealing of a gas well, the gas well contractor must submit a verified report to the commissioner on a form prescribed by the commissioner or in a format approved by the commissioner.

Sec. 14. **[103I.707] MORATORIUM ON GAS WELL CONVERSION AND CONSTRUCTION.**

A person shall not drill, convert under section 103I.601, subdivision 12, or construct a gas well for the primary purpose of extracting or producing gas until:

(1) rules are adopted under section 103I.706;

(2) the legislature enacts a statute specifically authorizing the issuance of gas resource development permits; and

(3) the legislature enacts fees for gas resource development permits.

Sec. 15. **[103I.708] WELLS; RESTRICTIONS.**

(a) Notwithstanding any provision of this chapter or chapter 93, or the rules adopted thereunder, to the contrary, a person shall not explore, prospect, or construct an oil well.

(b) Notwithstanding any provision of this chapter or chapter 93, or the rules adopted thereunder, to the contrary, a person shall not construct a gas well for the primary purpose of extracting or producing a gas other than helium. Gas wells constructed for the primary purpose of extracting or producing helium may only be constructed in Cook County, Lake County, and St. Louis County. Nothing in this paragraph shall be construed to prevent:

(1) the drilling or construction of an exploratory boring; or

(2) the sale of carbon dioxide extracted in the ordinary course of extracting or producing helium.

Sec. 16. **[103I.709] GAS WELLS; PROHIBITIONS.**

Subdivision 1. **Injection prohibited.** A gas well must not be used to inject or dispose surface water, groundwater, or any other liquid, gas, or chemical. This does not prohibit injection:

(1) of approved drilling fluids; or

(2) if a class 2 injection well permit is obtained for a gas well, as authorized by the Environmental Protection Agency.

Subd. 2. **Hydraulic fracturing treatment prohibited.** Hydraulic fracturing treatment is prohibited in a gas well.

Sec. 17. **TRIBAL CONSULTATION; REPORT.**

An entity adopting rules under Minnesota Statutes, section 93.514 or 103I.706, must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and the environment and natural resources, the Native American caucuses of the legislature, and the Minnesota Indian Affairs Council that details the process and results of meeting the requirements of Minnesota Statutes, section 10.65, for purposes of the rulemaking. The report must be submitted within 90 days of adoption of the rules.

Sec. 18. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 3

HOSPITAL STABILIZATION

Section 1. Minnesota Statutes 2024, section 16A.152, is amended by adding a subdivision to read:

Subd. 1c. **Hospital stabilization reserve.** A hospital stabilization reserve account is created in the general fund in the state treasury. Amounts in the hospital stabilization reserve are appropriated to the commissioner of management and budget for the uses authorized in subdivision 1d. Any balance remaining in the account on June 30, 2031, is canceled to the general fund.

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

Sec. 2. Minnesota Statutes 2024, section 16A.152, is amended by adding a subdivision to read:

Subd. 1d. **Hospital stabilization reserve uses.** The commissioner of management and budget, in consultation with the commissioner of health and after review by the Legislative Advisory Commission as required in subdivision 1e, may make payments to an eligible hospital as defined in section 144.7051.

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

Sec. 3. Minnesota Statutes 2024, section 16A.152, is amended by adding a subdivision to read:

Subd. 1e. **Hospital stabilization reserve Legislative Advisory Commission review.** (a) The Legislative Advisory Commission established under section 3.30 must review proposed allocations from the hospital stabilization reserve account.

(b) The commissioner of management and budget must submit proposed expenditures from the hospital stabilization reserve account to the Legislative Advisory Commission for its review and recommendation. Upon receiving a submission, the commission has seven days after the request is submitted to review the proposed expenditures submitted under this subdivision.

(c) Commission members may make a positive recommendation, a negative recommendation, or no recommendation on a proposed expenditure. If a majority of the commission members from the senate and a majority of the commission members from the house of representatives make a negative recommendation on a proposed expenditure, the commissioner is prohibited from expending the money. If a majority of the commission members from the senate and a majority of the commission members from the house of representatives do not make a negative recommendation, or if the commission makes no recommendation, the commissioner may expend the money.

(d) The commission may hold a public meeting to approve or disapprove a proposed expenditure from the hospital stabilization reserve account. Notwithstanding section 3.055, the commission may conduct a public meeting remotely. The commission may approve or disapprove proposed expenditures without a public meeting. The commission members may approve or disapprove proposed expenditures via written communication sent to the commissioner of management and budget.

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

Sec. 4. Minnesota Statutes 2024, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches $350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches ~~$2,852,098,000~~ $3,421,764,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

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

Sec. 5. Minnesota Statutes 2024, section 16A.152, subdivision 4, is amended to read:

Subd. 4. **Reduction.** (a) If the commissioner determines that probable receipts for the general fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the commissioner shall, with the approval of the governor, and after consulting the Legislative Advisory Commission, reduce the amount in the budget reserve account and the hospital stabilization reserve as needed to balance expenditures with revenue.

(b) An additional deficit shall, with the approval of the governor, and after consulting the Legislative Advisory Commission, be made up by reducing unexpended allotments of any prior appropriation or transfer. Notwithstanding any other law to the contrary, the commissioner is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.

(c) If the commissioner determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the commissioner shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.

(d) In reducing allotments, the commissioner may consider other sources of revenue available to recipients of state appropriations and may apply allotment reductions based on all sources of revenue available.

(e) In like manner, the commissioner shall reduce allotments to an agency by the amount of any saving that can be made over previous spending plans through a reduction in prices or other cause.

(f) The commissioner is prohibited from reducing an allotment or appropriation made to the legislature.

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

Sec. 6. **[144.7051] HOSPITAL STABILIZATION RESERVE.**

Subdivision 1. **Eligibility.** A hospital is eligible to receive payment under section 16A.152, subdivision 1d, if 40 percent of the hospital's total acute care admissions in each of calendar years 2022, 2023, and 2024 were medical assistance or MinnesotaCare enrollees, the hospital provided 15 percent or more of Minnesota's total uncompensated care in calendar year 2024 as determined by the commissioner of health, and costs incurred for uncompensated care were at least three percent of the hospital's operating revenue in calendar year 2024.

Subd. 2. **Quarterly financial statements.** An eligible hospital under subdivision 1 must submit a quarterly report to the commissioner of health beginning on October 1, 2026. Each report must provide the following information:

(1) the hospital's monthly cash position for the current quarter;

(2) the hospital's net operating margin for the previous quarter;

(3) updates to the hospital's net operating margin for the last four quarters that reflect adjustments and any completed audits since the prior quarterly report; and

(4) information necessary to support clauses (1) to (3).

Subd. 3. **Eligibility certification.** (a) If the chief executive officer of an eligible hospital under subdivision 1 provides written notice to the commissioner of health that the hospital had less than 60 days of operating cash at any time during the preceding 12 months, and that the hospital had an operating margin loss of at least 1.5 percent at any time during the preceding 12 months, the commissioner must review and certify whether the hospital is eligible to receive a payment from the hospital stabilization reserve to maintain stable operations and avoid substantial negative operating effects for the next 12 months. If the information provided to the commissioner is insufficient to make a certification of eligibility determination, the commissioner may request additional information to support the certification request. In making a certification determination, the commissioner must not include payments received from the hospital stabilization reserve established in section 16A.152, subdivision 1c, or any fiscal year 2026 and 2027 appropriations.

(b) The commissioner must make a certification decision within 30 days of receiving the written notice and associated documentation from the chief executive officer. The commissioner must provide a written response to the chief executive officer within 45 days of receiving the written notice and associated documentation. If the commissioner certifies that the hospital should receive a payment from the hospital stabilization reserve, the commissioner must notify the commissioner of management and budget within 15 days of making that certification.

Subd. 4. **Payment.** (a) If the commissioner of management and budget receives notification from the commissioner of health under subdivision 3 that a hospital is certified to receive a payment from the hospital stabilization reserve, the commissioner of management and budget must submit the proposed payment to the Legislative Advisory Commission under section 16A.152, subdivision 1e, for the commission's review.

(b) A certified hospital must submit sufficient information determined by the commissioner of management and budget to support the submission of the certified payment to the Legislative Advisory Commission.

(c) If a negative review from the Legislative Advisory Commission is not received, the commissioner of management and budget must pay the eligible hospital from the hospital stabilization reserve under section 16A.152, subdivision 1d.

EFFECTIVE DATE. This section is effective July 15, 2027.

Sec. 7. Minnesota Statutes 2024, section 383B.903, subdivision 1, is amended to read:

Subdivision 1. **Governance.** The corporation shall be governed by a board of directors ~~consisting~~ that consists of between 11 and 15 directors and that includes members with the professional training and expertise needed to govern a health system and safety net hospital. Two of the directors on the board of the corporation must be county commissioners currently serving as elected officials on the county board who are chosen and may be removed by a majority vote of the county board.

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

Sec. 8. Minnesota Statutes 2024, section 383B.903, subdivision 4, is amended to read:

Subd. 4. **Qualifications.** Members of the board ~~shall~~ must possess a high degree of experience and knowledge in ~~relevant~~ fields needed to govern a health system and safety net hospital and must possess a high degree of interest in the corporation and support for its mission. ~~Members shall be appointed based in part on the objective of ensuring that the corporation includes diverse and beneficial perspectives and experience including, but not limited to, those of medical or other health professionals.~~ At least 75 percent of the board's noncounty commissioner members must have expertise in hospital administration, finance, business management, law, or health equity, or have other experience relevant to the administration of a health system and safety net hospital, with a preference for members with experience working in an urban setting with diverse cultural communities. Up to 25 percent of the board's noncounty commissioner members may represent urban, cultural, and ethnic perspectives of the population served by the corporation~~, business management, law, finance, health sector employees, public health, serving the uninsured, health professional training,~~ and the patient or consumer perspective. The corporation shall provide a public announcement of vacancies on the board of the corporation in the manner normally used by Hennepin County to provide public notice of open appointments.

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

Sec. 9. Minnesota Statutes 2024, section 383B.904, subdivision 1, is amended to read:

Subdivision 1. **Election.** (a) The officers of the board of the corporation shall consist of the chair, vice-chair, secretary, treasurer, and other officers as the board shall from time to time deem necessary. The board shall elect officers by a majority vote of the board at the annual meeting, or in the case of the initial board, at the first meeting following appointment by the county board. The county commissioner members of the corporate board are not eligible to serve as officers of the corporate board.

(b) Any of the offices or functions, with the exception of the chair and vice-chair, may be held or exercised by the same person.

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

Sec. 10. Minnesota Statutes 2024, section 383B.908, subdivision 5, is amended to read:

Subd. 5. **Financial oversight.** The county board ~~shall~~ must approve the annual budget of the corporation as presented by the corporate board and shall receive an annual audited financial statement. The annual budget shall address how efficiencies and revenues contribute to stabilize or reduce county liabilities for indigent care. The county board shall also retain the right:

(1) to conduct an independent audit of the finances of the corporation~~.~~; and

(2) in sustained conditions of financial distress, to modify the corporation's annual budget as needed to respond to the corporation's financial condition while preserving access to essential health services provided by HCMC.

Sec. 11. Minnesota Statutes 2024, section 383B.908, subdivision 7, is amended to read:

Subd. 7. **Dissolution or reorganization of corporation.** The county board shall retain the right to dissolve the corporation, reorganize the corporation, or remove the entire corporate board in order to resume management of and financial oversight over Hennepin County Medical Center upon a two-thirds vote of the entire county board. if:

(1) the corporation experiences sustained conditions of financial distress, such as but not limited to the corporation meeting at least two of the following conditions:

(i) a negative operating margin of more than $30,000,000 for two consecutive years;

(ii) a decline in net assets of more than ten percent in the most recent year; or

(iii) a negative cash flow margin of more than ten percent in the most recent year;

(2) prior to taking any steps to dissolve the corporation, reorganize the corporation, or remove the entire corporate board, the county board and the corporate board engage in mediation in good faith. The attorney general may select an individual to serve as a mediator. In the mediation, the parties must attempt to address the corporation's conditions of financial distress through means other than dissolving the corporation, reorganizing the corporation, or removing the entire corporate board; and

(3) the county board and corporate board are not able to agree on another means to address the corporation's financial distress.

Sec. 12. Laws 2023, chapter 68, article 1, section 2, subdivision 2, as amended by Laws 2025, First Special Session chapter 8, article 1, section 13, is amended to read:

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

(1) **Airport Development and Assistance**	69,598,000	18,598,000

Appropriations by Fund	2024	2025
General	36,000,000	-0-
Airports	33,598,000	18,598,000

The appropriation from the state airports fund must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

$36,000,000 in fiscal year 2024 is from the general fund for matches to federal aid and state investments related to airport infrastructure projects. This is a onetime appropriation and is available until June 30, 2027.

$15,000,000 in fiscal year 2024 is from the state airports fund for system maintenance of critical airport safety systems, equipment, and essential airfield technology.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, the appropriation from the state airports fund 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, ranking minority members, and staff 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 2026 and 2027.

(2) **Aviation Support Services** 15,397,000 8,431,000

Appropriations by Fund	2024	2025
General	8,707,000	1,741,000
Airports	6,690,000	6,690,000

$7,000,000 in fiscal year 2024 is from the general fund to purchase two utility aircraft for the Department of Transportation.

(3) **Civil Air Patrol** 80,000 80,000

This appropriation is from the state airports fund for the Civil Air Patrol.

(b) **Transit and Active Transportation** 58,478,000 18,374,000

This appropriation is from the general fund.

$200,000 in fiscal year 2024 and $50,000 in fiscal year 2025 are for a grant to the city of Rochester to implement demand response transit service using electric transit vehicles. The money is available for mobile software application development; vehicles and equipment, including accessible vehicles; associated charging infrastructure; and capital and operating costs.

$40,000,000 in fiscal year 2024 is for matches to federal aid and state investments related to transit and active transportation projects. This is a onetime appropriation and is available until June 30, 2027.

(c) **Safe Routes to School** 15,297,000 10,500,000

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. The appropriations in each year are available until June 30, 2027.

The base for this appropriation is $1,500,000 in each of fiscal years 2026 and 2027.

(d) **Passenger Rail** 197,521,000 4,226,000

This appropriation is from the general fund for passenger rail activities under Minnesota Statutes, sections 174.632 to 174.636.

$194,700,000 in fiscal year 2024 is for capital improvements and betterments for the Minneapolis-Duluth Northern Lights Express intercity passenger rail project, including preliminary engineering, design, engineering, environmental analysis and mitigation, acquisition of land and right-of-way,

equipment and rolling stock, and construction. From this appropriation, the amount necessary is for: (1) Coon Rapids station improvements to establish a joint station that provides for Amtrak train service on the Empire Builder line between Chicago and Seattle; and (2) acquisition of equipment and rolling stock for purposes of participation in the Midwest fleet pool to provide for service on Northern Lights Express and expanded Amtrak train service between Minneapolis and St. Paul and Chicago. The commissioner of transportation must not approve additional stops or stations beyond those included in the Federal Railroad Administration's January 2018 Finding of No Significant Impact and Section 4(f) Determination if the commissioner determines that the resulting speed reduction would negatively impact total ridership. This appropriation is onetime and is available until June 30, 2028. Any remaining balance must cancel to the hospital stabilization reserve account under Minnesota Statutes, section 16A.152, subdivision 1c.

$1,833,000 in fiscal year 2024 and $3,238,000 in fiscal year 2025 are for a match to federal aid for capital and operating costs for expanded Amtrak train service between Minneapolis and St. Paul and Chicago. These amounts are available until June 30, 2028.

The base from the general fund is $5,742,000 in each of fiscal years 2026 and 2027.

(e) **Freight** 14,650,000 9,066,000

Appropriations by Fund	2024	2025
General	8,283,000	2,400,000
Trunk Highway	6,367,000	6,666,000

$5,000,000 in fiscal year 2024 is from the general fund for matching federal aid grants for improvements, engineering, and administrative costs for the Stone Arch

Bridge in Minneapolis. This is a onetime appropriation and is available until June 30, 2027.

$1,000,000 in each year is from the general fund for staff, operating costs, and maintenance related to weight and safety enforcement systems.

$974,000 in fiscal year 2024 is from the general fund for procurement costs of a statewide freight network optimization tool under Laws 2021, First Special Session chapter 5, article 4, section 133. This is a onetime appropriation and is available until June 30, 2025.

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

Sec. 13. Laws 2023, chapter 68, article 1, section 3, subdivision 2, as amended by Laws 2024, chapter 127, article 1, section 11, is amended to read:

Subd. 2. **Transit System Operations**	75,654,000	32,654,000

This appropriation is for transit system operations under Minnesota Statutes, sections 473.371 to 473.449.

$40,000,000 in fiscal year 2024 is for a grant to Hennepin County for the Blue Line light rail transit extension project, including but not limited to predesign, design, engineering, environmental analysis and mitigation, right-of-way acquisition, construction, and acquisition of rolling stock. Of this amount, $30,000,000 is available only upon entering a full funding grant agreement with the Federal Transit Administration by June 30, 2027. This is a onetime appropriation and is available until June 30, 2030. If a full funding grant agreement with the Federal Transit Administration is not reached by June 30, 2027, this appropriation cancels to the hospital stabilization reserve under Minnesota Statutes, section 16A.152, subdivision 1c.

$3,000,000 in fiscal year 2024 is for highway bus rapid transit project development in the

marked U.S. Highway 169 and marked Trunk Highway 55 corridors, including but not limited to feasibility study, predesign, design, engineering, environmental analysis and remediation, and right-of-way acquisition.

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

Sec. 14. **HOSPITAL STABILIZATION RESERVE; TRANSFER.**

(a) By July 15, 2027, the commissioner of management and budget must transfer $354,000,000 from the general fund budget reserve account to the hospital stabilization reserve account. This is a onetime transfer.

(b) By July 15, 2028, the commissioner of management and budget must transfer up to $146,000,000 from the general fund budget reserve account to the hospital stabilization reserve account. This is a onetime transfer.

(c) The total transfers and cancellations credited to the hospital stabilization reserve account must not exceed $500,000,000.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 15. **HOSPITAL STABILIZATION PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of health must establish a hospital stabilization program to provide financial relief to critical access hospitals, rural emergency hospitals, and hospitals that provide a disproportionate level of uncompensated care.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of health.

(c) "Qualifying hospital" means a hospital:

(1) licensed under section 144.50;

(2) located within the state;

(3) that has filed a Medicare cost report in the Healthcare Cost Report Information System; and

(4) that is a Medicaid disproportionate share hospital, excluding a hospital that qualifies as a Medicaid disproportionate share hospital solely based upon providing transplant services.

(d) "Qualifying uncompensated episode of care" means the provision by a qualifying hospital of one or more services that are covered under medical assistance to an individual during a single patient encounter or episode of care when the:

(1) individual is not enrolled in medical assistance, MinnesotaCare, or Medicare and does not have other health coverage;

(2) individual is determined to be ineligible for medical assistance and MinnesotaCare for the date of service following any retroactive eligibility determination; and

(3) total cumulative reimbursement amount for the services provided, if paid under medical assistance payment methodologies using a cost to charge methodology as defined in the Minnesota Health Care Cost Information System, would be at least $2,000 but not more than $50,000.

Subd. 3. **Payments to critical access hospitals and rural emergency hospitals.** The commissioner must make a onetime payment of $50,000 to each of the critical access hospitals and rural emergency hospitals in the state. Payments shall be made in a form and manner determined by the commissioner.

Subd. 4. **Application for payments; qualifying hospitals.** (a) A qualifying hospital seeking payment under this section must submit to the commissioner documentation identifying qualifying uncompensated episodes of care within a reporting period.

(b) The reporting periods are:

(1) January 1 through June 30; and

(2) July 1 through December 31.

(c) The initial reporting period begins January 1, 2026.

(d) For services provided during the January 1 through June 30 reporting period, a qualifying hospital must submit the required documentation to the commissioner by September 15 of the same calendar year.

(e) For services provided during the July 1 through December 31 reporting period, a qualifying hospital must submit the required documentation to the commissioner by March 15 of the next calendar year.

(f) Qualifying hospitals must submit documentation in a form and manner specified by the commissioner and must provide supporting documentation as requested by the commissioner.

Subd. 5. **Calculation of payments; qualifying hospitals.** (a) For each reporting period, the commissioner must determine each qualifying hospital's share of the total value of qualifying uncompensated episodes of care submitted under subdivision 4.

(b) The commissioner must distribute payments proportionally based on each qualifying hospital's share of the statewide total among qualifying hospitals.

(c) A qualifying hospital must not receive more than ten percent of the money available for a reporting period.

(d) If money remains after the payment limitation in paragraph (c), the commissioner must redistribute the remaining money among qualifying hospitals that have not reached the limit in paragraph (c) in proportion to their share of the value of qualifying uncompensated episodes of care.

(e) The commissioner may establish procedures to reconcile adjustments, corrected claims, or late submissions in a subsequent reporting period.

Subd. 6. **Distribution of payments; qualifying hospitals.** (a) The amount available for payments to qualifying hospitals is the amount appropriated for this section that remains after payments are made under subdivision 3. One-half of the amount available for payments to qualifying hospitals must be allocated to each reporting period.

(b) For the January 1 through June 30 reporting period, the commissioner must distribute payments no later than November 15 of the same calendar year.

(c) For the July 1 through December 31 reporting period, the commissioner must distribute payments no later than May 15 of the next calendar year.

Subd. 7. **Reporting requirements; qualifying hospitals.** (a) A qualifying hospital receiving payment under this section must submit to the commissioner any information necessary to evaluate the appropriate use of funds. The information must include, at minimum, by June 30, 2027, a detailed analysis of how the funds were used to preserve regional and local access to essential health care services, including emergency care, inpatient hospital care, maternal care and obstetrical services, behavioral and mental health care, and primary care and clinic services.

(b) A qualifying hospital receiving payment under this section must submit to the commissioner, by June 30, 2027, an organizational chart presenting the identities of and interrelationships among affiliated entities within the hospital system. No subsidiary of an entity specified on the chart need be shown if the equity or membership interest of the subsidiary held by the entity is less than ten percent of the subsidiary. As to each entity specified in the chart, the qualifying hospital must indicate the type of organization and the state of domicile.

(c) Upon receipt of notice by a qualifying hospital receiving payment under this section submitted pursuant to section 144.555, the commissioner must provide notice of the hospital's planned actions and documentation of the amount of any payment distributed to the hospital under this section to:

(1) the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy; and

(2) the majority and minority leaders of the senate and house of representatives.

(d) The commissioner must determine the reporting requirement for payments under this section in addition to the reporting requirements under section 16B.98, subdivision 12.

Subd. 8. **Prohibited uses.** Funds received under this section must not be used to:

(1) supplant any other funding sources; or

(2) increase the salary, benefits, or other discretionary payment to an officer, director, manager, or any other executive.

Subd. 9. **Hospital stabilization program ineligibility.** Hennepin Healthcare System, Inc., is ineligible for payment under this section.

Sec. 16. **CORPORATE BOARD OF HENNEPIN HEALTHCARE SYSTEM, INC.; RECONSTITUTED AND OPERATIONAL.**

(a) For purposes of this section, "Hennepin Healthcare System, Inc.," means the public corporation created under Minnesota Statutes, section 383B.901.

(b) By January 15, 2027, the Hennepin County Board of Commissioners must:

(1) reconstitute the corporate board of Hennepin Healthcare System, Inc., with members who meet the requirements in Minnesota Statutes, section 383B.903, subdivision 4; and

(2) complete the transition of governance of Hennepin Healthcare System, Inc., to the reconstituted corporate board.

Sec. 17. **HENNEPIN HEALTHCARE SYSTEM, INC.; STABILIZATION PAYMENTS.**

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

(b) "Commissioner" means the commissioner of health.

(c) "HCMC" has the meaning given in Minnesota Statutes, section 383B.902.

(d) "Hennepin Healthcare System, Inc.," means the public corporation created under Minnesota Statutes, section 383B.901.

Subd. 2. **Annual stabilization payments.** The commissioner of health must award stabilization payments to Hennepin Healthcare System, Inc., in fiscal years 2026 and 2027 to stabilize HCMC operations, avoid the closure of HCMC, ensure that HCMC continues to provide high-quality care to patients, and preserve access to essential services at HCMC that support the health care needs of the communities served by HCMC and of the state of Minnesota.

Subd. 3. **Accountability requirements.** (a) To ensure that Hennepin Healthcare System, Inc., is meeting the requirements of this section, the commissioner must collect from HCMC the information necessary to complete the commissioner's reporting requirements under subdivision 4 and must collect from HCMC the following information in fiscal year 2027:

(1) a comprehensive financial analysis that describes the financial stability of HCMC. The report must consider the core financial metrics of HCMC, including expenses and staffing data; revenue, including payer mix; utilization data; and necessary data as determined by the commissioner; and

(2) quarterly updates of financial information submitted under the hospital annual report according to Minnesota Statutes, sections 144.695 to 144.703, on a schedule to be determined by the commissioner, and long-term capital spending priorities, including mandatory maintenance and replacement of existing facilities and equipment.

(b) Upon receipt of notice by Hennepin Healthcare System, Inc., provided according to Minnesota Statutes, section 144.555, the commissioner must provide notice of Hennepin Healthcare System, Inc.'s planned actions to:

(1) the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy; and

(2) the majority and minority leaders of the senate and house of representatives.

Subd. 4. **Reporting requirement.** (a) By January 15, 2028, the commissioner must report to the legislative committees with jurisdiction over health and human services finance and policy on the financial stabilization of Hennepin Healthcare System, Inc.

(b) Hennepin Healthcare System, Inc., must provide the commissioner with all information and documents requested by the commissioner, including nonpublic data from HCMC, for purposes of this subdivision and subdivision 3. For purposes of this subdivision and subdivision 3, "nonpublic data" has the meaning given in Minnesota Statutes, section 13.02, subdivision 9.

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

Sec. 18. **ADVISORY TASK FORCE ON GOVERNANCE AND FINANCING OF HENNEPIN HEALTHCARE SYSTEM, INC.**

Subdivision 1. **Establishment.** An advisory task force on governance and financing of Hennepin Healthcare System, Inc., is established to develop recommendations to the legislature on the ownership, governance, and financing of Hennepin Healthcare System, Inc., including its integrated system of health care facilities and services that includes Hennepin County Medical Center. The advisory task force must evaluate options that recognize Hennepin County Medical Center as a regional and statewide public health and public safety asset that:

(1) provides critical health care services to:

(i) complex patients with high medical needs;

(ii) a large proportion of the state's medical assistance, MinnesotaCare, and uninsured populations; and

(iii) patients from health care providers and health systems across Minnesota and the surrounding region. These services include level I trauma care, hyperbaric medicine, treatment services for burns and complex wounds, comprehensive cancer care, and accredited poison control services; and

(2) supports Minnesota's future health care workforce through education and training.

Subd. 2. **Membership.** (a) The advisory task force shall consist of the following nine members appointed by the governor. Members shall be direct appointments as defined in Minnesota Statutes, section 15.0597, subdivision 1:

(1) one individual from the Health Subcabinet under Minnesota Statutes, section 4.047;

(2) the chief executive officer of Hennepin County Medical Center;

(3) one individual representing Hennepin County;

(4) one individual with expertise in academic medicine, clinical and public health research, hospital operations, or health system finance;

(5) one individual with professional experience in public health;

(6) one individual with professional experience in safety net hospital and clinical system operations;

(7) two individuals with professional experience in health care finance and public health care programs; and

(8) one individual with professional experience in public sector governance and public authorities.

(b) Members must be appointed to the advisory task force by August 1, 2026, and serve until the advisory task force expires.

Subd. 3. **Governance; first meeting; chairperson.** (a) Compensation and removal of members appointed under subdivision 2 are governed by Minnesota Statutes, section 15.059.

(b) The individual from the Health Subcabinet who is appointed to the advisory task force must convene the first meeting of the advisory task force by September 1, 2026, and shall serve as the chairperson of the advisory task force.

Subd. 4. **Duties.** The advisory task force must:

(1) evaluate the current governance structure, payer mix, and financing of Hennepin Healthcare System, Inc.;

(2) evaluate whether public health care program reimbursement rates adequately reimburse Hennepin County Medical Center for the cost of care provided;

(3) evaluate labor and workforce needs and challenges at Hennepin County Medical Center;

(4) identify and evaluate Hennepin County Medical Center's capital, infrastructure, and technology needs;

(5) evaluate governance and ownership models of health systems comparable to Hennepin Healthcare System, Inc.;

(6) evaluate financing and funding mechanisms that would allow Hennepin Healthcare System, Inc., to achieve sustainable, long-term financial stability while ensuring the continued operation of critical specialized services by Hennepin County Medical Center that are essential to Minnesota's comprehensive statewide hospital network of rural, regional, and safety net hospitals;

(7) engage with public health leaders throughout the state and professionals and individuals with the following qualifications or with expertise in the following areas:

(i) rural hospitals and rural health systems;

(ii) urban, nonprofit hospitals other than Hennepin County Medical Center;

(iii) physicians licensed and practicing in Minnesota with experience in emergency medicine, trauma care, critical care, or hospital medicine;

(iv) registered nurses;

(v) organized labor representing hospital workers or health care workers;

(vi) ambulance service providers or emergency medical services;

(vii) local public health departments or community health boards;

(viii) federally qualified health centers or other community clinics serving low-income patients;

(ix) consumer or patient advocates with experience accessing services from a safety net hospital; and

(x) state legislators, county commissioners, and state agency commissioners; and

(8) develop specific recommendations for an ownership structure, governance and oversight, and sustainable, long-term funding for Hennepin Healthcare System, Inc. In developing these recommendations, the task force must consider how to maintain Hennepin County Medical Center as a public hospital and whether ownership of Hennepin Healthcare System, Inc., should be transferred to an entity other than solely Hennepin County. These recommendations must identify legislative changes needed to implement the recommendations, provide legislative language for the needed legislative changes, and specify a process to implement changes to ownership, governance and oversight, and funding.

Subd. 5. **Data.** (a) The advisory task force may request data and technical assistance from state agencies, hospital systems, and other stakeholders as necessary to carry out its duties.

(b) Data provided to the advisory task force under this subdivision retains its classification under Minnesota Statutes, chapter 13, and any other applicable state or federal law.

Subd. 6. **Administrative support and cooperation.** The Health Subcabinet must provide meeting space and administrative services for the advisory task force. State agencies must provide technical assistance upon the request of the advisory task force.

Subd. 7. **Findings and recommendations.** (a) By January 15, 2027, the advisory task force must submit preliminary findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy. The preliminary findings and recommendations must include information on the meetings and activities of the advisory task force to date, identification of priority focus areas and preliminary findings and recommendations on the subjects listed in subdivision 4, recommendations on steps to improve the stabilization of Hennepin Healthcare System, Inc., and plans for future meetings and work.

(b) By January 15, 2028, the advisory task force must submit final findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over

health finance and policy and human services finance and policy. The final findings and recommendations must address the subjects listed in subdivision 4.

Subd. 8. **Expiration.** The advisory task force expires June 30, 2028.

ARTICLE 4

HEALTH LICENSING BOARDS

Section 1. Minnesota Statutes 2024, section 148.01, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of sections 148.01 to 148.10:

(1) "abnormal articulation" means the condition of opposing bony joint surfaces and their related soft tissues that do not function normally, including subluxation, fixation, adhesion, degeneration, deformity, dislocation, or other pathology that results in pain or disturbances within the nervous system, results in postural alteration, inhibits motion, allows excessive motion, alters direction of motion, or results in loss of axial loading efficiency, or a combination of these;

(2) "acupuncture" means a modality of treating abnormal physical conditions by stimulating various points of the body or interruption of the cutaneous integrity by needle insertion to secure a reflex relief of the symptoms by nerve stimulation as utilized as an adjunct to chiropractic adjustment;

(3) "animal chiropractic diagnosis and treatment" means treatment that includes identification and resolution of vertebral subluxation complexes, spinal manipulation, and manipulation of the extremity articulations of nonhuman vertebrates. Animal chiropractic diagnosis and treatment does not include:

(i) performing surgery;

(ii) dispensing or administering medications; or

(iii) performing traditional veterinary care and diagnosis;

~~(1)~~ (4) "chiropractic" means the health care discipline that recognizes the innate recuperative power of the body to heal itself without the use of drugs or surgery by identifying and caring for vertebral subluxations and other abnormal articulations by emphasizing the relationship between structure and function as coordinated by the nervous system and how that relationship affects the preservation and restoration of health;

~~(2)~~ (5) "chiropractic services" means the evaluation and facilitation of structural, biomechanical, and neurological function and integrity through the use of adjustment, manipulation, mobilization, or other procedures accomplished by manual or mechanical forces applied to bones or joints and their related soft tissues for correction of vertebral subluxation, other abnormal articulations, neurological disturbances, structural alterations, or biomechanical alterations, and includes~~,~~ but is not limited to~~,~~ manual therapy and mechanical therapy as defined in section 146.23;

~~(3) "abnormal articulation" means the condition of opposing bony joint surfaces and their related soft tissues that do not function normally, including subluxation, fixation, adhesion, degeneration,~~

~~deformity, dislocation, or other pathology that results in pain or disturbances within the nervous system, results in postural alteration, inhibits motion, allows excessive motion, alters direction of motion, or results in loss of axial loading efficiency, or a combination of these;~~

~~(4)~~ (6) "diagnosis" means the physical, clinical, and laboratory examination of the patient, and the use of diagnostic services for diagnostic purposes within the scope of the practice of chiropractic described in sections 148.01 to 148.10;

~~(5)~~ (7) "diagnostic services" means clinical, physical, laboratory, and other diagnostic measures, including diagnostic imaging that may be necessary to determine the presence or absence of a condition, deficiency, deformity, abnormality, or disease as a basis for evaluation of a health concern, diagnosis, differential diagnosis, treatment, further examination, or referral;

(8) "good standing" means that a license is not the subject of current disciplinary action under section 148.10 or an equivalent disciplinary law in another jurisdiction;

(9) "reinstatement" means the process by which a board-terminated license or voluntarily retired license returns to active license status under section 148.071 or 148.076;

~~(6)~~ (10) "therapeutic services" means rehabilitative therapy as defined in Minnesota Rules, part 2500.0100, subpart 11, and all of the therapeutic, rehabilitative, and preventive sciences and procedures for which the licensee was subject to examination under section 148.06~~. When provided, therapeutic services must be performed within a practice where the primary focus is the provision of chiropractic services, to prepare the patient for chiropractic services, or to complement the provision of chiropractic services. The administration of therapeutic services is the responsibility of the treating chiropractor and must be rendered under the direct supervision of qualified staff~~; and

~~(7) "acupuncture" means a modality of treating abnormal physical conditions by stimulating various points of the body or interruption of the cutaneous integrity by needle insertion to secure a reflex relief of the symptoms by nerve stimulation as utilized as an adjunct to chiropractic adjustment. Acupuncture may not be used as an independent therapy or separately from chiropractic services. Acupuncture is permitted under section 148.01 only after registration with the board which requires completion of a board-approved course of study and successful completion of a board-approved national examination on acupuncture. Renewal of registration shall require completion of board-approved continuing education requirements in acupuncture. The restrictions of section 147B.02, subdivision 2, apply to individuals registered to perform acupuncture under this section; and~~

~~(8) "animal chiropractic diagnosis and treatment" means treatment that includes identifying and resolving vertebral subluxation complexes, spinal manipulation, and manipulation of the extremity articulations of nonhuman vertebrates. Animal chiropractic diagnosis and treatment does not include:~~

~~(i) performing surgery;~~

~~(ii) dispensing or administering of medications; or~~

~~(iii) performing traditional veterinary care and diagnosis.~~

(11) "voluntarily retired license" means a license held by a chiropractor who has changed the chiropractor's license status to a voluntarily retired license under section 148.075.

Sec. 2. Minnesota Statutes 2024, section 148.01, subdivision 4, is amended to read:

Subd. 4. **Practice of chiropractic.** An individual licensed to practice under section 148.06 is authorized to perform chiropractic services~~, acupuncture,~~ and therapeutic services, and to provide diagnosis and to render opinions pertaining to those services for the purpose of determining a course of action in the best interests of the patient, such as a treatment plan, appropriate referral, or both.

Sec. 3. Minnesota Statutes 2024, section 148.01, is amended by adding a subdivision to read:

Subd. 5. **Practice of therapeutic services.** Therapeutic services must be performed within a practice where the primary focus is the provision of chiropractic services, preparing the patient for chiropractic services, or complementing the provision of chiropractic services. The administration of therapeutic services is the responsibility of the treating chiropractor and must be rendered under the direct supervision of qualified staff.

Sec. 4. Minnesota Statutes 2024, section 148.01, is amended by adding a subdivision to read:

Subd. 6. **Practice of acupuncture.** Acupuncture must not be used as an independent therapy or separately from chiropractic services. Acupuncture is permitted under this section only after registration with the board, which requires completing a board-approved course of study and a board-approved national examination on acupuncture. Renewal of registration requires completing board-approved continuing education requirements in acupuncture. The restrictions of section 147B.02, subdivision 2, apply to individuals registered to perform acupuncture under this section.

Sec. 5. **[148.071] REINSTATEMENT OF A LICENSE TERMINATED FOR FAILING TO RENEW OR TO COMPLETE CONTINUING EDUCATION.**

Subdivision 1. **Scope.** This section applies to a chiropractor whose Minnesota license was terminated by the board for failing to timely renew the license or complete annual continuing education requirements.

Subd. 2. **Application requirements.** At the time of application for reinstatement, the applicant must:

(1) submit an application for reinstatement and pay the application fee;

(2) pay the current renewal fee;

(3) complete a criminal background check as prescribed under section 214.075 and pay the required fee;

(4) submit license verification from each jurisdiction where the applicant holds or has held a chiropractic license;

(5) submit evidence of passing the board's jurisprudence exam;

(6) submit evidence of correcting any outstanding requirements and paying any outstanding fees that existed at the time the license was terminated; and

(7) complete any additional applicable requirements established in subdivisions 3, 4, 5, 6, and 9.

Subd. 3. **Reinstatement of terminated license for licensee in good standing in another jurisdiction.** The board must reinstate the license of an applicant who is currently licensed and in good standing in another jurisdiction if the applicant:

(1) completes all requirements in subdivision 2;

(2) provides verification of the active chiropractic license in good standing in another jurisdiction; and

(3) provides verification of completing 20 continuing education hours in the year immediately preceding the application for reinstatement.

Subd. 4. **Reinstatement of terminated license after five years or less.** The board must reinstate the license of an applicant who does not meet the requirements of subdivision 3 and who applies for reinstatement five years or less after license termination in Minnesota or another jurisdiction if the applicant:

(1) completes all requirements in subdivision 2; and

(2) provides verification of:

(i) completing 20 continuing education hours for each year since the applicant last held an active license in good standing in Minnesota or another jurisdiction and 20 continuing education hours in the year immediately preceding the application for reinstatement; or

(ii) passing the Special Purposes Examination for Chiropractic, or an alternate examination the board determines is equivalent, within 12 months after application.

Subd. 5. **Reinstatement of terminated license after more than five years.** The board must reinstate the license of an applicant who does not meet the requirements of subdivision 3 and who applies for reinstatement more than five years after license termination in Minnesota or another jurisdiction if the applicant:

(1) completes all requirements in subdivision 2;

(2) provides verification of completing 20 continuing education hours for each year since the applicant last held an active license in good standing in Minnesota or another jurisdiction and 20 continuing education hours in the year immediately preceding the application for reinstatement, not to exceed a maximum of 100 required continuing education hours; and

(3) provides verification of passing the Special Purposes Examination for Chiropractic, or an alternate examination the board determines is equivalent, within 12 months after application.

Subd. 6. **Reinstatement within the same calendar year of continuing education termination.** The board must reinstate the license of an applicant whose license was terminated for failing to submit the required number of continuing education hours if within the same calendar year of termination the applicant:

(1) completes the required number of continuing education hours and outstanding penalty hours imposed by the board; and

(2) pays all application fees and penalty fees.

Subd. 7. **Board authority.** Applications for reinstatement and licenses reinstated under this section are subject to the same board authority under sections 148.10 and 214.103 as other applications and licenses issued by the board to deny, refuse to issue, revoke, suspend, condition, or limit a license or to take disciplinary or corrective action against a licensee or applicant for conduct that violates applicable law or professional standards.

Subd. 8. **Continuing education in year of reinstatement.** A licensee must not use continuing education hours obtained for the purpose of applying for reinstatement of a terminated license under this section to meet the annual hour requirement for the year in which the license is reinstated.

Subd. 9. **Previously terminated licenses.** If a chiropractor's license was terminated before July 1, 2026, and the chiropractor applies for reinstatement under this section, the chiropractor is not required to repay any renewal fees that accrued before the license reinstatement.

Sec. 6. **[148.075] VOLUNTARILY RETIRED LICENSE.**

Subdivision 1. **Application.** A Minnesota licensed chiropractor in good standing and with no continuing education audit deficiencies may apply to the board to voluntarily retire a license by submitting an application on a form provided by the board and a signed affidavit stating that the applicant will no longer actively practice chiropractic in Minnesota.

Subd. 2. **Grounds for denial.** The board may deny an application to voluntarily retire a license if the applicant's Minnesota license or license issued in another jurisdiction is not in good standing or is subject to a pending disciplinary action.

Sec. 7. **[148.076] REINSTATEMENT OF A VOLUNTARILY RETIRED LICENSE.**

Subdivision 1. **Scope.** This section applies to a chiropractor who voluntarily retired a Minnesota chiropractic license under section 148.075.

Subd. 2. **Application requirements.** At the time of application for reinstatement, the applicant must:

(1) submit an application for reinstatement;

(2) pay the current renewal fee;

(3) complete a criminal background check as prescribed under section 214.075 and pay the required fee;

(4) submit license verification from each jurisdiction where the applicant holds or has held a chiropractic license;

(5) submit evidence of passing the board's jurisprudence exam;

(6) submit evidence of correcting any outstanding requirements and paying any outstanding fees that existed at the time the license was voluntarily retired; and

(7) complete any additional applicable requirements in subdivisions 3, 4, 5, and 7.

Subd. 3. **Reinstatement of voluntarily retired license for licensee in good standing in another jurisdiction.** The board must reinstate the license of an applicant who is currently licensed and in good standing in another jurisdiction if the applicant:

(1) completes all requirements in subdivision 2;

(2) provides verification of the active chiropractic license in good standing in another jurisdiction; and

(3) provides verification of completing 20 continuing education hours in the year immediately preceding the application for reinstatement.

Subd. 4. **Reinstatement of voluntarily retired license after five years or less.** The board must reinstate the license of an applicant who does not meet the requirements of subdivision 3 and who applies for reinstatement five years or less after voluntary license retirement in Minnesota or the equivalent in another jurisdiction if the applicant:

(1) completes all requirements in subdivision 2; and

(2) provides verification of:

(i) completing 20 continuing education hours for each year since the applicant last held an active license in good standing in Minnesota or another jurisdiction and 20 continuing education hours in the year immediately preceding the application for reinstatement; or

(ii) passing the Special Purposes Examination for Chiropractic, or an alternate examination the board determines is equivalent, within 12 months after application.

Subd. 5. **Reinstatement of voluntarily retired license after more than five years.** The board must reinstate the license of an applicant who does not meet the requirements of subdivision 3 and who applies for reinstatement more than five years after voluntary license retirement in Minnesota or the equivalent in another jurisdiction if the applicant:

(1) completes all requirements in subdivision 2;

(2) provides verification of completing 20 continuing education hours for each year since the applicant last held an active license in good standing in Minnesota or another jurisdiction and 20 continuing education hours in the year immediately preceding the application for reinstatement, not to exceed a maximum of 100 required continuing education hours; and

(3) provides verification of passing the Special Purposes Examination for Chiropractic, or an alternate examination the board determines is equivalent, within 12 months after application.

Subd. 6. **Board authority.** Applications for reinstatement and licenses reinstated under this section are subject to the same board authority under sections 148.10 and 214.103 as other applications and licenses issued by the board to deny, refuse to issue, revoke, suspend, condition, or limit a license or to take disciplinary or corrective action against a licensee or applicant for conduct that violates applicable law or professional standards.

Subd. 7. **Continuing education in year of reinstatement.** A licensee must not use continuing education hours obtained for the purpose of applying for reinstatement of a voluntarily retired license under this section to meet the annual hour requirement for the year the license is reinstated.

Subd. 8. **Previously voluntarily retired licensees.** (a) If a chiropractor who voluntarily retired before July 1, 2026, applies for reinstatement under this section, the chiropractor is not required to repay any renewal fees that accrued before the license reinstatement.

(b) Before reinstatement under this subdivision, the voluntarily retired licensee must complete any outstanding continuing education hours due at the time the license was voluntarily retired.

Sec. 8. Minnesota Statutes 2024, section 148.09, is amended to read:

148.09 INDEPENDENT EXAMINATION.

Subdivision 1. **Requirements for examiners.** (a) A doctor of chiropractic conducting a physical examination of a patient or a review of records by a doctor of chiropractic, for the purpose of generating a report or opinion to aid a reparation obligor under chapter 65B in making a determination regarding the condition or further treatment of the patient, shall meet the following requirements:

(1) the doctor of chiropractic must either be an instructor at an accredited school of chiropractic or have devoted not less than 50 percent of practice time to direct patient care during the two years immediately preceding the examination;

(2) the doctor of chiropractic must have completed any annual continuing education requirements for chiropractors prescribed by the Board of Chiropractic Examiners;

(3) the doctor of chiropractic must not accept a fee of more than $500 for each independent exam conducted; and

(4) the doctor of chiropractic must register with the Board of Chiropractic Examiners as an independent examiner and adhere to all rules governing the practice of chiropractic.

(b) The examiner must identify in the written report the source of all records reviewed and the dates or period of services covered by those records. The examiner's notes and a copy of the final written report must be retained for at least four years following the examination.

(c) Before conducting an independent examination, the examiner must provide written disclosures to the examinee that clearly state the purpose of the examination and the examinee's right to have a third party present under subdivision 2.

Subd. 2. **Third-party presence during examinations.** (a) An examiner performing an independent examination under this section must not prohibit the examinee from having a third party of the examinee's choice present during the consultation and examination. The examiner must not bar the presence of a third party based on the third party's training or credentials. Advance notice to the examiner or to any other person, organization, or agency is not required for the presence of a third party under this subdivision.

(b) The third party must provide their name to the examiner. The examiner must document the presence and stated identity of any third party in the written report of the examination.

(c) A third party may make a written or audio recording of the consultation or examination if the recording does not obstruct the conduct of the examination. A third party must not make a video recording of the consultation or examination.

(d) An examiner must not consider the examinee's exercise of rights under this subdivision as failing to cooperate with the examination. If an examiner determines that the examination has been obstructed, the examiner must describe in detail the nature of the obstruction in the body of the written report. For purposes of this subdivision, "obstruct" means to hinder the examination to the degree that the examination cannot be completed, unless the obstruction is necessary for the safety or well-being of the patient.

Subd. 3. **Violation.** A violation of this section constitutes unprofessional conduct under section 148.10, subdivision 1, paragraph (e).

Sec. 9. **[148.095] ADMINISTRATIVE HOLD DURING COMPLAINT RESOLUTION PROCESS.**

Subdivision 1. **Administrative hold.** (a) If there is a pending complaint against a licensee and the licensee fails to pay required renewal fees, fails to renew the license, or fails to complete required continuing education hours within the time prescribed by law, the board must place the license on an administrative hold.

(b) A license on an administrative hold:

(1) is expired and does not authorize the licensee to engage in the practice of chiropractic; and

(2) remains under the board's full jurisdiction for all purposes under sections 148.10 and 214.103, including investigation, adjudication, and imposition of discipline.

Subd. 2. **Prohibition on status change while on administrative hold.** (a) If the board places a license on administrative hold, the board must not:

(1) accept an application to voluntarily retire the license under section 148.075;

(2) terminate the license for failing to renew or to complete continuing education requirements; or

(3) otherwise change the license status of the licensee in a manner that allows the licensee to delay, avoid, or terminate the complaint resolution process.

(b) The board must remove the administrative hold upon the resolution of all pending complaints against the licensee.

Subd. 3. **Licensee obligations not suspended.** An administrative hold on a license does not relieve a licensee of the legal obligation to timely renew the license, pay renewal or other required fees, or complete continuing education hours according to law.

Sec. 10. Minnesota Statutes 2024, section 148.10, is amended by adding a subdivision to read:

Subd. 8. **Loss and restoration of good standing.** The pendency of a complaint does not cause a license to lose good standing unless: (1) the complaint results in disciplinary action under this section or an equivalent disciplinary law in another jurisdiction; or (2) a stipulation and order or an equivalent order in another jurisdiction provides for the loss of good standing. A license is restored to good standing upon the satisfactory completion, expiration, or other agreed-upon termination of all terms of a stipulation and order or an equivalent order in another jurisdiction. An agreement for corrective action as described under section 214.103, subdivision 6, does not cause a license to lose good standing.

Sec. 11. Minnesota Statutes 2024, section 148.102, subdivision 3, is amended to read:

Subd. 3. **Insurers.** ~~Two times each year~~ (a) Every January 1 and July 1, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to chiropractors shall submit to the board a report concerning the chiropractors against whom malpractice settlements or awards have been made to the plaintiff. The report must contain at least the following information:

(1) the total number of malpractice settlements or awards made to the plaintiff;

(2) the date the malpractice settlements or awards to the plaintiff were made;

(3) the allegations contained in the claim or complaint leading to the settlements or awards made to the plaintiff;

(4) the dollar amount of each malpractice settlement or award;

(5) the regular address of the practice of the doctor of chiropractic against whom an award was made or with whom a settlement was made; and

(6) the name of the doctor of chiropractic against whom an award was made or with whom a settlement was made.

(b) The insurance company shall, in addition to the above information, report to the board any information it possesses which tends to substantiate a charge that a doctor of chiropractic may have engaged in conduct violating section 148.10 and this section.

Sec. 12. Minnesota Statutes 2024, section 148.105, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Any person who practices, or attempts to practice, chiropractic or who uses any of the terms or letters "Doctors of Chiropractic," "Chiropractor," "DC," or any other title or letters under any circumstances as to lead the public to believe that the person who so uses

the terms is engaged in the practice of chiropractic, without having complied with the provisions of sections 148.01 to 148.104, is guilty of a gross misdemeanor; and, upon conviction, fined not less than $1,000 nor more than $10,000 or be imprisoned in the county jail for not less than 30 days nor more than six months or punished by both fine and imprisonment, in the discretion of the court. It is the duty of the county attorney of the county in which the person practices to prosecute. Nothing in sections 148.01 to ~~148.105~~ 148.108 shall be considered as interfering with any person:

(1) licensed by a health-related licensing board, as defined in section 214.01, subdivision 2, including psychological practitioners with respect to the use of hypnosis;

(2) registered or licensed by the commissioner of health under section 214.13; or

(3) engaged in other methods of healing regulated by law in the state of Minnesota;

provided that the person confines activities within the scope of the license or other regulation and does not practice or attempt to practice chiropractic.

Sec. 13. Minnesota Statutes 2025 Supplement, section 148.108, subdivision 5, is amended to read:

Subd. 5. **Chiropractic license fees.** Fees for chiropractic licensure are the following amounts but may be adjusted lower by board action:

(1) initial application for licensure ~~fee~~, $300;

(2) annual renewal of an active license ~~fee~~, $250;

~~(3) annual renewal of an inactive license fee, 75 percent of the current active license renewal fee under clause (2);~~

~~(4)~~ (3) late renewal penalty ~~fee~~, $150 per month late; ~~and~~

~~(5)~~ (4) application for reinstatement of a ~~voluntarily retired or inactive~~ terminated license ~~fee~~, ~~$187.50.~~ $100; and

(5) penalty for failure to complete CE requirements at the time of license renewal:

(i) at the first failure to complete CE requirements at the time of license renewal, the amount of the fee for annual renewal of an active license under clause (2);

(ii) at the second failure to complete CE requirements at the time of license renewal, two times the amount of the fee for annual renewal of an active license under clause (2); and

(iii) at the third failure to complete CE requirements at the time of license renewal and every subsequent failure, three times the amount of the fee for annual renewal of an active license under clause (2).

Sec. 14. Minnesota Statutes 2024, section 151.01, subdivision 35, is amended to read:

Subd. 35. **Compounding.** "Compounding" means preparing, mixing, assembling, packaging, and labeling a drug for an identified individual patient as a result of a practitioner's prescription drug order. Compounding also includes anticipatory compounding, as defined in this section, and the preparation of drugs in which all bulk drug substances and components are nonprescription substances. Compounding does not include mixing or reconstituting a drug according to the product's labeling or to the manufacturer's directions, provided that such labeling has been approved by the United States Food and Drug Administration (FDA) or the manufacturer is licensed under section 151.252. Compounding does not include the preparation of a drug for the purpose of, or incident to, research, teaching, or chemical analysis, provided that the drug is not prepared for dispensing or administration to patients. All compounding, regardless of the type of product, must be done pursuant to a prescription drug order unless otherwise permitted in this chapter or by the rules of the board. Compounding does not include a minor deviation from such directions with regard to radioactivity, volume, or stability, which is made by or under the supervision of a licensed nuclear pharmacist or a physician, and which is necessary in order to accommodate circumstances not contemplated in the manufacturer's instructions, such as the rate of radioactive decay or geographical distance from the patient. Compounding does not include the use of a flavoring agent to flavor a drug.

Sec. 15. Minnesota Statutes 2024, section 151.01, is amended by adding a subdivision to read:

Subd. 44. **Flavoring agent.** "Flavoring agent" means a therapeutically inert, nonallergenic substance consisting of inactive ingredients that is added to a drug to improve the drug's taste and palatability.

Sec. 16. Minnesota Statutes 2024, section 151.555, subdivision 7, is amended to read:

Subd. 7. **Standards and procedures for inspecting and storing donated drugs and supplies.** (a) A pharmacist or authorized practitioner who is employed by or under contract with the central repository or a local repository shall inspect all donated drugs and supplies before the drug or supply is dispensed to determine, to the extent reasonably possible in the professional judgment of the pharmacist or practitioner, that the drug or supply is not adulterated or misbranded, has not been tampered with, is safe and suitable for dispensing, has not been subject to a recall, and meets the requirements for donation. If a local repository receives drugs and supplies from the central repository, the local repository does not need to reinspect the drugs and supplies.

(b) The central repository and local repositories shall store donated drugs and supplies in a secure storage area under environmental conditions appropriate for the drug or supply being stored. Donated drugs and supplies may not be stored with nondonated inventory.

(c) The central repository and local repositories shall dispose of all drugs and medical supplies that are not suitable for donation in compliance with applicable federal and state statutes, regulations, and rules concerning hazardous waste.

(d) In the event that controlled substances or drugs that can only be dispensed to a patient registered with the drug's manufacturer are shipped or delivered to a central or local repository for donation, the shipment delivery must be documented by the repository and returned immediately to the donor or the donor's representative that provided the drugs.

(e) Each repository must develop drug and medical supply recall policies and procedures. If a repository receives a recall notification, the repository shall destroy all of the drug or medical supply in its inventory that is the subject of the recall and complete a record of destruction form in accordance with paragraph (f). If a drug or medical supply that is the subject of a Class I or Class II recall has been dispensed, the repository shall immediately notify the recipient of the recalled drug or medical supply. A drug that potentially is subject to a recall need not be destroyed if its packaging bears a lot number and that lot of the drug is not subject to the recall. If no lot number is on the drug's packaging, it must be destroyed.

(f) A record of destruction of accepted donated drugs and supplies that are not dispensed under subdivision 8~~, are subject to a recall under paragraph (e), or are not suitable for donation~~ or are subject to a recall under paragraph (e) shall be maintained by the repository for at least two years. ~~For each drug or supply destroyed,~~ The record shall include the following information:

(1) the date of destruction;

(2) the name, strength, and quantity of the drug destroyed; and

(3) the name of the person or firm that destroyed the drug.

No other record of destruction is required.

Sec. 17. Minnesota Statutes 2024, section 151.741, subdivision 4, is amended to read:

Subd. 4. **Insulin safety net program account.** (a) The insulin safety net program account is established in the special revenue fund in the state treasury. Money in the account is appropriated each fiscal year to:

(1) the MNsure board in an amount sufficient to carry out assigned duties under section 151.74, subdivision 7; and

(2) the Board of Pharmacy in an amount sufficient to cover costs incurred by the board ~~in assessing and collecting the registration fee under this section and~~ in administering the insulin safety net program under section 151.74.

(b) The commissioner of management and budget shall annually transfer from the health care access fund to the insulin safety net program account an amount sufficient to implement paragraph (a).

Sec. 18. Minnesota Statutes 2025 Supplement, section 151.741, subdivision 5, is amended to read:

Subd. 5. **Insulin repayment account; annual transfer from health care access fund.** (a) The insulin repayment account is established in the special revenue fund in the state treasury. Money in the account is appropriated each fiscal year to the commissioner of administration to reimburse manufacturers for insulin dispensed under the insulin safety net program in section 151.74, in accordance with section 151.74, subdivisions 3, paragraph (h), and 6, paragraph (h), and to cover costs incurred by the commissioner in providing these reimbursement payments.

(b) ~~By June 30, 2025, and~~ Each June 30 ~~thereafter~~, the commissioner of administration shall certify to the commissioner of management and budget the total amount expended in the prior fiscal year for:

(1) reimbursement to manufacturers for insulin dispensed under the insulin safety net program in section 151.74, in accordance with section 151.74, subdivisions 3, paragraph (h), and 6, paragraph (h); and

(2) costs incurred by the commissioner of administration in providing the reimbursement payments described in clause (1).

(c) Each July 1, the commissioner of management and budget shall transfer from the health care access fund to the insulin repayment account~~, beginning July 1, 2025, and each July 1 thereafter,~~ an amount equal to the amount to which the commissioner of administration certified pursuant to paragraph (b).

Sec. 19. Minnesota Statutes 2024, section 214.41, is amended to read:

214.41 ~~PHYSICIAN~~ HEALTH CARE PROVIDER WELLNESS PROGRAM.

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

(b) "Health care provider" or "provider" means an individual who is licensed or registered by the state to perform health care services within the provider's scope of practice and in accordance with state law.

(c) "~~physician~~ Health care provider wellness program" means a program for health care providers of evaluation, counseling, or other modality to address an issue related to career fatigue or wellness related to work stress ~~for physicians licensed under chapter 147~~ that is administered by a statewide association that is exempt from taxation under United States Code, title 26, section 501(c)(6), and that primarily represents physicians and osteopaths of multiple specialties. ~~Physician~~ Health care provider wellness program does not include the provision of services intended to monitor for impairment under the authority of section 214.31.

Subd. 2. **Confidentiality.** Any record of a ~~person's~~ health care provider's participation in a ~~physician~~ health care provider wellness program is confidential and not subject to discovery, subpoena, or a reporting requirement to the applicable health-related licensing board or to the commissioner of health, unless the ~~person~~ provider voluntarily provides for written release of the information or the disclosure is required to meet the ~~licensee's~~ provider's obligation to report certain information to the applicable health-related licensing board or the commissioner of health according to ~~section 147.111~~ law governing the practice of the provider's profession.

Subd. 3. **Civil liability.** Any person, agency, institution, facility, or organization employed by, contracting with, or operating a ~~physician~~ health care provider wellness program is immune from civil liability for any action related to their duties in connection with a ~~physician~~ health care provider wellness program when acting in good faith.

Sec. 20. Laws 2025, First Special Session chapter 3, article 23, section 2, subdivision 12, is amended to read:

Subd. 12. **Board of Pharmacy**

	Appropriations by Fund	
General	937,000	937,000
State Government Special Revenue	6,280,000	6,280,000

Medication Repository Program. $450,000 in fiscal year 2026 and $450,000 in fiscal year 2027 are from the general fund for the medication repository program ~~to purchase prescription drugs~~ under Minnesota Statutes, section 151.555~~, subdivision 6, paragraph (g)~~.

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

Sec. 21. **TRANSITION OF INACTIVE LICENSES.**

On July 1, 2026, the Board of Chiropractic Examiners must administratively change all chiropractic licenses put on inactive license status under Minnesota Rules, part 2500.2020, before that date to a voluntarily retired license under Minnesota Statutes, section 148.075.

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

Sec. 22. **INTERIM CHIROPRACTIC ACUPUNCTURE REGISTRATION REINSTATEMENT PROCEDURES.**

Subdivision 1. **Scope.** This section applies to a chiropractor whose Minnesota chiropractic acupuncture registration was canceled.

Subd. 2. **Application requirements.** At the time of application for reinstatement of an acupuncture registration, the applicant must:

(1) hold an active Minnesota chiropractic license;

(2) submit an application for reinstatement;

(3) pay the current renewal fee;

(4) submit license verification from each jurisdiction where the applicant holds or has held a chiropractic license; and

(5) complete any additional applicable requirements as established in subdivisions 3, 4, and 5.

Subd. 3. **Reinstatement of canceled registration for registrant in good standing in another jurisdiction.** The Board of Chiropractic Examiners must reinstate the chiropractic acupuncture registration of an applicant in good standing in another jurisdiction if the applicant:

(1) completes all requirements in subdivision 2;

(2) provides verification of a chiropractic acupuncture credential in good standing from each jurisdiction where the applicant is authorized to perform chiropractic acupuncture; and

(3) provides verification of completing two continuing education units in acupuncture or acupuncture-related subjects in the year immediately preceding the application for reinstatement.

Subd. 4. **Reinstatement of canceled registration after five years or less.** The board must reinstate the chiropractic acupuncture registration of an applicant who does not meet the requirements of subdivision 3 and who applies for reinstatement five years or less after the Minnesota registration cancellation if the applicant:

(1) completes all requirements in subdivision 2; and

(2) provides verification of:

(i) completing two continuing education hours in acupuncture or acupuncture-related subjects for each year since the applicant last held an active chiropractic acupuncture registration in Minnesota or credential in another jurisdiction; or

(ii) passing the National Board of Chiropractic Examiners Acupuncture Examination or the National Certification Commission for Acupuncture and Oriental Medicine (NCCAOM) Examination, or an alternate examination the board determines is equivalent, within 12 months after application.

Subd. 5. **Reinstatement of canceled registration license after more than five years.** The board must reinstate the chiropractic acupuncture registration of an applicant who does not meet the requirements of subdivision 3 and who applies for reinstatement more than five years after the Minnesota registration cancellation if the applicant:

(1) completes all requirements in subdivision 2; and

(2) provides verification of passing either the National Board of Chiropractic Examiners Acupuncture Examination or the NCCAOM Examination, or an alternative examination the board determines is equivalent, within 12 months after application.

Subd. 6. **Continuing education in year of reinstatement.** A licensee must not use continuing education units obtained for the purpose of applying for reinstatement of a canceled registration under this section to meet the annual requirement for the year the license is reinstated.

Subd. 7. **Board authority.** Applications for reinstatement and registrations reinstated under this section are subject to the same board authority under Minnesota Statutes, sections 148.10 and 214.103, as other applications and registrations issued by the board to deny, refuse to issue, revoke, suspend, condition, or limit a license or to take disciplinary or corrective action against a registrant or applicant for conduct that violates applicable law or professional standards.

Subd. 8. **Expiration.** This section expires on the date that rules adopted by the board removing the inactive status for chiropractic acupuncture registration reinstatement and establishing new chiropractic acupuncture registration reinstatement procedures become effective.

Sec. 23. **INTERIM ANIMAL CHIROPRACTIC REGISTRATION REINSTATEMENT PROCEDURES.**

Subdivision 1. **Scope.** This section applies to a chiropractor whose Minnesota animal chiropractic registration was canceled.

Subd. 2. **Application requirements.** At the time of application for reinstatement of an animal chiropractic registration, the applicant must:

(1) hold an active Minnesota chiropractic license;

(2) submit an application for reinstatement;

(3) pay the current renewal fee;

(4) submit license verification from each jurisdiction where the applicant holds or has held a chiropractic license; and

(5) complete any additional applicable requirements as established in subdivisions 3 and 4.

Subd. 3. **Reinstatement of canceled registration for registrant in good standing in another jurisdiction.** The Board of Chiropractic Examiners must reinstate the animal chiropractic registration of an applicant who holds an animal chiropractic credential that is equivalent to a Minnesota registration and in good standing in another jurisdiction if the applicant:

(1) completes all requirements in subdivision 2;

(2) provides verification of an animal acupuncture credential in good standing from each jurisdiction where the applicant is authorized to perform animal acupuncture; and

(3) provides verification of completing six continuing education units in animal chiropractic diagnosis and treatment in the year immediately preceding the application for reinstatement.

Subd. 4. **Reinstatement of canceled registration for registrant with no animal chiropractic credential in good standing in another jurisdiction.** The board must reinstate the registration of an applicant who does not meet the requirements of subdivision 3 if the applicant:

(1) completes all requirements in subdivision 2; and

(2) provides verification of completing six continuing education units related to animal chiropractic diagnosis and treatment for each year the applicant cannot verify an active animal chiropractic credential that is equivalent to a Minnesota registration and in good standing.

Subd. 5. **Continuing education in year of reinstatement.** A licensee must not use continuing education hours obtained for the purposes of applying for reinstatement of a canceled registration under this section to meet the annual hour requirement for the year the license is reinstated.

Subd. 6. **Board authority.** Applications for reinstatement and registrations reinstated under this section are subject to the same board authority under Minnesota Statutes, sections 148.10 and 214.103, as other applications and registrations issued by the board to deny, refuse to issue, revoke, suspend, condition, or limit a license or to take disciplinary or corrective action against a registrant or applicant for conduct that violates applicable law or professional standards.

Subd. 7. **Expiration.** This section expires on the date that rules adopted by the board removing the inactive status for animal chiropractic registration reinstatement and establishing new animal chiropractic registration reinstatement procedures become effective.

Sec. 24. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each provision of Minnesota Statutes listed in column A to the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering:

Column A	Column B
148.01, subdivision 1a	148.032, subdivision 1
148.01, subdivision 1b	148.032, subdivision 2
148.01, subdivision 1c	148.032, subdivision 3
148.01, subdivision 1d	148.032, subdivision 4
148.032, paragraphs (a) and (b)	148.032, subdivision 5, paragraphs (a) and (b)
148.032, paragraphs (c) and (d)	148.032, subdivision 6, paragraphs (a) and (b)
148.032, paragraph (e)	148.032, subdivision 7

Sec. 25. **REPEALER.**

(a) Minnesota Statutes 2024, section 151.741, subdivisions 2, 3, and 6, are repealed.

(b) Minnesota Rules, parts 2500.0100, subparts 5b, 6, and 12; 2500.1900; 2500.2020; 2500.2040; 2500.2100; 2500.2110; 6800.0400; and 6800.1150, are repealed.

ARTICLE 5

HEALTH CARE

Section 1. Minnesota Statutes 2024, section 62V.05, subdivision 7, is amended to read:

Subd. 7. **Agreements; consultation.** (a) The board shall:

(1) establish and maintain an agreement with the commissioner of human services for cost allocation and services regarding eligibility determinations and enrollment for public health care programs that use a modified adjusted gross income standard to determine program eligibility. The board may establish and maintain an agreement with the commissioner of human services for other services;

(2) establish and maintain an agreement with the commissioners of commerce and health for services regarding enforcement of MNsure certification requirements for health plans and dental

plans offered through MNsure. The board may establish and maintain agreements with the commissioners of commerce and health for other services; and

(3) establish interagency agreements to transfer funds to other state agencies for their costs related to implementing and operating MNsure, excluding medical assistance allocatable costs.

(b) The board shall consult with the commissioners of commerce and health regarding the operations of MNsure.

(c) The board shall consult with Indian tribes and organizations regarding the operation of MNsure.

~~(d) Beginning March 15, 2016, and each March 15 thereafter, the board shall submit a report to the chairs and ranking minority members of the committees in the senate and house of representatives with primary jurisdiction over commerce, health, and human services on all the agreements entered into with the chief information officer of the Department of Information Technology Services, or the commissioners of human services, health, or commerce in accordance with this subdivision. The report shall include the agency in which the agreement is with; the time period of the agreement; the purpose of the agreement; and a summary of the terms of the agreement. A copy of the agreement must be submitted to the extent practicable.~~

Sec. 2. Minnesota Statutes 2024, section 62V.13, is amended to read:

62V.13 EASY ENROLLMENT HEALTH INSURANCE OUTREACH PROGRAM.

Subdivision 1. **Establishment.** The board, in cooperation with the commissioner of revenue, must establish the easy enrollment health insurance outreach program to:

(1) reduce the number of uninsured Minnesotans and increase access to affordable health insurance coverage;

(2) allow the commissioner of revenue to provide return information, at the request of the taxpayer, to MNsure to provide the taxpayer with information about the taxpayer's potential eligibility for financial assistance and health insurance enrollment options through MNsure;

(3) allow MNsure to ~~estimate taxpayer potential eligibility for financial assistance for health insurance coverage~~ provide general information regarding potential eligibility for health insurance programs and financial assistance available through MNsure; and

(4) allow MNsure to conduct targeted outreach to assist interested taxpayer households in applying for and enrolling in affordable health insurance options through MNsure, including connecting interested taxpayer households with a navigator or broker for free enrollment assistance.

Subd. 2. **Screening for eligibility for insurance assistance.** Upon receipt of ~~and based on~~ return information received from the commissioner of revenue under section 270B.14, subdivision 22, MNsure may ~~make a projected assessment on whether the interested taxpayer's household may qualify for a financial assistance program for health insurance coverage~~ review the information to identify households that may benefit from health coverage through MNsure and provide general information on available coverage and financial assistance programs.

Subd. 3. **Outreach letter and special enrollment period.** (a) MNsure must provide a written letter ~~of the projected assessment under subdivision 2~~ with general information about health insurance coverage and financial assistance available through MNsure to a taxpayer who indicates to the commissioner of revenue that the taxpayer is interested in obtaining information on access to health insurance.

(b) MNsure must allow a special enrollment period for taxpayers who receive the outreach letter in paragraph (a) and are determined eligible to enroll in a qualified health plan through MNsure. The triggering event for the special enrollment period is the day the outreach letter under this subdivision is mailed to the taxpayer. An eligible individual, and their dependents, have 65 days from the triggering event to select a qualifying health plan and coverage for the qualifying health plan is effective the first day of the month after plan selection.

(c) Taxpayers who have a member of the taxpayer's household currently enrolled in a qualified health plan through MNsure are not eligible for the special enrollment under paragraph (b).

(d) MNsure must provide information to the general public about the easy enrollment health insurance outreach program and the special enrollment period described in this subdivision.

Subd. 4. **Appeals.** (a) ~~Projected~~ Any eligibility ~~assessments for financial assistance under this section are not appealable~~ information provided under this section is not appealable.

(b) Qualification for the special enrollment period under this section is appealable to MNsure under this chapter and Minnesota Rules, chapter 7700.

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

Sec. 3. Minnesota Statutes 2025 Supplement, section 256.9657, subdivision 2b, is amended to read:

Subd. 2b. **Hospital assessment.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "eligible hospital" means:

(i) PrairieCare psychiatric hospital; or

(ii) a hospital licensed under section 144.50, located in Minnesota, and with a Medicare cost report filed and showing in the Healthcare Cost Report Information System (HCRIS), except for the following:

(A) federal Indian Health Service facilities;

(B) state-owned or state-operated regional treatment centers and all state-operated services;

(C) federal Veterans Administration Medical Centers; and

(D) long-term acute care hospitals;

(2) "net outpatient revenue" means total outpatient revenue less Medicare revenue as calculated from:

(i) values on Worksheet G of the hospital's Medicare cost report; or

(ii) for PrairieCare psychiatric hospital, data available to the commissioner; and

(3) "total patient days" means total hospital inpatient days as reported on:

(i) Worksheet S-3 of the hospital's Medicare cost report; or

(ii) for PrairieCare psychiatric hospital, data available to the commissioner.

(b) Subject to paragraphs (m) to ~~(o)~~ (p), each eligible hospital must pay assessments to the hospital directed payment program account in the special revenue fund, with an aggregate annual assessment amount equal to the sum of the following:

(1) $120.22 multiplied by total patient days; and

(2) 5.96 percent of the hospital's net outpatient revenue.

(c) The assessment amount for calendar years 2026 and 2027 must be based on the total patient days and net outpatient revenue reflected on an eligible hospital's Medicare cost report as follows:

(1) an eligible hospital with a fiscal year ending on March 31 or June 30 must use data from a cost report from the hospital's fiscal year 2022; and

(2) an eligible hospital with a fiscal year ending on September 30 or December 31 must use data from a cost report from the hospital's fiscal year 2021.

(d) The annual assessment amount for calendar years after 2027 must be set for a two-year period and must be based on the total patient days and net outpatient revenue reflected on an eligible hospital's most recent Medicare cost report filed and showing in HCRIS as of August 1 of the year prior to the subsequent two-year period.

(e) The commissioner may, after consultation with the Minnesota Hospital Association, modify the rates of assessment in paragraph (b) as necessary to comply with federal law, obtain or maintain a waiver under Code of Federal Regulations, title 42, section 433.72, or otherwise maximize under this section federal financial participation for medical assistance. Notwithstanding the foregoing authorization to maximize federal financial participation for medical assistance, the commissioner must reduce the rates of assessment in paragraph (b) as necessary to ensure:

(1) the state's aggregated health care-related taxes on inpatient hospital services do not exceed 5.75 percent of the net patient revenue attributable to those services; and

(2) the state's aggregated health care-related taxes on outpatient hospital services do not exceed 5.75 percent of the net patient revenue attributable to those services.

(f) Eligible hospitals must pay the annual assessment amount under paragraph (b) to the commissioner by paying four equal, quarterly assessments. Eligible hospitals must pay the quarterly

assessments by January 1, April 1, July 1, and October 1 each year. Assessments must be paid in the form and manner specified by the commissioner. An eligible hospital is prohibited from paying a quarterly assessment until the eligible hospital has received the applicable invoice under paragraph (g).

(g) The commissioner must provide eligible hospitals with an invoice by December 1 for the assessment due January 1, March 1 for the assessment due April 1, June 1 for the assessment due July 1, and September 1 for the assessment due October 1 each year.

(h) The commissioner must notify each eligible hospital of the hospital's estimated annual assessment amount for the subsequent calendar year by October 15 each year.

(i) If any of the dates for assessments or invoices in paragraphs (f) to (h) fall on a holiday, the applicable date is the next business day.

(j) A hospital that has merged with another hospital must have the surviving hospital's assessment revised at the start of the hospital's first full fiscal year after the merger is complete. A closed hospital is retroactively responsible for assessments owed for services provided through the final date of operations.

(k) If the commissioner determines that a hospital has underpaid or overpaid an assessment, the commissioner must notify the hospital of the unpaid assessment or of any refund due. The commissioner must refund a hospital's overpayment from the hospital directed payment program account created in section 256B.1975, subdivision 1.

(l) Revenue from an assessment under this subdivision must only be used by the commissioner to pay the nonfederal share of the directed payment program under section 256B.1974.

(m) The commissioner is prohibited from collecting any assessment under this subdivision during any period of time when:

(1) federal financial participation is unavailable or disallowed, or if the approved aggregate federal financial participation for the directed payment under section 256B.1974 is less than 51 percent; or

(2) a directed payment under section 256B.1974 is not approved by the Centers for Medicare and Medicaid Services.

(n) The commissioner must make the following discounts from the inpatient portion of the assessment under paragraph (b), clause (1), in the stated amount or as necessary to achieve federal approval of the assessment in this section:

(1) Hennepin Healthcare, with a discount of 25 percent;

(2) Mayo Rochester, with a discount of ten percent;

(3) Gillette Children's Hospital, with a discount of 90 percent;

(4) each hospital not included in another discount category, and with greater than $200,000,000 in total medical assistance inpatient and outpatient revenue in fee-for-service and managed care, as

reported in state fiscal year 2022 medical assistance fee-for-service and managed care claims data, with a discount of five percent; and

(5) any hospital responsible for greater than 12 percent of the total assessment annually collected statewide, with a discount in the amount necessary such that the hospital is responsible for 12 percent of the total assessment annually collected statewide.

(o) The commissioner must make the following discounts from the outpatient portion of the assessment under paragraph (b), clause (2), in the stated amount or as necessary to achieve federal approval of the assessment in this section:

(1) each critical access hospital or independent hospital located outside a city of the first class and paid under the Medicare prospective payment system, with a discount of 40 percent;

(2) Gillette Children's Hospital, with a discount of 90 percent;

(3) Hennepin Healthcare, with a discount of 60 percent;

(4) Mayo Rochester, with a discount of 20 percent; and

(5) each hospital not included in another discount category, and with greater than $200,000,000 in total medical assistance inpatient and outpatient revenue in fee-for-service and managed care, as reported in state fiscal year 2022 medical assistance fee-for-service and managed care claims data, with a discount of ten percent.

(p) The commissioner must not impose any assessment under this subdivision on a hospital that does not receive payments under section 256B.1974.

~~(p)~~ (q) If the federal share of the hospital directed payment program under section 256B.1974 is increased as the result of an increase to the federal medical assistance percentage, the commissioner must reduce the assessment on a uniform percentage basis across eligible hospitals on which the assessment is imposed, such that the aggregate amount collected from hospitals under this subdivision does not exceed the total amount needed to maintain the same aggregate state and federal funding level for the directed payments authorized by section 256B.1974.

~~(q)~~ (r) Eligible hospitals must submit to the commissioner on an annual basis, in the form and manner specified by the commissioner in consultation with the Minnesota Hospital Association, all documentation necessary to determine the assessment amounts under this subdivision.

EFFECTIVE DATE. This section is effective the date that Laws 2025, First Special Session chapter 3, article 8, section 4, becomes effective.

Sec. 4. Minnesota Statutes 2024, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Hospital payment rates.** (a) For discharges occurring on or after November 1, 2014, hospital inpatient services for hospitals located in Minnesota shall be paid according to the following:

(1) critical access hospitals as defined by Medicare shall be paid using a cost-based methodology;

(2) long-term hospitals as defined by Medicare shall be paid on a per diem methodology under subdivision 25;

(3) rehabilitation hospitals or units of hospitals that are recognized as rehabilitation distinct parts as defined by Medicare shall be paid according to the methodology under subdivision 12; and

(4) all other hospitals shall be paid on a diagnosis-related group (DRG) methodology.

(b) For the period beginning January 1, 2011, through October 31, 2014, rates shall not be rebased, except that a Minnesota long-term hospital shall be rebased effective January 1, 2011, based on its most recent Medicare cost report ending on or before September 1, 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on December 31, 2010. For rate setting periods after November 1, 2014, in which the base years are updated, a Minnesota long-term hospital's base year shall remain within the same period as other hospitals.

(c) Effective for discharges occurring on and after November 1, 2014, payment rates for hospital inpatient services provided by hospitals located in Minnesota or the local trade area, except for the hospitals paid under the methodologies described in paragraph (a), clauses (2) and (3), shall be rebased, incorporating cost and payment methodologies in a manner similar to Medicare. The base year or years for the rates effective November 1, 2014, shall be calendar year 2012. The rebasing under this paragraph shall be budget neutral, ensuring that the total aggregate payments under the rebased system are equal to the total aggregate payments that were made for the same number and types of services in the base year. Separate budget neutrality calculations shall be determined for payments made to critical access hospitals and payments made to hospitals paid under the DRG system. Only the rate increases or decreases under subdivision 3a or 3c that applied to the hospitals being rebased during the entire base period shall be incorporated into the budget neutrality calculation.

(d) For discharges occurring on or after November 1, 2014, through the next rebasing that occurs, the rebased rates under paragraph (c) that apply to hospitals under paragraph (a), clause (4), shall include adjustments to the projected rates that result in no greater than a five percent increase or decrease from the base year payments for any hospital. Any adjustments to the rates made by the commissioner under this paragraph and paragraph (e) shall maintain budget neutrality as described in paragraph (c).

(e) For discharges occurring on or after November 1, 2014, the commissioner may make additional adjustments to the rebased rates, and when evaluating whether additional adjustments should be made, the commissioner shall consider the impact of the rates on the following:

(1) pediatric services;

(2) behavioral health services;

(3) trauma services as defined by the National Uniform Billing Committee;

(4) transplant services;

(5) obstetric services, newborn services, and behavioral health services provided by hospitals outside the seven-county metropolitan area;

(6) outlier admissions;

(7) low-volume providers; and

(8) services provided by small rural hospitals that are not critical access hospitals.

(f) Hospital payment rates established under paragraph (c) must incorporate the following:

(1) for hospitals paid under the DRG methodology, the base year payment rate per admission is standardized by the applicable Medicare wage index and adjusted by the hospital's disproportionate population adjustment;

(2) for critical access hospitals, payment rates for discharges between November 1, 2014, and June 30, 2015, shall be set to the same rate of payment that applied for discharges on October 31, 2014;

(3) the cost and charge data used to establish hospital payment rates must only reflect inpatient services covered by medical assistance; and

(4) in determining hospital payment rates for discharges occurring on or after the rate year beginning January 1, 2011, through December 31, 2012, the hospital payment rate per discharge shall be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years. In determining hospital payment rates for discharges in subsequent base years, the per discharge rates shall be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years.

(g) The commissioner shall validate the rates effective November 1, 2014, by applying the rates established under paragraph (c), and any adjustments made to the rates under paragraph (d) or (e), to hospital claims paid in calendar year 2013 to determine whether the total aggregate payments for the same number and types of services under the rebased rates are equal to the total aggregate payments made during calendar year 2013.

(h) Effective for discharges occurring on or after July 1, 2017, and every two years thereafter, payment rates under this section shall be rebased to reflect only those changes in hospital costs between the existing base year or years and the next base year or years. In any year that inpatient claims volume falls below the threshold required to ensure a statistically valid sample of claims, the commissioner may combine claims data from two consecutive years to serve as the base year. Years in which inpatient claims volume is reduced or altered due to a pandemic or other public health emergency shall not be used as a base year or part of a base year if the base year includes more than one year. Changes in costs between base years shall be measured using the lower of the hospital cost index defined in subdivision 1, paragraph (a), or the percentage change in the case mix adjusted cost per claim. The commissioner shall establish the base year for each rebasing period considering the most recent year or years for which filed Medicare cost reports are available, except that the base years for the rebasing effective July 1, 2023, are calendar years 2018 and 2019. The estimated change in the average payment per hospital discharge resulting from a scheduled rebasing must be calculated and made available to the legislature by January 15 of each year in which rebasing is scheduled to occur, and must include by hospital the differential in payment rates compared to the individual hospital's costs.

(i) Effective for discharges occurring on or after July 1, 2015, through December 31, 2026, inpatient payment rates for critical access hospitals located in Minnesota or the local trade area shall be determined using a new cost-based methodology. The commissioner shall establish within the methodology tiers of payment designed to promote efficiency and cost-effectiveness. Payment rates for hospitals under this paragraph shall be set at a level that does not exceed the total cost for critical access hospitals as reflected in base year cost reports. Until the next rebasing that occurs, the new methodology shall result in no greater than a five percent decrease from the base year payments for any hospital, except a hospital that had payments that were greater than 100 percent of the hospital's costs in the base year shall have their rate set equal to 100 percent of costs in the base year. The rates paid for discharges on and after July 1, 2016, covered under this paragraph shall be increased by the inflation factor in subdivision 1, paragraph (a). The new cost-based rate shall be the final rate and shall not be settled to actual incurred costs. Hospitals shall be assigned a payment tier based on the following criteria:

(1) hospitals that had payments at or below 80 percent of their costs in the base year shall have a rate set that equals 85 percent of their base year costs;

(2) hospitals that had payments that were above 80 percent, up to and including 90 percent of their costs in the base year shall have a rate set that equals 95 percent of their base year costs; and

(3) hospitals that had payments that were above 90 percent of their costs in the base year shall have a rate set that equals 100 percent of their base year costs.

~~(j) The commissioner may refine the payment tiers and criteria for critical access hospitals to coincide with the next rebasing under paragraph (h). The factors used to develop the new methodology may include, but are not limited to:~~

~~(1) the ratio between the hospital's costs for treating medical assistance patients and the hospital's charges to the medical assistance program;~~

~~(2) the ratio between the hospital's costs for treating medical assistance patients and the hospital's payments received from the medical assistance program for the care of medical assistance patients;~~

~~(3) the ratio between the hospital's charges to the medical assistance program and the hospital's payments received from the medical assistance program for the care of medical assistance patients;~~

~~(4) the statewide average increases in the ratios identified in clauses (1), (2), and (3);~~

~~(5) the proportion of that hospital's costs that are administrative and trends in administrative costs; and~~

~~(6) geographic location.~~

(j) Effective for discharges occurring on or after January 1, 2027, inpatient payment rates for critical access hospitals located in Minnesota or the local trade area must be determined using 100 percent of each hospital's base year costs. The base year costs must be increased by the percentage change in the Centers for Medicare and Medicaid Services Inpatient Hospital Market Basket between the base year and the payment year. Effective January 1, 2027, payments made by managed care plans and county-based purchasing plans must be at least equivalent to those paid by fee-for-service.

(k) Subject to subdivision 2g, effective for discharges occurring on or after January 1, 2024, the rates paid to hospitals described in paragraph (a), clauses (2) to (4), must include a rate factor specific to each hospital that qualifies for a medical education and research cost distribution under section 62J.692, subdivision 4, paragraph (a).

Sec. 5. Minnesota Statutes 2025 Supplement, section 256.969, subdivision 2f, is amended to read:

Subd. 2f. **Alternate inpatient payment rate.** (a) Effective January 1, 2022, for a hospital eligible to receive disproportionate share hospital payments under subdivision 9, paragraph (d), clause (6), the commissioner shall reduce the amount calculated under subdivision 9, paragraph (d), clause (6), by ~~99~~ one percent and compute an alternate inpatient payment rate. The alternate payment rate shall be structured to target a total aggregate reimbursement amount equal to what the hospital would have received for providing fee-for-service inpatient services under this section to patients enrolled in medical assistance had the hospital received the entire amount calculated under subdivision 9, paragraph (d), clause (6). This paragraph expires when paragraph (b) becomes effective.

(b) For hospitals eligible to receive payment under section 256B.1973 or 256B.1974 and meeting the criteria in subdivision 9, paragraph (d), the commissioner ~~must~~ may reduce the amount calculated under subdivision 9, paragraph (d), by one percent and compute an alternate inpatient payment rate. The alternate payment rate must be structured to target a total aggregate reimbursement amount equal to the amount that the hospital would have received for providing fee-for-service inpatient services under this section to patients enrolled in medical assistance had the hospital received 99 percent of the entire amount calculated under subdivision 9, paragraph (d). Hospitals that do not meet federal requirements for Medicaid disproportionate share hospitals are not eligible for the alternate payment rate.

EFFECTIVE DATE. This section is effective upon the date that Laws 2025, First Special Session chapter 3, article 8, section 5, becomes effective.

Sec. 6. Minnesota Statutes 2024, section 256.969, subdivision 25, is amended to read:

Subd. 25. **Long-term hospital rates.** (a) Long-term hospitals shall be paid on a per diem basis.

(b) For admissions occurring on or after April 1, 1995, a long-term hospital as designated by Medicare that does not have admissions in the base year shall have inpatient rates established at the average of other hospitals with the same designation. For subsequent rate-setting periods in which base years are updated, the hospital's base year shall be the first Medicare cost report filed with the long-term hospital designation and shall remain in effect until it falls within the same period as other hospitals.

(c) For admissions occurring on or after July 1, 2023, long-term hospitals must be paid the higher of ~~a per diem amount computed using the methodology described in subdivision 2b, paragraph (i), or~~ the per diem rate as of July 1, 2021~~.~~, or a per diem amount computed as follows:

(1) hospitals that had payments at or below 80 percent of the hospital's costs in the base year must have a rate set that equals 85 percent of the hospital's base year costs;

(2) hospitals that had payments that were above 80 percent up to and including 90 percent of the hospital's costs in the base year must have a rate set that equals 95 percent of the hospital's base year costs; and

(3) hospitals that had payments that were above 90 percent of the hospital's costs in the base year must have a rate set that equals 100 percent of the hospital's base year costs.

Sec. 7. Minnesota Statutes 2024, section 256B.056, subdivision 1, is amended to read:

Subdivision 1. **Residency.** (a) To be eligible for medical assistance, a person must reside in Minnesota, or, if absent from the state, be deemed to be a resident of Minnesota, in accordance with Code of Federal Regulations, title 42, section 435.403. A child who is placed in a family foster home in Minnesota by another state is a Minnesota resident in accordance with Minnesota's interstate agreements and Code of Federal Regulations, title 42, section 435.403(k). For the purposes of this paragraph, "family foster home" has the meaning given in section 260C.007, subdivision 16b.

(b) The commissioner shall identify individuals who are enrolled in medical assistance and who are absent from the state for more than 30 consecutive days, but who continue to qualify for medical assistance in accordance with paragraph (a).

(c) If the individual is absent from the state for more than 30 consecutive days but still deemed a resident of Minnesota in accordance with paragraph (a), any covered service provided to the individual must be paid through the fee-for-service system and not through the managed care capitated rate payment system under section 256B.69 or 256L.12.

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

Sec. 8. Minnesota Statutes 2025 Supplement, section 256B.0625, subdivision 8, is amended to read:

Subd. 8. **Physical therapy.** (a) Medical assistance covers physical therapy and related services. Specialized maintenance therapy is covered for recipients age 20 and under.

(b) Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate.

(c) Payment for physical therapy and related services is limited to 14 visits per year unless prior authorization of a greater number of visits is obtained. This paragraph expires upon the effective date of paragraph (d).

(d) Effective January 1, 2027, or upon federal approval, whichever is later, payment for physical therapy and related services is limited to the following number of visits per year unless prior authorization of a greater number of visits is obtained:

(1) for children following an inpatient or outpatient hospital-based surgery, 30 visits; and

(2) for all other recipients, 14 visits.

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

Sec. 9. Minnesota Statutes 2025 Supplement, section 256B.1973, subdivision 9, is amended to read:

Subd. 9. **Interaction with other directed payments.** (a) An eligible provider under subdivision 3 may participate in the hospital directed payment program under section 256B.1974 for inpatient hospital services, outpatient hospital services, or both. A provider participating in the hospital directed payment program must not receive a directed payment under this section for any provider classes paid via the hospital directed payment program. A hospital subject to this section must notify the commissioner in writing no later than 30 days after enactment of this subdivision of the hospital's intention to participate in the hospital directed payment program under section 256B.1974 for inpatient hospital services, outpatient hospital services, or both.

(b) The election under this subdivision is a onetime election, except that if an eligible provider elects to participate in the hospital directed payment program, and the hospital directed payment program expires or is not federally approved, the eligible provider may subsequently elect to participate in the directed payment under this section.

(c) If an eligible provider elects not to participate in the hospital directed payment program under section 256B.1974 and the federal statutes or regulations related to hospital directed payment programs are subsequently substantially changed, the eligible provider may elect to participate in the hospital directed payment program under section 256B.1974.

(d) The effective date of the election to participate in the hospital directed payment program under this section must align with the beginning of the calendar year in which payment rates under this section are updated. The eligible provider must notify the commissioner of the eligible provider's intention to make the election ten months before the effective date of the election.

Sec. 10. Minnesota Statutes 2025 Supplement, section 256B.69, subdivision 6d, is amended to read:

Subd. 6d. **Prescription drugs.** (a) The commissioner may exclude or modify coverage for prescription drugs from the prepaid managed care contracts entered into under this section in order to increase savings to the state by collecting additional prescription drug rebates.

(b) The contracts must maintain incentives for the managed care plan to manage drug costs and utilization and may require that the managed care plans maintain an open drug formulary. In order to manage drug costs and utilization, the contracts may authorize the managed care plans to use preferred drug lists and prior authorization. The contracts must require that the managed care plans enter into contracts with the state's selected pharmacy benefit manager vendor to administer the pharmacy benefit.

(c) This subdivision is contingent on federal approval of the managed care contract changes and the collection of additional prescription drug rebates.

(d) The commissioner must require that the final reimbursement to a pharmacy from managed care and county-based purchasing plans and any pharmacy benefit managers under contract with these entities be at least a dispensing fee of $11.55 per claim for prescriptions filled with drugs

meeting the definition of covered outpatient drugs. The commissioner must require the payment of a dispensing fee of at least $3.65 for drugs not meeting the definition of covered outpatient drug.

(e) In addition to the dispensing fee set forth in paragraph (d), the commissioner must require that the final reimbursement to a pharmacy from managed care and county-based purchasing plans and any pharmacy benefit managers under contract with these entities be equal to the ingredient cost for a drug as either:

(1) the lower of the National Average Drug Acquisition Cost (NADAC) or the Minnesota actual acquisition cost (MNAAC) under section 256B.0625, subdivision 13, paragraph (g);

(2) the maximum allowable cost, if a drug ingredient cost is unreported in the NADAC and the MNAAC; or

(3) the wholesale acquisition cost minus two percent, if a drug ingredient cost is unreported in the NADAC and the MNAAC and a maximum allowable cost is unavailable.

(f) The commissioner must monitor the effect of this requirement on access to pharmaceutical services in rural and underserved areas of the state. If, for any contract year, federal approval is not received for paragraphs (d) and (e), the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year to reflect removal of paragraphs (d) and (e). A contract between a managed care plan or county-based purchasing plan, or any pharmacy benefit manager under contract with one of those entities, and a provider to whom paragraphs (d) and (e) apply must allow recovery of payments from those providers if capitation rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount equal to any increase in rates that results from paragraphs (d) and (e). This subdivision expires if federal approval is not received for paragraphs (d) and (e) at any time.

(g) Paragraphs (d) to (g) expire upon the effective date of a master contract under section 256B.696. The commissioner shall notify the revisor of statutes of the effective date.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 11. Minnesota Statutes 2025 Supplement, section 256B.695, subdivision 5, is amended to read:

Subd. 5. **CARMA enrollment.** (a) Subject to ~~paragraphs~~ paragraph (d) ~~and (e)~~, eligible individuals must be automatically enrolled in CARMA, but may decline enrollment. Eligible individuals may enroll in fee-for-service medical assistance. Eligible individuals may change their CARMA elections on an annual basis.

(b) Eligible individuals must be able to enroll in CARMA through the selection process in accordance with the election period established in section 256B.69, subdivision 4, paragraph (e).

(c) Enrollees who were not previously enrolled in the medical assistance program or MinnesotaCare can change their selection once within the first year after enrollment in CARMA. Enrollees who were not previously enrolled in CARMA have 90 days to make a change and changes are allowed for additional special circumstances.

(d) The commissioner may not offer a second health plan to eligible individuals other than, ~~and~~ or in addition to, CARMA except that the commissioner may offer a second health plan to eligible individuals ~~when another health plan is~~ enrolling in MinnesotaCare, if required by federal law or rule. Eligible individuals who do not select a health plan at the time of enrollment must automatically be enrolled in CARMA.

(e) The commissioner may offer a replacement plan to eligible individuals, as determined by the commissioner, when counties administering CARMA have their contract terminated for cause.

~~(e)~~ (f) The commissioner may, on a county-by-county basis, offer a health plan other than~~, and in addition to,~~ CARMA to individuals who are eligible for both Medicare and medical assistance due to age, income, or disability if ~~the commissioner deems it necessary for enrollees to have another choice of health plan. Factors the commissioner must consider when determining if the other health plan is necessary include the number of available Medicare Advantage Plan options that are not special needs plans in the county, the size of the enrolling population, the additional administrative burden placed on providers and counties by multiple health plan options in a county, the need to ensure the viability and success of the CARMA program, and the impact to the medical assistance program~~ there is not already a health plan available under CARMA.

~~(f) In counties where the commissioner is required by federal law or elects to offer a second health plan other than CARMA pursuant to paragraphs (d) and (e), eligible enrollees who do not select a health plan at the time of enrollment must automatically be enrolled in CARMA.~~

(g) This subdivision supersedes section 256B.694.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 12. Minnesota Statutes 2024, section 256B.75, is amended to read:

256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.

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

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (9), shall be paid on a cost-based payment system that is based on the cost-finding methods and

allowable costs of the Medicare program. Effective for services provided on or after July 1, 2015, rates established for critical access hospitals under this paragraph for the applicable payment year shall be the final payment and shall not be settled to actual costs. Effective for services delivered on or after the first day of the hospital's fiscal year ending in 2017, the rate for outpatient hospital services shall be computed using information from each hospital's Medicare cost report as filed with Medicare for the year that is two years before the year that the rate is being computed. Rates shall be computed using information from Worksheet C series until the department finalizes the medical assistance cost reporting process for critical access hospitals. After the cost reporting process is finalized, rates shall be computed using information from Title XIX Worksheet D series. The outpatient rate shall be equal to ancillary cost plus outpatient cost, excluding costs related to rural health clinics and federally qualified health clinics, divided by ancillary charges plus outpatient charges, excluding charges related to rural health clinics and federally qualified health clinics. Effective for services delivered on or after January 1, 2024, the rates paid to critical access hospitals under this section must be adjusted to include the amount of any distributions under section 62J.692, subdivision 4, paragraph (a), that were not included in the rate adjustment described under section 256.969, subdivision 2b, paragraph (k).

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision. When implementing prospective payment methodologies, the commissioner shall use general methods and rate calculation parameters similar to the applicable Medicare prospective payment systems for services delivered in outpatient hospital and ambulatory surgical center settings unless other payment methodologies for these services are specified in this chapter.

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

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

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

(g) Critical access hospitals that convert to rural emergency hospitals in accordance with section 1861(kkk) of the Social Security Act must be paid the rate described in paragraph (b). The rate must be classified as either an outpatient hospital rate or a clinic rate as determined upon federal approval.

Sec. 13. Minnesota Statutes 2024, section 256L.05, subdivision 3, is amended to read:

Subd. 3. **Effective date of coverage.** (a) The effective date of coverage is the first day of the month following the month in which eligibility is approved and the first premium payment has been received. The effective date of coverage for new members added to the family is the first day of the month following the month in which the change is reported. All eligibility criteria must be met by the family at the time the new family member is added. The income of the new family member is included with the family's modified adjusted gross income and the adjusted premium begins in the month the new family member is added.

(b) The initial premium must be received by the last working day of the month for coverage to begin the first day of the following month.

(c) Notwithstanding any other law to the contrary, benefits under sections 256L.01 to 256L.18 are secondary to a plan of insurance or benefit program under which an eligible person may have coverage and the commissioner shall use cost avoidance techniques to ensure coordination of any other health coverage for eligible persons. The commissioner shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.

(d) The effective date of coverage for individuals or families who are exempt from paying premiums under section 256L.15, ~~subdivision~~ subdivisions 1~~, paragraph (c)~~ and 2, is the first day of the month following the month in which eligibility is approved.

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

Sec. 14. Minnesota Statutes 2024, section 256L.06, subdivision 3, is amended to read:

Subd. 3. **Commissioner's duties and payment.** (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain ~~eligibility~~ coverage in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.

(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month following the month for which the premium was due. Persons disenrolled for nonpayment may not reenroll prior to the first day of the month following the payment of an amount equal to ~~two months' premiums~~ one monthly premium.

(e) The commissioner shall forgive the past-due premium for persons disenrolled under paragraph (d) prior to issuing a premium invoice for the ~~fourth~~ next month ~~following disenrollment~~.

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

Sec. 15. Minnesota Statutes 2024, section 295.52, subdivision 8, is amended to read:

Subd. 8. **Contingent reduction in tax rate.** (a) By December 1 of each year, beginning in 2011, the commissioner of management and budget shall determine the projected balance in the health care access fund for the biennium.

(b) If the commissioner of management and budget determines that the projected balance in the health care access fund for the biennium reflects a ratio of revenues to expenditures and transfers greater than 125 percent, and if the actual cash balance in the fund is adequate, as determined by the commissioner of management and budget, the commissioner, in consultation with the ~~commissioner~~ commissioners of revenue and human services, shall reduce the tax rates levied under subdivisions 1, 1a, 2, 3, and 4, for the subsequent calendar year sufficient to reduce the structural balance in the fund. The rate may be reduced to the extent that the projected revenues for the biennium do not exceed 125 percent of expenditures and transfers. The new rate shall be rounded to the nearest one-tenth of one percent. The rate reduction under this paragraph expires at the end of each calendar year and is subject to an annual redetermination by the commissioner of management and budget.

(c) For purposes of the analysis defined in paragraph (b), the commissioner of management and budget shall include projected revenues.

Sec. 16. Laws 2025, First Special Session chapter 3, article 8, section 25, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective January 1, ~~2027~~ 2028, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 17. **REPEALER.**

Minnesota Statutes 2024, section 256B.198, is repealed.

ARTICLE 6

FEDERAL CONFORMITY

Section 1. Minnesota Statutes 2024, section 116J.035, is amended by adding a subdivision to read:

Subd. 9. **Disclosure to the commissioner of human services.** The commissioner may disclose workforce program participation data gathered under chapter 116L to the commissioner of human services for the purpose of administering section 256B.0562 without the consent of the subject of the data.

Sec. 2. Minnesota Statutes 2024, section 256.01, is amended by adding a subdivision to read:

Subd. 46. **Health care eligibility oversight unit.** (a) The commissioner shall establish and maintain a Department of Human Services health care eligibility oversight unit responsible for collaboration at a regional level to ensure federal and state Medicaid eligibility requirements are consistently applied by all processing entities.

(b) The oversight unit must monitor compliance, identify systemic issues, and provide guidance and technical assistance to lead agencies.

(c) The commissioner shall require lead agencies to work directly with the oversight unit on corrective action planning and implementation to achieve compliance and strengthen performance outcomes.

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

Sec. 3. Minnesota Statutes 2024, section 256B.04, subdivision 27, is amended to read:

Subd. 27. **Disenrollment under medical assistance and MinnesotaCare.** (a) The commissioner shall regularly obtain and use information from reliable data sources, including but not limited to managed care and county-based purchasing plans, state health and human services programs, mail returned by the United States Postal Service with a forwarding address, and the National Change of Address database maintained by the United States Postal Service, to update mailing addresses and other contact information for medical assistance and MinnesotaCare enrollees ~~in cases of returned mail and nonresponse using information available through managed care and county-based purchasing plans, state health and human services programs, and other sources~~.

(b) The commissioner shall not disenroll an individual from medical assistance or MinnesotaCare in cases of returned mail until the commissioner makes at least two attempts by phone, email, or other methods to contact the individual. The commissioner may disenroll the individual after providing no less than 30 days for the individual to respond to the most recent contact attempt.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 4. Minnesota Statutes 2024, section 256B.05, subdivision 5, is amended to read:

Subd. 5. **Obligation of local agency to process medical assistance applications within established timelines.** (a) The local agency must act on an application for medical assistance within ten working days of receipt of all information needed to act on the application but no later than required under Minnesota Rules, part 9505.0090, subparts 2 and 3.

(b) A local agency must notify the commissioner within five calendar days when the local agency fails to meet at least 80 percent of the local agency's monthly application and redetermination deadlines.

Sec. 5. Minnesota Statutes 2024, section 256B.05, is amended by adding a subdivision to read:

Subd. 6. **Authority to intervene.** Upon receiving a notice from a local agency pursuant to subdivision 5, paragraph (b), the commissioner may provide support to the local agency to timely process the local agency's outstanding applications and redeterminations.

Sec. 6. Minnesota Statutes 2024, section 256B.056, subdivision 2a, is amended to read:

Subd. 2a. **Home equity limit for medical assistance payment of long-term care services.** (a) Effective for requests of medical assistance payment of long-term care services filed on or after July 1, 2006, and for renewals on or after July 1, 2006, for persons who received payment of long-term care services under a request filed on or after January 1, 2006, the equity interest in the home of a person whose eligibility for long-term care services is determined on or after January 1, 2006, shall not exceed $500,000, unless it is the lawful residence of the person's spouse or child who is under age 21, or a child of any age who is blind or permanently and totally disabled as defined in the Supplemental Security Income program. The amount specified in this paragraph shall be increased beginning in year 2011, from year to year based on the percentage increase in the Consumer Price Index for all urban consumers (all items; United States city average), rounded to the nearest $1,000.

(b) Effective January 1, 2028, the amount specified in paragraph (a) must not exceed $1,000,000.

~~(b)~~ (c) For purposes of this subdivision, a "home" means any real or personal property interest, including an interest in an agricultural homestead as defined under section 273.124, subdivision 1, that, at the time of the request for medical assistance payment of long-term care services, is the primary dwelling of the person or was the primary dwelling of the person before receipt of long-term care services began outside of the home.

~~(c)~~ (d) A person denied or terminated from medical assistance payment of long-term care services because the person's home equity exceeds the home equity limit may seek a waiver based upon a hardship by filing a written request with the county agency. Hardship is an imminent threat to the person's health and well-being that is demonstrated by documentation of no alternatives for payment of long-term care services. The county agency shall make a decision regarding the written request to waive the home equity limit within 30 days if all necessary information has been provided. The county agency shall send the person and the person's representative a written notice of decision on the request for a demonstrated hardship waiver that also advises the person of appeal rights under the fair hearing process of section 256.045.

Sec. 7. Minnesota Statutes 2024, section 256B.056, subdivision 3d, is amended to read:

Subd. 3d. **Reduction of excess assets.** Assets in excess of the limits in subdivisions 3 to 3c may be reduced to allowable limits as follows:

(a) Assets may be reduced in ~~any of the three~~ either one or two calendar months before the month of application in which the applicant seeks coverage, according to the applicant's retroactive eligibility under section 256B.061 by paying bills for health services that are incurred in the retroactive period for which the applicant seeks eligibility, starting with the oldest bill. After assets are reduced to allowable limits, eligibility begins with the next dollar of MA-covered health services incurred in the retroactive period. Applicants reducing assets under this subdivision who also have excess income shall first spend excess assets to pay health service bills and may meet the income spenddown on remaining bills.

(b) Assets may be reduced beginning the month of application by paying bills for health services that are incurred during the period specified in Minnesota Rules, part 9505.0090, subpart 2, that would otherwise be paid by medical assistance. After assets are reduced to allowable limits, eligibility begins with the next dollar of medical assistance covered health services incurred in the period.

Applicants reducing assets under this subdivision who also have excess income shall first spend excess assets to pay health service bills and may meet the income spenddown on remaining bills.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 8. Minnesota Statutes 2024, section 256B.056, subdivision 7, is amended to read:

Subd. 7. **Period of eligibility.** (a) Except as provided in paragraphs (b), (c), and (e), medical assistance enrollees are eligible for 12 months. Until December 31, 2027, eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. ~~A redetermination of eligibility must occur every 12 months.~~ Effective January 1, 2028, eligibility is available for the month of application and for:

~~(b) Notwithstanding any other law to the contrary:~~

~~(1) a child under 19 years of age who is determined eligible for medical assistance must remain eligible for a period of 12 months;~~

~~(2) a child 19 years of age and older but under 21 years of age who is determined eligible for medical assistance must remain eligible for a period of 12 months; and~~

(1) one month prior to application for an individual described in paragraph (e) if the individual was eligible for medical assistance in the prior month; or

(2) two months prior to application for all other individuals eligible for medical assistance if the individual was eligible in those prior months.

~~(3)~~ (b) A child under six years of age who is determined eligible for medical assistance must remain eligible through the month in which the child reaches six years of age.

(c) A child's eligibility under paragraph (b) may be terminated earlier if:

(1) the child or the child's representative requests voluntary termination of eligibility;

(2) the child ceases to be a resident of this state;

(3) the child dies;

(4) the child attains the maximum age; or

(5) the agency determines eligibility was erroneously granted at the most recent eligibility determination due to agency error or fraud, abuse, or perjury attributed to the child or the child's representative.

(d) For ~~a person~~ an individual eligible for an insurance affordability program as defined in section 256B.02, subdivision 19, who reports a change that makes the ~~person~~ individual eligible for medical assistance, eligibility is available for the month the change was reported and ~~for three months prior to the month the change was reported, if the person was eligible in those prior months.~~:

(1) until December 31, 2027, for three months prior to the month the change was reported; and

(2) effective January 1, 2028, for:

(i) one month prior to the month the change was reported for an individual described in paragraph (e); or

(ii) two months prior to the month the change was reported for all other individuals eligible for medical assistance if the individual was eligible in the prior month or months.

(e) The period of eligibility for a person subject to six-month eligibility redeterminations under Public Law 119-21, section 71107, is six months.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 9. Minnesota Statutes 2024, section 256B.056, subdivision 7a, is amended to read:

Subd. 7a. **Periodic renewal of eligibility.** (a) Except as provided in paragraphs (d) and (e), the commissioner shall make an annual redetermination of eligibility based on information contained in the enrollee's case file and other information available to the agency, including but not limited to information accessed through an electronic database, without requiring the enrollee to submit any information when sufficient data is available for the agency to renew eligibility.

(b) If the commissioner cannot renew eligibility in accordance with paragraph (a), the commissioner must provide the enrollee with a prepopulated renewal form containing eligibility information available to the agency and permit the enrollee to submit the form with any corrections or additional information to the agency and sign the renewal form via any of the modes of submission specified in section 256B.04, subdivision 18.

(c) An enrollee who is terminated for failure to complete the renewal process may subsequently submit the renewal form and required information within four months after the date of termination and have coverage reinstated without a lapse, if otherwise eligible under this chapter. The local agency may close the enrollee's case file if the required information is not submitted within four months of termination.

(d) ~~Notwithstanding paragraph (a),~~ A person who is eligible under subdivision 5 ~~shall be~~ is subject to a review of the person's income every six months.

(e) A person subject to six-month eligibility redeterminations under Public Law 119-21, section 71107, is subject to a redetermination of eligibility every six months.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 10. Minnesota Statutes 2024, section 256B.0561, subdivision 2, is amended to read:

Subd. 2. **Periodic data matching.** (a) The commissioner shall conduct periodic data matching to identify recipients who, based on available electronic data, may not meet eligibility criteria for the public health care program in which the recipient is enrolled. The commissioner shall conduct data matching for medical assistance or MinnesotaCare recipients at least once during a recipient's 12-month period of eligibility, except as provided in paragraph (f).

(b) If data matching indicates a recipient may no longer qualify for medical assistance or MinnesotaCare, the commissioner must notify the recipient and allow the recipient no more than 30 days to confirm the information obtained through the periodic data matching or provide a reasonable explanation for the discrepancy to the state or county agency directly responsible for the recipient's case. If a recipient does not respond within the advance notice period or does not respond with information that demonstrates eligibility or provides a reasonable explanation for the discrepancy within the 30-day time period, the commissioner shall terminate the recipient's eligibility in the manner provided for by the laws and regulations governing the health care program for which the recipient has been identified as being ineligible.

(c) The commissioner shall not terminate eligibility for a recipient who is cooperating with the requirements of paragraph (b) and needs additional time to provide information in response to the notification.

(d) A recipient whose eligibility was terminated according to paragraph (b) may be eligible for medical assistance no earlier than the first day of the month in which the recipient provides information that demonstrates the recipient's eligibility.

(e) Any termination of eligibility for benefits under this section may be appealed as provided for in sections 256.045 to 256.0451, and the laws governing the health care programs for which eligibility is terminated.

(f) Effective January 1, 2027, a person subject to six-month eligibility redeterminations under Public Law 119-21, section 71107, is exempt from periodic data matching under this subdivision.

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

Sec. 11. **[256B.0562] WORK OR COMMUNITY ENGAGEMENT REQUIREMENTS.**

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

(b) "Applicable individual" has the meaning given in Public Law 119-21, section 71119, paragraph (9).

(c) "Short-term hardship event" means an event in which a person:

(1) receives inpatient hospital or nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or other services of similar acuity;

(2) resides in a county in which there is an emergency or disaster declared by the President of the United States pursuant to the National Emergencies Act or the Robert T. Stafford Disaster Relief and Emergency Assistance Act;

(3) resides in a county that has an unemployment rate at or above the lesser of:

(i) eight percent; or

(ii) 1.5 times the national unemployment rate; or

(4) must travel, or the person's dependent must travel, outside of the person's community for an extended period of time to receive medical services that are not available within the community of residence necessary to treat a serious or complex medical condition of the person or the person's dependent.

Subd. 2. **Application.** To be eligible for medical assistance, an applicable individual applying for medical assistance must either demonstrate work or community engagement or meet an exemption in accordance with Public Law 119-21, section 71119, for the month immediately preceding the month during which the person submits an application for medical assistance.

Subd. 3. **Renewal requirement.** (a) To renew eligibility, an applicable individual must either demonstrate work or community engagement or meet an exemption in accordance with Public Law 119-21, section 71119, for at least one month during the person's previous period of eligibility.

(b) The commissioner must notify an applicable individual of the renewal requirement in paragraph (a) at least 75 days prior to the individual's renewal date.

Subd. 4. **Short-term hardship events.** A person is deemed to have met the requirement to demonstrate work or community engagement for a given month under subdivisions 2 and 3 if (1) the person experiences a short-term hardship event for part or all of that month, and (2) for purposes of a short-term hardship described in subdivision 1, paragraph (c), clause (1) or (4), the person submits a request to the commissioner.

Subd. 5. **Noncompliance procedure.** Before denying or terminating medical assistance eligibility for failure to demonstrate work or community engagement or meet an exemption, the commissioner must comply with the procedures in the case of noncompliance set forth in Public Law 119-21, section 71119, paragraph (6).

Subd. 6. **Interpretation of federal law.** (a) In all cases where an obligation imposed on the commissioner under Public Law 119-21, section 71119, is materially ambiguous, the commissioner must construe the ambiguity in the light most favorable to the applicant, enrollee, or disenrollee, as applicable. For purposes of this subdivision, an obligation on the commissioner includes but is not limited to an obligation respecting the following:

(1) enrollee notice and outreach;

(2) demonstration of work or community engagement;

(3) medical frailty;

(4) fair hearing rights;

(5) the provision of medical assistance benefits or coverage;

(6) submission documentation, including self-attestations of eligibility or exemption;

(7) eligibility or termination determinations;

(8) short-term hardship requests; and

(9) timing.

(b) Paragraph (a) does not require the commissioner to take any action that the commissioner determines:

(1) is more likely than not to result in a loss of federal financial participation;

(2) would be clearly impractical, absurd, or unreasonably detrimental to the medical assistance program or another insurance affordability program; or

(3) relies on an unreasonable interpretation of federal law.

(c) Prior to the interpretation of an ambiguity under paragraph (a), the commissioner must, in order to determine the reasonable interpretation of the applicable federal law most favorable to an applicant, enrollee, or disenrollee:

(1) consult with the health care eligibility oversight unit established in section 256.01;

(2) consult with the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy; and

(3) take best efforts to consult with, and receive guidance from, the Centers for Medicare and Medicaid Services.

Subd. 7. **Expedited rulemaking authority.** The commissioner may adopt rules necessary to implement and administer this section using the expedited rulemaking process under section 14.389. The 18-month time limit under section 14.125 does not apply to the rulemaking authority under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 12. **[256B.0563] REVIEW OF DEATH MASTER FILE.**

Subdivision 1. **Definition.** For purposes of this section, "death master file" means information about deceased individuals maintained by the Social Security Administration under United States Code, title 42, section 1306c(d), or any successor system.

Subd. 2. **Review of the death master file.** (a) Beginning January 1, 2027, the commissioner must review the death master file at least quarterly to identify any medical assistance recipients who are deceased.

(b) If review of the death master file or any other source indicates that a recipient is deceased, the commissioner must:

(1) terminate the recipient's eligibility for medical assistance in the manner provided for by the laws and regulations governing medical assistance;

(2) notify the recipient and the recipient's representative no later than the date of the termination; and

(3) discontinue any payments to providers under this chapter made on behalf of the recipient as of the date of the termination.

(c) If the commissioner determines that a recipient was misidentified as deceased and erroneously disenrolled from medical assistance based on information obtained from the death master file or any other source, the commissioner must immediately re-enroll the individual in medical assistance retroactive to the date of termination under paragraph (b).

Subd. 3. **Review of other sources.** Nothing in this section prevents the commissioner from reviewing other sources to identify recipients of medical assistance who are deceased, provided the commissioner is in compliance with this section and all other requirements under this chapter related to medical assistance eligibility determination and redetermination.

Sec. 13. Minnesota Statutes 2024, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Except as provided in paragraph (c), eligibility for medical assistance is limited to citizens and nationals of the United States~~, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States~~ and noncitizens who are eligible for coverage with federal financial participation provided by Medicaid or the Children's Health Insurance Program. Noncitizens who are eligible for federal financial participation include but are not limited to:

(1) children and pregnant women who are lawfully residing in the United States as provided by section 214 of the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3, and who otherwise meet eligibility requirements of this chapter; and

(2) pregnant noncitizens who are ineligible for federal financial participation because of immigration status; who are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310; and who otherwise meet the eligibility requirements of this chapter. These individuals are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 12 months postpartum.

(b) Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(c) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and who are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph are not required to participate in prepaid medical assistance. The nonprofit center referenced in this paragraph may establish itself as a provider of mental health targeted case management services through a county contract under section 256.0112, subdivision 6. If the nonprofit center is unable to secure a contract with a lead county in its service area, then, notwithstanding the requirements of section 256B.0625, subdivision 20, the commissioner may negotiate a contract with the nonprofit center for provision of mental health targeted case management services. When serving clients who are not the financial responsibility of their contracted lead county, the nonprofit center must gain the concurrence of the county of financial responsibility prior to providing mental health targeted case management services for those clients.

~~(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:~~

~~(1) admitted for lawful permanent residence according to United States Code, title 8;~~

~~(2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;~~

~~(3) granted asylum according to United States Code, title 8, section 1158;~~

~~(4) granted withholding of deportation according to United States Code, title 8, section 1253(h);~~

~~(5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);~~

~~(6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);~~

~~(7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;~~

~~(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or~~

~~(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.~~

~~(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.~~

~~(d) Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:~~

~~(1) refugees admitted to the United States according to United States Code, title 8, section 1157;~~

~~(2) persons granted asylum according to United States Code, title 8, section 1158;~~

~~(3) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);~~

~~(4) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or~~

~~(5) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.~~

~~Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or who are lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.~~

~~(e)~~ (d) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs ~~(f)~~ (e) to ~~(h)~~ (g). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

~~(f)~~ (e) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition.

~~(g)~~ (f) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

~~(h)~~ (g)(1) Notwithstanding paragraph ~~(g)~~ (f), services that are necessary for the treatment of an emergency medical condition are limited to the following:

(i) services delivered in an emergency room or by an ambulance service licensed under chapter 144E that are directly related to the treatment of an emergency medical condition;

(ii) services delivered in an inpatient hospital setting following admission from an emergency room or clinic for an acute emergency condition; and

(iii) follow-up services that are directly related to the original service provided to treat the emergency medical condition and are covered by the global payment made to the provider.

(2) Services for the treatment of emergency medical conditions do not include:

(i) services delivered in an emergency room or inpatient setting to treat a nonemergency condition;

(ii) organ transplants, stem cell transplants, and related care;

(iii) services for routine prenatal care;

(iv) continuing care, including long-term care, nursing facility services, home health care, adult day care, day training, or supportive living services;

(v) elective surgery;

(vi) outpatient prescription drugs, unless the drugs are administered or dispensed as part of an emergency room visit;

(vii) preventative health care and family planning services;

(viii) rehabilitation services;

(ix) physical, occupational, or speech therapy;

(x) transportation services;

(xi) case management;

(xii) prosthetics, orthotics, durable medical equipment, or medical supplies;

(xiii) dental services;

(xiv) hospice care;

(xv) audiology services and hearing aids;

(xvi) podiatry services;

(xvii) chiropractic services;

(xviii) immunizations;

(xix) vision services and eyeglasses;

(xx) waiver services;

(xxi) individualized education programs; or

(xxii) substance use disorder treatment.

~~(i) Pregnant noncitizens who are ineligible for federally funded medical assistance because of immigration status, are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 12 months postpartum.~~

~~(j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance. The nonprofit center referenced under this paragraph may establish itself as a provider of mental health targeted case management services through a county contract under section 256.0112, subdivision 6. If the nonprofit center is unable to secure a contract with a lead county in its service area, then, notwithstanding the requirements of section 256B.0625, subdivision 20, the commissioner may negotiate a contract with the nonprofit center for provision of mental health targeted case management services. When serving clients who are not the financial responsibility of their contracted lead county, the nonprofit center must gain the concurrence of the county of financial responsibility prior to providing mental health targeted case management services for those clients.~~

~~(k)~~ (h) Notwithstanding paragraph ~~(h)~~ (g), clause (2), the following services are covered as emergency medical conditions under paragraph ~~(f)~~ (e) except where coverage is prohibited under federal law for services under clauses (1) and (2):

(1) dialysis services provided in a hospital or freestanding dialysis facility;

(2) surgery and the administration of chemotherapy, radiation, and related services necessary to treat cancer if the recipient has a cancer diagnosis that is not in remission and requires surgery, chemotherapy, or radiation treatment; and

(3) kidney transplant if the person has been diagnosed with end stage renal disease, is currently receiving dialysis services, and is a potential candidate for a kidney transplant.

~~(l)~~ (i) Effective July 1, 2013, recipients of emergency medical assistance under this subdivision are eligible for coverage of the elderly waiver services provided under chapter 256S, and coverage of rehabilitative services provided in a nursing facility. The age limit for elderly waiver services does not apply. In order to qualify for coverage, a recipient of emergency medical assistance is subject to the assessment and reassessment requirements of section 256B.0911. Initial and continued enrollment under this paragraph is subject to the limits of available funding.

Sec. 14. Minnesota Statutes 2024, section 256B.061, is amended to read:

256B.061 ELIGIBILITY; RETROACTIVE EFFECT; RESTRICTIONS.

(a) If any individual has been determined to be eligible for medical assistance and is subject to six-month eligibility redeterminations under Public Law 119-21, section 71107, ~~it~~ medical assistance will be made available for care and services included under the plan and furnished in or after the ~~third~~ first month before the month in which the individual made application for such assistance~~,~~ if such individual was, or upon application would have been, eligible for medical assistance at the time the care and services were furnished.

(b) If any individual has been determined to be eligible for medical assistance and is not subject to six-month eligibility redeterminations under Public Law 119-21, section 71107, medical assistance will be made available for care and services included under the plan and furnished in or after the second month before the month in which the individual made application for such assistance if such individual was, or upon application would have been, eligible for medical assistance at the time the care and services were furnished.

(c) The commissioner may limit, restrict, or suspend the eligibility of an individual for up to one year upon that individual's conviction of a criminal offense related to application for or receipt of medical assistance benefits.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 15. Minnesota Statutes 2024, section 256B.0631, subdivision 1a, is amended to read:

Subd. 1a. **Prohibition on cost-sharing and deductibles.** ~~Effective January 1, 2024~~ Except for recipients eligible under section 256B.055, subdivision 15, the medical assistance benefit plan must not include cost-sharing or deductibles for any medical assistance recipient or benefit.

Sec. 16. Minnesota Statutes 2024, section 256B.0631, is amended by adding a subdivision to read:

Subd. 5. **Cost sharing.** (a) Effective for services provided on or after October 1, 2028, except as provided in subdivision 6, the medical assistance benefit plan includes the following cost sharing for recipients eligible under section 256B.055, subdivision 15, with income above 100 percent of the federal poverty level:

(1) $3 per nonpreventive visit, except as provided in paragraph (c). For purposes of this subdivision, a visit means an episode of service that is required because of a recipient's symptoms, diagnosis, or established illness, and that is delivered in an ambulatory setting by a physician or physician assistant, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) $3.50 for nonemergency visits to a hospital-based emergency room; and

(3) $3 per brand-name drug prescription, $1 per generic drug prescription, and $1 per prescription for a brand-name multisource drug listed in preferred status on the preferred drug list, subject to a $12 maximum per month for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness.

(b) Cost sharing for prescription drugs and related medical supplies to treat chronic disease must comply with the requirements of section 62Q.481.

(c) A person eligible for medical assistance under section 256B.055, subdivision 15, is responsible for all co-payments and deductibles in this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 17. Minnesota Statutes 2024, section 256B.0631, is amended by adding a subdivision to read:

Subd. 6. **Exceptions.** Co-payments and deductibles are subject to the exceptions and limits required by Public Law 119-21, section 71120.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 18. Minnesota Statutes 2024, section 256B.0631, is amended by adding a subdivision to read:

Subd. 7. **Collection.** (a) The medical assistance reimbursement to the provider must be reduced by the amount of the co-payment or deductible, except that reimbursements must not be reduced:

(1) once a recipient has reached the $12 maximum per month for prescription drug co-payments; or

(2) for a recipient who has met the recipient's monthly five percent cost-sharing limit.

(b) The provider collects the co-payment or deductible from the recipient. Providers must not deny services to recipients who are unable to pay the co-payment or deductible.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 19. Minnesota Statutes 2025 Supplement, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

(1) state and federal agencies specifically authorized access to the data by state or federal law;

(2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;

(3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;

(4) the public authority responsible for child support in Minnesota or any other state in accordance with section 518A.83;

(5) human rights agencies within Minnesota that have enforcement powers;

(6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;

(7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(8) the Department of Labor and Industry, the Department of Commerce, and the Bureau of Criminal Apprehension for uses consistent with the administration of their duties under Minnesota law;

(9) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient or provider fraud and employees of providers when the provider is suspected of committing public assistance fraud;

(10) the Department of Human Services for the purpose of evaluating medical assistance services ~~and~~, supporting program improvement, and administering section 256B.0562;

(11) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program and other cash assistance programs, the Supplemental Nutrition Assistance Program, and the Supplemental Nutrition Assistance Program Employment and Training program by providing data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256,

256D, 256J, or 256K, child care assistance under chapter 142E, or medical programs under chapter 256B or 256L or formerly codified under chapter 256D;

(12) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;

(13) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(14) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(15) the Department of Health for the purposes of epidemiologic investigations;

(16) the Department of Corrections for the purposes of case planning and internal research for preprobation, probation, and postprobation employment tracking of offenders sentenced to probation and preconfinement and postconfinement employment tracking of committed offenders;

(17) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201;

(18) the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System;

(19) the Family and Medical Benefits Division of the Department of Employment and Economic Development to be used as necessary to administer chapter 268B; and

(20) the executive director or interim executive director of the Minnesota Secure Choice Retirement Program established under chapter 187 for the purposes of assisting with communication with employers and to verify employer compliance with chapter 187.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 20. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; NOTIFICATION TO MEDICAL ASSISTANCE RECIPIENTS.**

By October 1, 2026, the commissioner of human services must notify medical assistance recipients who are enrolled under Minnesota Statutes, section 256B.055, subdivision 15, that they may be eligible for medical assistance under a disability determination. The notification must include

information about how the recipient can request a determination of disability and an explanation about the changes to medical assistance eligibility that go into effect January 1, 2027.

ARTICLE 7

MEDICAL ASSISTANCE FRAUD PREVENTION

Section 1. Minnesota Statutes 2024, section 8.16, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The attorney general, or any deputy, assistant, or special assistant attorney general whom the attorney general authorizes in writing, has the authority in any county of the state to subpoena and require the production of: (1) any records of: (i) telephone companies, cellular phone companies, and paging companies~~,~~; (ii) subscribers of private computer networks, including Internet service providers or computer bulletin board systems~~,~~; (iii) electric companies, gas companies, and water utilities~~,~~; (iv) chemical suppliers~~,~~; (v) hotels and motels~~,~~; (vi) pawn shops~~,~~; (vii) airlines, buses, taxis, and other entities engaged in the business of transporting people~~,~~; and (viii) freight companies, self-service storage facilities, warehousing companies, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery~~, and~~; (2) wage and employment records relating to an investigation conducted under the attorney general's authority under section 256B.12; (3) records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies; (4) insurance records related to claim settlement relating to an investigation conducted under the attorney general's authority under section 256B.12; and (5) banking, credit card, and financial records, including but not limited to a safe deposit, loan and account application and agreement, signature card, statement, check, transfer, account authorization, safe deposit access record, and documentation of fraud, that belong to the subject of an investigation conducted pursuant to the attorney general's authority under section 256B.12, whether the record is held in the investigation subject's name or in another person's name.

(b) Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation.

Sec. 2. Minnesota Statutes 2025 Supplement, section 256B.12, is amended to read:

256B.12 LEGAL REPRESENTATION.

The attorney general or the appropriate county attorney appearing at the direction of the attorney general shall be the attorney for the state agency, and the county attorney of the appropriate county shall be the attorney for the county agency in all matters pertaining hereto. To prosecute under this chapter or sections ~~609.466~~ 609.467; 609.52, subdivision 2; and 609.542 or to recover payments wrongfully made under this chapter, the attorney general or the appropriate county attorney, acting independently or at the direction of the attorney general may institute a criminal or civil action.

Sec. 3. **[609.467] MEDICAL ASSISTANCE FRAUD.**

Subdivision 1. **Medical assistance fraud prohibited.** A person who does any of the following is guilty of medical assistance fraud and may be sentenced as provided in subdivision 2:

(1) acting with intent to defraud, executes or participates in, or attempts or conspires to execute or participate in, a scheme or artifice to obtain, by means of any false or fraudulent pretenses, representations, or promises, or concealment of any material fact, any money or credits relating to the payment of medical assistance funds under chapter 256B;

(2) acting with intent to defraud, presents, submits, tenders, offers, or participates in, or attempts or conspires to execute or participate in, the preparation of a claim for payment, claim for reimbursement, cost report, or rate application, knowing or having reason to know that any part of the claim, report, or application is ineligible for payment or reimbursement;

(3) acting with intent to defraud, knowingly provides false information or intentionally omits material information as part of any enrollment application, provider agreement, or ownership and management disclosure required by any state or federal law as a medical assistance provider under chapter 245A or 256B;

(4) owns, operates, manages, or exercises control over any entity receiving medical assistance money, while knowing or having reason to know that the person has been suspended or prohibited from enrolling as a medical assistance provider by any state agency or under any state law or is excluded or prohibited from enrolling as a medical assistance provider by any federal agency or under any federal law;

(5) knowingly and intentionally permits another person to own, operate, manage, or exercise control over any entity receiving medical assistance money, while knowing or having reason to know the other person is suspended or prohibited from enrolling as a medical assistance provider by any state agency or under any state law or is excluded or prohibited from enrolling as a medical assistance provider by any federal agency or under any federal law;

(6) falsely makes or alters any record relating to the delivery of medical assistance services so that the record purports to have been made by another person or by the maker or alterer under an assumed or fictitious name, or at another time, or with different provisions, or by the authority of a person who did not give such authority;

(7) acting with intent to defraud, presents, submits, tenders, offers, or participates in, or attempts or conspires to participate in, the preparation of a claim for reimbursement for personal care assistance services under section 256B.0659 or community first services and supports under section 256B.85, knowing or having reason to know that required conditions for payment under chapter 256B were not met, including applicable service authorization, service delivery plan, documentation, training, supervision, evaluation, or other program requirements; or

(8) after receiving a lawful request for records by any state agency or law enforcement agency, intentionally destroys, or attempts or conspires to destroy, medical, health care, and financial records required to be maintained under chapter 245A or 256B or rules adopted pursuant to those chapters.

Subd. 2. **Penalties.** (a) A person who is convicted under subdivision 1 may be sentenced to imprisonment for not more than ten years or to payment of not more than $20,000, or both.

(b) A person who is convicted under subdivision 1 may be sentenced to imprisonment for not more than 20 years or to payment of not more than $100,000, or both, if the violation causes a loss to any victim in an aggregate amount of more than $100,000, but not more than $1,000,000.

(c) A person who is convicted under subdivision 1 may be sentenced to imprisonment for not more than 30 years or to payment of not more than $1,000,000, or both, if the violation causes a loss to any victim in an aggregate amount of more than $1,000,000.

Subd. 3. **Failure to keep or maintain medical assistance records.** A person who submits a claim for reimbursement, claim for payment, claim for reimbursement cost report, or rate application and knowingly and intentionally fails to maintain medical, health care, and financial records as required under chapter 245A or 256B or rules adopted pursuant to those chapters is guilty of a gross misdemeanor.

Subd. 4. **Continuing offense.** For purposes of calculating the statute of limitations identified in section 628.26, any violation of subdivision 1 or 3 is a continuing offense. Any violation of subdivision 1 or 3 extends to any act committed during the course of the scheme, conspiracy, or conduct and is within the statute of limitations identified in section 628.26 so long as any part of the continuing scheme, conspiracy, or conduct comprising a violation occurred within the identified statute of limitations.

Subd. 5. **Venue.** Notwithstanding anything to the contrary in section 627.01, a violation of this section may be prosecuted in:

(1) the county where any part of the offense occurred; or

(2) the county where the entity that received a claim for payment, claim for reimbursement, cost report, or rate application is located.

Subd. 6. **Restitution.** The court may order a person convicted of violating this section to pay restitution for any costs, expenses, or losses resulting from the crime and for costs, expenses, or losses resulting from similar conduct that was related to the offense but was not charged. The court may order restitution for similar conduct that was related to the offense if the related conduct occurred within the applicable statute of limitations and the prosecutor provides notice of intent to seek restitution for that conduct at least five business days before the sentencing hearing. The offender may challenge restitution as provided in section 611A.045, subdivision 3. A dispute as to whether restitution is for similar conduct that was related to the offense must be resolved by the court by the preponderance of the evidence. The burden of demonstrating that the court may order restitution for any cost, expense, or loss described in this subdivision is on the prosecution.

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

Sec. 4. Minnesota Statutes 2024, section 609.52, subdivision 2, is amended to read:

Subd. 2. **Acts constituting theft.** (a) Whoever does any of the following commits theft and may be sentenced as provided in subdivision 3:

(1) intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other's consent and with intent to deprive the owner permanently of possession of the property; or

(2) with or without having a legal interest in movable property, intentionally and without consent, takes the property out of the possession of a pledgee or other person having a superior right of possession, with intent thereby to deprive the pledgee or other person permanently of the possession of the property; or

(3) obtains for the actor or another the possession, custody, or title to property of or performance of services by a third person by intentionally deceiving the third person with a false representation which is known to be false, made with intent to defraud, and which does defraud the person to whom it is made. "False representation" includes without limitation:

(i) the issuance of a check, draft, or order for the payment of money, except a forged check as defined in section 609.631, or the delivery of property knowing that the actor is not entitled to draw upon the drawee therefor or to order the payment or delivery thereof; or

(ii) a promise made with intent not to perform. Failure to perform is not evidence of intent not to perform unless corroborated by other substantial evidence; or

~~(iii) the preparation or filing of a claim for reimbursement, a rate application, or a cost report used to establish a rate or claim for payment for medical care provided to a recipient of medical assistance under chapter 256B, which intentionally and falsely states the costs of or actual services provided by a vendor of medical care; or~~

~~(iv)~~ (iii) the preparation or filing of a claim for reimbursement for providing treatment or supplies required to be furnished to an employee under section 176.135 which intentionally and falsely states the costs of or actual treatment or supplies provided; or

~~(v)~~ (iv) the preparation or filing of a claim for reimbursement for providing treatment or supplies required to be furnished to an employee under section 176.135 for treatment or supplies that the provider knew were medically unnecessary, inappropriate, or excessive; or

(4) by swindling, whether by artifice, trick, device, or any other means, obtains property or services from another person; or

(5) intentionally commits any of the acts listed in this subdivision but with intent to exercise temporary control only and:

(i) the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner; or

(ii) the actor pledges or otherwise attempts to subject the property to an adverse claim; or

(iii) the actor intends to restore the property only on condition that the owner pay a reward or buy back or make other compensation; or

(6) finds lost property and, knowing or having reasonable means of ascertaining the true owner, appropriates it to the finder's own use or to that of another not entitled thereto without first having made reasonable effort to find the owner and offer and surrender the property to the owner; or

(7) intentionally obtains property or services, offered upon the deposit of a sum of money or tokens in a coin or token operated machine or other receptacle, without making the required deposit or otherwise obtaining the consent of the owner; or

(8) intentionally and without claim of right converts any article representing a trade secret, knowing it to be such, to the actor's own use or that of another person or makes a copy of an article representing a trade secret, knowing it to be such, and intentionally and without claim of right converts the same to the actor's own use or that of another person. It shall be a complete defense to any prosecution under this clause for the defendant to show that information comprising the trade secret was rightfully known or available to the defendant from a source other than the owner of the trade secret; or

(9) leases or rents personal property under a written instrument and who:

(i) with intent to place the property beyond the control of the lessor conceals or aids or abets the concealment of the property or any part thereof; or

(ii) sells, conveys, or encumbers the property or any part thereof without the written consent of the lessor, without informing the person to whom the lessee sells, conveys, or encumbers that the same is subject to such lease or rental contract with intent to deprive the lessor of possession thereof; or

(iii) does not return the property to the lessor at the end of the lease or rental term, plus agreed-upon extensions, with intent to wrongfully deprive the lessor of possession of the property; or

(iv) returns the property to the lessor at the end of the lease or rental term, plus agreed-upon extensions, but does not pay the lease or rental charges agreed upon in the written instrument, with intent to wrongfully deprive the lessor of the agreed-upon charges.

For the purposes of items (iii) and (iv), the value of the property must be at least $100.

Evidence that a lessee used a false, fictitious, or not current name, address, or place of employment in obtaining the property or fails or refuses to return the property or pay the rental contract charges to lessor within five days after written demand for the return has been served personally in the manner provided for service of process of a civil action or sent by certified mail to the last known address of the lessee, whichever shall occur later, shall be evidence of intent to violate this clause. Service by certified mail shall be deemed to be complete upon deposit in the United States mail of such demand, postpaid and addressed to the person at the address for the person set forth in the lease or rental agreement, or, in the absence of the address, to the person's last known place of residence; or

(10) alters, removes, or obliterates numbers or symbols placed on movable property for purpose of identification by the owner or person who has legal custody or right to possession thereof with the intent to prevent identification, if the person who alters, removes, or obliterates the numbers or symbols is not the owner and does not have the permission of the owner to make the alteration, removal, or obliteration; or

(11) with the intent to prevent the identification of property involved, so as to deprive the rightful owner of possession thereof, alters or removes any permanent serial number, permanent distinguishing number or manufacturer's identification number on personal property or possesses, sells or buys any personal property knowing or having reason to know that the permanent serial number, permanent distinguishing number or manufacturer's identification number has been removed or altered; or

(12) intentionally deprives another of a lawful charge for cable television service by:

(i) making or using or attempting to make or use an unauthorized external connection outside the individual dwelling unit whether physical, electrical, acoustical, inductive, or other connection; or by

(ii) attaching any unauthorized device to any cable, wire, microwave, or other component of a licensed cable communications system as defined in chapter 238. Nothing herein shall be construed to prohibit the electronic video rerecording of program material transmitted on the cable communications system by a subscriber for fair use as defined by Public Law 94-553, section 107; or

(13) except as provided in clauses (12) and (14), obtains the services of another with the intention of receiving those services without making the agreed or reasonably expected payment of money or other consideration; or

(14) intentionally deprives another of a lawful charge for telecommunications service by:

(i) making, using, or attempting to make or use an unauthorized connection whether physical, electrical, by wire, microwave, radio, or other means to a component of a local telecommunication system as provided in chapter 237; or

(ii) attaching an unauthorized device to a cable, wire, microwave, radio, or other component of a local telecommunication system as provided in chapter 237.

The existence of an unauthorized connection is prima facie evidence that the occupier of the premises:

(A) made or was aware of the connection; and

(B) was aware that the connection was unauthorized;

(15) with intent to defraud, diverts corporate property other than in accordance with general business purposes or for purposes other than those specified in the corporation's articles of incorporation; or

(16) with intent to defraud, authorizes or causes a corporation to make a distribution in violation of section 302A.551, or any other state law in conformity with it; or

(17) takes or drives a motor vehicle without the consent of the owner or an authorized agent of the owner, knowing or having reason to know that the owner or an authorized agent of the owner did not give consent; or

(18) intentionally, and without claim of right, takes motor fuel from a retailer without the retailer's consent and with intent to deprive the retailer permanently of possession of the fuel by driving a motor vehicle from the premises of the retailer without having paid for the fuel dispensed into the vehicle; or

(19) commits wage theft under subdivision 1, clause (13).

(b) Proof that the driver of a motor vehicle into which motor fuel was dispensed drove the vehicle from the premises of the retailer without having paid for the fuel permits the factfinder to infer that the driver acted intentionally and without claim of right, and that the driver intended to deprive the retailer permanently of possession of the fuel. This paragraph does not apply if: (1) payment has been made to the retailer within 30 days of the receipt of notice of nonpayment under section 604.15; or (2) a written notice as described in section 604.15, subdivision 4, disputing the retailer's claim, has been sent. This paragraph does not apply to the owner of a motor vehicle if the vehicle or the vehicle's license plate has been reported stolen before the theft of the fuel.

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

Sec. 5. Minnesota Statutes 2025 Supplement, section 609.902, subdivision 4, is amended to read:

Subd. 4. **Criminal act.** "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343; 609.344; 609.345; 609.42; 609.467; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a), clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528, if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86; 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, ~~or~~ a fraternal benefit society regulated under chapter 64B, or any state agency.

Sec. 6. Minnesota Statutes 2025 Supplement, section 628.26, is amended to read:

628.26 LIMITATIONS.

(a) Indictments or complaints for any crime resulting in the death of the victim may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for a violation of section 609.25 may be found or made at any time after the commission of the offense.

(c) Indictments or complaints for violation of section 609.282 may be found or made at any time after the commission of the offense if the victim was under the age of 18 at the time of the offense.

(d) Indictments or complaints for violation of section 609.282 where the victim was 18 years of age or older at the time of the offense, or 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.322, 609.342 to 609.345, and 609.3458 may be found or made at any time after the commission of the offense.

(f) Indictments or complaints for a violation of section 609.561 shall be found or made and filed in the proper court within ten years after the commission of the offense.

(g) Indictments or complaints for violation of sections ~~609.466~~ 609.467 and 609.52, subdivision 2, paragraph (a), clause (3), item (iii), shall be found or made and filed in the proper court within six years after the commission of the offense.

(h) Indictments or complaints for violation of section 609.2335, 609.52, subdivision 2, paragraph (a), clause (3), items (i) and (ii), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than $35,000, or for violation of section 609.527 where the offense involves eight or more direct victims or the total combined loss to the direct and indirect victims is more than $35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(i) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(j) Indictments or complaints for violation of sections 609.562 and 609.563, shall be found or made and filed in the proper court within five years after the commission of the offense.

(k) Indictments or complaints for violation of section 609.746 shall be found or made and filed in the proper court within the later of three years after the commission of the offense or three years after the offense was reported to law enforcement authorities.

(l) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense.

(m) The limitations periods contained in this section shall exclude any period of time during which the defendant was not an inhabitant of or usually resident within this state.

(n) The limitations periods contained in this section for an offense shall not include any period during which the alleged offender participated under a written agreement in a pretrial diversion program relating to that offense.

(o) The limitations periods contained in this section shall not include any period of time during which physical evidence relating to the offense was undergoing DNA analysis, as defined in section

299C.155, unless the defendant demonstrates that the prosecuting or law enforcement agency purposefully delayed the DNA analysis process in order to gain an unfair advantage.

Sec. 7. **REPEALER.**

Minnesota Statutes 2024, section 609.466, is repealed.

ARTICLE 8

MEDICAL ASSISTANCE FRAUD PREVENTION CONFORMING CHANGES

Section 1. Minnesota Statutes 2025 Supplement, section 145A.061, subdivision 3, is amended to read:

Subd. 3. **Denial of service.** The commissioner may deny an application from any applicant who has been convicted of any of the following crimes:

Section 609.185 (murder in the first degree); section 609.19 (murder in the second degree); section 609.195 (murder in the third degree); section 609.20 (manslaughter in the first degree); section 609.205 (manslaughter in the second degree); section 609.25 (kidnapping); section 609.2661 (murder of an unborn child in the first degree); section 609.2662 (murder of an unborn child in the second degree); section 609.2663 (murder of an unborn child in the third degree); section 609.342 (criminal sexual conduct in the first degree); section 609.343 (criminal sexual conduct in the second degree); section 609.344 (criminal sexual conduct in the third degree); section 609.345 (criminal sexual conduct in the fourth degree); section 609.3451 (criminal sexual conduct in the fifth degree); section 609.3453 (criminal sexual predatory conduct); section 609.352 (solicitation of children to engage in sexual conduct); section 609.352 (communication of sexually explicit materials to children); section 609.365 (incest); section 609.377 (felony malicious punishment of a child); section 609.378 (felony neglect or endangerment of a child); section 609.561 (arson in the first degree); section 609.562 (arson in the second degree); section 609.563 (arson in the third degree); section 609.749, subdivision 3, 4, or 5 (felony harassment or stalking); section 152.021 (controlled substance crimes in the first degree); section 152.022 (controlled substance crimes in the second degree); section 152.023 (controlled substance crimes in the third degree); section 152.024 (controlled substance crimes in the fourth degree); section 152.025 (controlled substance crimes in the fifth degree); section 243.166 (violation of predatory offender registration law); section 617.23, subdivision 2, clause (1), or subdivision 3, clause (1) (indecent exposure involving a minor); section 617.246 (use of minors in sexual performance); section 617.247 (possession of child sexual abuse material); section 609.221 (assault in the first degree); section 609.222 (assault in the second degree); section 609.223 (assault in the third degree); section 609.2231 (assault in the fourth degree); section 609.224 (assault in the fifth degree); section 609.2242 (domestic assault); section 609.2247 (domestic assault by strangulation); section 609.228 (great bodily harm caused by distribution of drugs); section 609.23 (mistreatment of persons confined); section 609.231 (mistreatment of residents or patients); section 609.2325 (criminal abuse); section 609.233 (criminal neglect); section 609.2335 (financial exploitation of a vulnerable adult); section 609.234 (failure to report); section 609.24 (simple robbery); section 609.245 (aggravated robbery); section 609.247 (carjacking); section 609.255 (false imprisonment); section 609.322 (solicitation, inducement, and promotion of prostitution and sex trafficking); section 609.324, subdivision 1 (hiring or engaging minors in prostitution); section 609.465 (presenting false claims to a public officer or body); Minnesota Statutes 2024, section

609.466 or section 609.467 (medical assistance fraud); section 609.52 (felony theft); section 609.82 (felony fraud in obtaining credit); section 609.527 (felony identity theft); section 609.582 (felony burglary); section 609.611 (felony insurance fraud); section 609.625 (aggravated forgery); section 609.63 (forgery); section 609.631 (felony check forgery); section 609.66, subdivision 1e (felony drive-by shooting); section 609.71 (felony riot); section 609.713 (terroristic threats); section 609.72, subdivision 3 (disorderly conduct by a caregiver against a vulnerable adult); section 609.821 (felony financial transaction card fraud); section 609.855, subdivision 5 (shooting at or in a public transit vehicle or facility); or aiding and abetting, attempting, or conspiring to commit any of the offenses in this subdivision.

Sec. 2. Minnesota Statutes 2024, section 214.10, subdivision 2a, is amended to read:

Subd. 2a. **Proceedings.** A board shall initiate proceedings to suspend or revoke a license or shall refuse to renew a license of a person licensed by the board who is convicted in a court of competent jurisdiction of violating section 609.2231, subdivision 8, 609.23, 609.231, 609.2325, 609.233, 609.2335, 609.234, 609.465, Minnesota Statutes 2024, section 609.466, section 609.467, 609.52, or 609.72, subdivision 3.

Sec. 3. Minnesota Statutes 2024, section 245C.15, subdivision 2, is amended to read:

Subd. 2. **15-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than 15 years have passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a felony-level violation of any of the following offenses: sections 152.021, subdivision 1 or 2b, (aggravated controlled substance crime in the first degree; sale crimes); 152.022, subdivision 1 (controlled substance crime in the second degree; sale crimes); 152.023, subdivision 1 (controlled substance crime in the third degree; sale crimes); 152.024, subdivision 1 (controlled substance crime in the fourth degree; sale crimes); 256.98 (wrongfully obtaining assistance); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 518B.01, subdivision 14 (violation of an order for protection); 609.165 (felon ineligible to possess firearm); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.215 (suicide); 609.223 or 609.2231 (assault in the third or fourth degree); repeat offenses under 609.224 (assault in the fifth degree); 609.229 (crimes committed for benefit of a gang); 609.2325 (criminal abuse of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.235 (use of drugs to injure or facilitate crime); 609.24 (simple robbery); 609.247, subdivision 4 (carjacking in the third degree); 609.255 (false imprisonment); 609.2664 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn child in the commission of a crime); 609.27 (coercion); 609.275 (attempt to coerce); Minnesota Statutes 2024, section 609.466 or section 609.467 (medical assistance fraud); 609.495 (aiding an offender); 609.498, subdivision 1 or 1b (aggravated first-degree or first-degree tampering with a witness); 609.52 (theft); 609.521 (possession of shoplifting gear); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.562 (arson in the second degree); 609.563 (arson in the third degree); 609.582 (burglary); 609.59 (possession of burglary tools); 609.611 (insurance fraud); 609.625 (aggravated forgery); 609.63 (forgery); 609.631 (check forgery; offering a forged check); 609.635 (obtaining signature by false pretense); 609.66 (dangerous weapons); 609.67 (machine guns and short-barreled shotguns); 609.687 (adulteration); 609.71 (riot); 609.713 (terroristic threats); 609.746 (interference with privacy); 609.82

(fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; repeat offenses under 617.241 (obscene materials and performances; distribution and exhibition prohibited; penalty); or 624.713 (certain persons not to possess firearms).

(b) An individual is disqualified under section 245C.14 if less than 15 years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

(c) An individual is disqualified under section 245C.14 if less than 15 years has passed since the termination of the individual's parental rights under section 260C.301, subdivision 1, paragraph (b), or subdivision 3.

(d) An individual is disqualified under section 245C.14 if less than 15 years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of the offenses listed in paragraph (a) or since the termination of parental rights in any other state or country, the elements of which are substantially similar to the elements listed in paragraph (c).

(e) If the individual studied commits one of the offenses listed in paragraph (a), but the sentence or level of offense is a gross misdemeanor or misdemeanor, the individual is disqualified but the disqualification look-back period for the offense is the period applicable to the gross misdemeanor or misdemeanor disposition.

(f) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

Sec. 4. Minnesota Statutes 2024, section 245C.15, subdivision 3, is amended to read:

Subd. 3. **Ten-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than ten years have passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a gross misdemeanor-level violation of any of the following offenses: sections 256.98 (wrongfully obtaining assistance); 260B.425 (criminal jurisdiction for contributing to status as a juvenile petty offender or delinquency); 260C.425 (criminal jurisdiction for contributing to need for protection or services); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.221 or 609.222 (assault in the first or second degree); 609.223 or 609.2231 (assault in the third or fourth degree); 609.224 (assault in the fifth degree); 609.224, subdivision 2, paragraph (c) (assault in the fifth degree by a caregiver against a vulnerable adult); 609.2242 and 609.2243 (domestic assault); 609.23 (mistreatment of persons confined); 609.231 (mistreatment of residents or patients); 609.2325 (criminal abuse of a vulnerable adult); 609.233 (criminal neglect of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure to report maltreatment of a vulnerable adult); 609.265 (abduction); 609.275 (attempt to coerce); 609.324, subdivision 1a (other

prohibited acts; minor engaged in prostitution); 609.33 (disorderly house); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); Minnesota Statutes 2024, section 609.466 or section 609.467 (medical assistance fraud); 609.52 (theft); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.582 (burglary); 609.59 (possession of burglary tools); 609.611 (insurance fraud); 609.631 (check forgery; offering a forged check); 609.66 (dangerous weapons); 609.71 (riot); 609.72, subdivision 3 (disorderly conduct against a vulnerable adult); 609.749, subdivision 2 (harassment); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; 617.241 (obscene materials and performances); 617.243 (indecent literature, distribution); 617.293 (harmful materials; dissemination and display to minors prohibited); or Minnesota Statutes 2012, section 609.21; or violation of an order for protection under section 518B.01, subdivision 14.

(b) An individual is disqualified under section 245C.14 if less than ten years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

(c) An individual is disqualified under section 245C.14 if less than ten years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of any of the offenses listed in paragraph (a).

(d) If the individual studied commits one of the offenses listed in paragraph (a), but the sentence or level of offense is a misdemeanor disposition, the individual is disqualified but the disqualification lookback period for the offense is the period applicable to misdemeanors.

(e) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

Sec. 5. Minnesota Statutes 2024, section 245C.15, subdivision 4, is amended to read:

Subd. 4. **Seven-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than seven years has passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a misdemeanor-level violation of any of the following offenses: sections 256.98 (wrongfully obtaining assistance); 260B.425 (criminal jurisdiction for contributing to status as a juvenile petty offender or delinquency); 260C.425 (criminal jurisdiction for contributing to need for protection or services); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.221 (assault in the first degree); 609.222 (assault in the second degree); 609.223 (assault in the third degree); 609.2231 (assault in the fourth degree); 609.224 (assault in the fifth degree); 609.2242 (domestic assault); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure to report maltreatment of a vulnerable adult); 609.2672 (assault of an unborn child in the third degree); 609.27 (coercion); violation of an order for protection under 609.3232 (protective order authorized;

procedures; penalties); Minnesota Statutes 2024, section 609.466 or section 609.467 (medical assistance fraud); 609.52 (theft); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.611 (insurance fraud); 609.66 (dangerous weapons); 609.665 (spring guns); 609.746 (interference with privacy); 609.79 (obscene or harassing telephone calls); 609.795 (letter, telegram, or package; opening; harassment); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; 617.293 (harmful materials; dissemination and display to minors prohibited); or Minnesota Statutes 2012, section 609.21; or violation of an order for protection under section 518B.01 (Domestic Abuse Act).

(b) An individual is disqualified under section 245C.14 if less than seven years has passed since a determination or disposition of the individual's:

(1) failure to make required reports under section 260E.06 or 626.557, subdivision 3, for incidents in which: (i) the final disposition under section 626.557 or chapter 260E was substantiated maltreatment, and (ii) the maltreatment was recurring or serious; or

(2) substantiated serious or recurring maltreatment of a minor under chapter 260E, a vulnerable adult under section 626.557, or serious or recurring maltreatment in any other state, the elements of which are substantially similar to the elements of maltreatment under section 626.557 or chapter 260E for which: (i) there is a preponderance of evidence that the maltreatment occurred, and (ii) the subject was responsible for the maltreatment.

(c) An individual is disqualified under section 245C.14 if less than seven years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota Statutes.

(d) An individual is disqualified under section 245C.14 if less than seven years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of any of the offenses listed in paragraphs (a) and (b).

(e) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

(f) An individual is disqualified under section 245C.14 if less than seven years has passed since the individual was disqualified under section 256.98, subdivision 8.

Sec. 6. Minnesota Statutes 2025 Supplement, section 609.531, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the Bureau of Criminal Apprehension, the Minnesota Division of Driver and Vehicle Services, the Minnesota State Patrol, a county sheriff's department, the Three Rivers Park District Department of Public Safety, the Department of Natural Resources Division of Enforcement, the University of Minnesota Police Department, the Department of Corrections Fugitive Apprehension Unit, a city, metropolitan transit, or airport police department; or a multijurisdictional entity established under section 299A.642 or 299A.681.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152 or 624;

(2) for driver's license or identification card transactions: any violation of section 171.22; and

(3) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.2112; 609.2113; 609.2114; 609.221; 609.222; 609.223; 609.2231; 609.2335; 609.24; 609.245; 609.247; 609.25; 609.255; 609.282; 609.283; 609.322; 609.342, subdivision 1, or subdivision 1a, clauses (a) to (f) and (i); 609.343, subdivision 1, or subdivision 1a, clauses (a) to (f) and (i); 609.344, subdivision 1, or subdivision 1a, clauses (a) to (e), (h), or (i); 609.345, subdivision 1, or subdivision 1a, clauses (a) to (e), (h), and (i); 609.352; 609.42; 609.425; Minnesota Statutes 2024, section 609.466; section 609.467; 609.485; 609.487; 609.52; 609.525; 609.527; 609.528; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.611; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 609.895; 617.246; 617.247; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324; or a felony violation of, or a felony-level attempt or conspiracy to violate, Minnesota Statutes 2012, section 609.21.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

(h) "Prosecuting authority" means the attorney who is responsible for prosecuting an offense that is the basis for a forfeiture under sections 609.531 to 609.5318.

(i) "Asserting person" means a person, other than the driver alleged to have used a vehicle in the transportation or exchange of a controlled substance intended for distribution or sale, claiming an ownership interest in a vehicle that has been seized or restrained under this section.

Sec. 7. Laws 2026, chapter 88, article 1, section 181, is amended to read:

Sec. 181. Minnesota Statutes 2025 Supplement, section 299C.061, subdivision 1, is amended to read:

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

(b) "Fraud involving state funded or administered programs or services" includes any violation of section 609.445, 609.465, Minnesota Statutes 2024, section 609.466, section 609.467, 609.52, 609.611, 609.651, 609.7475, or 609.821 involving a state agency or state-funded or administered program or service.

(c) "Peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

(d) "Section" means the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension.

(e) "State agency" has the meaning given in section 13.02, subdivision 17.

(f) "Superintendent" means the superintendent of the Bureau of Criminal Apprehension.

ARTICLE 9

CHILDREN, YOUTH, AND FAMILIES POLICY

Section 1. Minnesota Statutes 2024, section 124D.19, is amended by adding a subdivision to read:

Subd. 13a. **School-age care programs; priority for children in foster care.** Each district operating a school-age care, youth after-school enrichment, or other before- and after-school community education program under this section must ensure that children in foster care, as defined under section 260C.007, subdivision 18, or in a voluntary or involuntary foster care placement under the Minnesota Indian Family Preservation Act receive priority for enrollment in community education programs. In order to give a child priority under this paragraph, the district may require a letter or other documentation from a responsible social services agency or child-placing agency verifying that the child is in foster care.

Sec. 2. Minnesota Statutes 2024, section 142A.43, is amended to read:

142A.43 ~~GRANTS-IN-AID~~ GRANTS TO YOUTH INTERVENTION PROGRAMS.

Subdivision 1. **Grants.** (a) The commissioner ~~may~~ must make grants to nonprofit agencies administering youth intervention programs in communities where the programs are or may be established. Grants under this section are limited to available appropriations. No grant may exceed $75,000.

(b) "Youth intervention program" means a nonresidential community-based program providing advocacy, education, counseling, mentoring, and referral services to youth and their families experiencing personal, familial, school, legal, or chemical problems with the goal of resolving the present problems and preventing the occurrence of the problems in the future. The intent of the

youth intervention program is to provide an ongoing stable funding source to community-based early intervention programs for youth. Program design may be different for the grantees depending on youth service needs of the communities being served.

(c) A grant under this section is contingent upon the agency obtaining local matching money equal to the amount of the grant from the community in which the youth intervention program is established. The matching requirement is intended to leverage the investment of state and community money in supporting the efforts of the grantees to provide early intervention services to youth and their families.

Subd. 2. **Applications.** Applications for a ~~grant-in-aid shall~~ grant must be ~~made~~ submitted by the administering agency to the commissioner. The commissioner must provide the application form, procedures for submitting application forms, criteria for review of the application, and a description of the kinds of contributions in addition to cash that qualify as local matching money.

~~The grant-in-aid is contingent upon the agency having obtained from the community in which the youth intervention program is established local matching money equal to the amount of the grant that is sought. The matching requirement is intended to leverage the investment of state and community dollars in supporting the efforts of the grantees to provide early intervention services to youth and their families.~~

~~The commissioner shall provide the application form, procedures for making application form, criteria for review of the application, and kinds of contributions in addition to cash that qualify as local matching money. No grant to any agency may exceed $75,000.~~

Subd. 3. ~~**Grant allocation formula**~~ **Youth Intervention Programs Association grant.** Up to ~~five~~ six percent of the ~~appropriations to the grants-in-aid to the youth intervention program may~~ appropriation for grants under this section must be used for a grant to the Minnesota Youth Intervention Programs Association for ~~expenses in~~ providing collaboration, program development, professional development training, technical assistance, and tracking, ~~and~~ analyzing, and reporting outcome data for the community-based grantees of the program. The Minnesota Youth Intervention Programs Association is not required to meet the ~~match obligation~~ matching requirement under subdivision ~~2~~ 1, paragraph (c).

Subd. 4. **Report.** On or before March 31 of each year, the Minnesota Youth Intervention Programs Association shall report to the chairs and ranking minority members of the committees and divisions with jurisdiction over ~~public safety policy and finance~~ children and youth on the implementation, use, and administration of the grant program ~~created~~ under this section. The report shall include information sent by agencies administering youth intervention programs to the Minnesota Youth Intervention Programs Association ~~and the Office of Justice Programs~~. At a minimum, the report must identify:

(1) the grant recipients;

(2) the geographic location of the grant recipients;

(3) the total number of individuals served by all grant recipients, disaggregated by race, ethnicity, and gender;

(4) the total number of individuals served by all grant recipients who successfully completed programming, disaggregated by age, race, ethnicity, and gender;

(5) the total amount of money awarded in grants and the total amount remaining to be awarded from each appropriation;

(6) the amount of money granted to each recipient;

(7) ~~grantee~~ grant recipient workplan objectives;

(8) how the grant was used based on ~~grantee~~ grant recipient quarterly narrative reports and financial reports; and

(9) summarized relevant youth intervention program outcome survey data measuring the developmental assets of participants, based on Search Institute's Developmental Assets Framework.

~~Subd. 5. **Administrative costs.** The commissioner may use up to ten percent of the biennial appropriation for grants-in-aid to the youth intervention program to pay costs incurred by the department in administering the youth intervention program.~~

Sec. 3. Minnesota Statutes 2024, section 142B.10, subdivision 18, is amended to read:

Subd. 18. **Adoption agency; additional requirements.** In addition to the other requirements of this section, an individual or organization applying for a license to place children for adoption must:

(1) incorporate as a nonprofit corporation under chapter 317A or a nonprofit limited liability company under chapter 322C;

(2) file with the application for licensure a copy of the disclosure form required under section 259.37, subdivision 2;

(3) provide evidence that a bond has been obtained and will be continuously maintained throughout the entire operating period of the agency, to cover the cost of transfer of records to and storage of records by the agency which has agreed, according to rule established by the commissioner, to receive the applicant agency's records if the applicant agency voluntarily or involuntarily ceases operation and fails to provide for proper transfer of the records. The bond must be made in favor of the agency which has agreed to receive the records; and

(4) submit a financial review completed by an accountant to the commissioner each year the license is renewed as required under section 142B.05, subdivision 1.

Sec. 4. Minnesota Statutes 2024, section 142B.30, is amended by adding a subdivision to read:

Subd. 9a. **Child foster care licensing agency information to applicants.** In addition to the requirements in Minnesota Rules, part 9543.0040, subpart 1, the licensing agency must provide information to child foster care license applicants on the background study process and the procedure for reconsideration of a background study disqualification.

Sec. 5. Minnesota Statutes 2024, section 142B.65, subdivision 7, is amended to read:

Subd. 7. **Abusive head trauma training.** (a) Before caring for children under school age, the director, staff persons, substitutes, and unsupervised volunteers must receive training on the risk of abusive head trauma during orientation and each calendar year thereafter.

(b) Abusive head trauma training under this subdivision must be at least one-half hour in length. At a minimum, the training must address the risk factors related to shaking infants and young children, means to reduce the risk of abusive head trauma in child care, and license holder communication with parents regarding reducing the risk of abusive head trauma. The training must be interactive and not only consist of reading or viewing information.

(c) Except if completed during orientation, training taken under this subdivision may be used to meet the in-service training requirements under subdivision 9.

(d) The commissioner shall make available for viewing a video presentation on the dangers associated with shaking infants and young children, which may be used in conjunction with the annual training required under paragraph (b).

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 6. Minnesota Statutes 2024, section 142B.70, subdivision 6, is amended to read:

Subd. 6. **Sudden unexpected infant death and abusive head trauma training.** (a) License holders must ensure and document that before the license holder, second adult caregivers, substitutes, and helpers assist in the care of infants, they are instructed on the standards in section 142B.46 and receive training on reducing the risk of sudden unexpected infant death. In addition, license holders must ensure and document that before the license holder, second adult caregivers, substitutes, and helpers assist in the care of infants and children under school age, they receive training on reducing the risk of abusive head trauma from shaking infants and young children. The training in this subdivision may be provided as initial training under subdivision 1 or ongoing annual training under subdivision 8.

(b) Sudden unexpected infant death reduction training required under this subdivision must, at a minimum, address the risk factors related to sudden unexpected infant death, means of reducing the risk of sudden unexpected infant death in child care, and license holder communication with parents regarding reducing the risk of sudden unexpected infant death.

(c) Abusive head trauma training required under this subdivision must, at a minimum, address the risk factors related to shaking infants and young children, means of reducing the risk of abusive head trauma in child care, and license holder communication with parents regarding reducing the risk of abusive head trauma. The training must be interactive and not only consist of reading or viewing information.

(d) Training for family and group family child care providers must be developed by the commissioner in conjunction with the Minnesota Sudden Infant Death Center and approved by the Minnesota Center for Professional Development. Sudden unexpected infant death reduction training and abusive head trauma training may be provided in a single course of no more than two hours in length.

(e) Sudden unexpected infant death reduction training and abusive head trauma training required under this subdivision must be completed in person ~~or as allowed under subdivision 11, clause (1) or (2), at least once every two years. On the years when the individual receiving training is not receiving training in person or as allowed under subdivision 11, clause (1) or (2), the individual receiving training in accordance with this subdivision must receive sudden unexpected infant death reduction training and abusive head trauma training through a video of no more than one hour in length. The video must be developed or approved by the commissioner~~ or online each calendar year.

(f) An individual who is related to the license holder as defined in section 142B.01, subdivision 15, and who is involved only in the care of the license holder's own infant or child under school age and who is not designated to be a second adult caregiver, helper, or substitute for the licensed program, is exempt from the sudden unexpected infant death and abusive head trauma training.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 7. Minnesota Statutes 2024, section 142C.12, subdivision 3, is amended to read:

Subd. 3. **Abusive head trauma.** A certified center that cares for a child under school age must ensure that the director and all staff persons, including substitutes and unsupervised volunteers, receive training on abusive head trauma before assisting in the care of a child under school age. The training must be interactive and not only consist of reading or viewing information.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 8. Minnesota Statutes 2024, section 142D.05, subdivision 8, is amended to read:

Subd. 8. **Eligibility.** (a) A child is eligible to participate in a school readiness program if the child:

(1) is at least three years old on September 1;

(2) has completed health and developmental screening within 90 days of program enrollment under sections 142D.09 to 142D.093; and

(3) has one or more of the following risk factors:

(i) qualifies for free or reduced-price meals;

(ii) is an English learner;

(iii) is homeless;

(iv) has an individualized education program (IEP) or standardized written plan;

(v) is identified, through health and developmental screenings under sections 142D.09 to 142D.093, with a potential risk factor that may influence learning; ~~or~~

(vi) is in foster care; or

(vii) is defined as at risk by the school district.

(b) The commissioner may require a letter or other documentation from a responsible social services agency or child-placing agency for a child eligible under paragraph (a), clause (3), item (vi), verifying that the child is in foster care, as defined in section 260C.007, subdivision 18, or in a voluntary or involuntary foster care placement under the Minnesota Indian Family Preservation Act. The commissioner must process a verification letter or other documentation within five business days of receiving the letter or documentation.

Sec. 9. **[142D.095] PRESCHOOL ASSESSMENT.**

(a) For programs serving children under section 142D.08, the commissioner of children, youth, and families must implement a preschool assessment of children's development in the year prior to kindergarten entry that is:

(1) aligned to the state early childhood indicators of progress and based on the criteria for an early learning assessment approved by the commissioner; and

(2) based in part on information collected from teachers, early learning professionals, families, and other partners.

(b) The commissioner must evaluate and approve assessment tools that meet the requirements in paragraph (a). School districts and charter schools operating a program under section 142D.08 must choose an assessment tool approved under this paragraph.

(c) The commissioner may provide technical assistance and professional development related to the assessment to educators, school districts, and charter schools.

Sec. 10. Minnesota Statutes 2024, section 142D.21, subdivision 6, is amended to read:

Subd. 6. **Payments.** (a) The commissioner shall provide payments under this section to all eligible programs on a noncompetitive basis. The payment amounts shall be based on the number of full-time equivalent staff who regularly care for children in the program, including any employees, sole proprietors, or independent contractors.

(b) For purposes of this section, "one full-time equivalent" is defined as an individual caring for children 32 hours per week, including associated required paid break time. An individual can count as more or less than one full-time equivalent staff, but as no more than two full-time equivalent staff.

(c) The commissioner must establish an amount to award per full-time equivalent individual who regularly cares for children in the program.

(d) Payments must be increased by ten percent for programs receiving child care assistance payments under section 142E.08 or 142E.17 or early learning scholarships under section 142D.25, or for programs located in a child care access equity area. The commissioner must develop a method for establishing child care access equity areas. For purposes of this section, "child care access equity area" means an area with low access to child care, high poverty rates, high unemployment rates, low homeownership rates, and low median household incomes.

(e) The commissioner shall establish the form, frequency, and manner for making payments under this section.

Sec. 11. Minnesota Statutes 2024, section 142D.25, subdivision 3, is amended to read:

Subd. 3. **Applications; priorities.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meet the operational needs of eligible families and programs.

(b) The commissioner must give highest priority on an equal basis to applications from children who:

(1) are not yet four years of age;

(2) have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test;

(3) are in foster care;

(4) have been referred as in need of child protection services;

(5) have an incarcerated parent;

(6) are in or have a parent in a substance use treatment program;

(7) are in or have a parent in a mental health treatment program;

(8) have experienced domestic violence;

(9) have an individualized education program or individualized family service plan; or

(10) have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 1143a.

(c) Notwithstanding paragraph (b), beginning July 1, 2025, the commissioner must give highest priority to applications from children in families with income equal to or less than the rate specified under subdivision 2, paragraph (a), clause (1), item (i), and within this group must prioritize children who meet one or more of the criteria listed in paragraph (b).

(d) The commissioner may prioritize applications on additional factors, including but not limited to availability of funding, family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(e) The commissioner may require a letter or other documentation from a responsible social services agency or child-placing agency for a child receiving priority as a child in foster care verifying that the child is in foster care, as defined in section 260C.007, subdivision 18, or in a voluntary or involuntary foster care placement under the Minnesota Indian Family Preservation Act. The commissioner must process a verification letter or other documentation within five business days of receiving the letter or documentation.

Sec. 12. Minnesota Statutes 2024, section 142E.04, subdivision 4, is amended to read:

Subd. 4. **Funding priorities.** (a) In the event that inadequate funding necessitates the use of waiting lists, priority for child care assistance under the basic sliding fee assistance program shall be determined according to this subdivision.

(b) First priority must be given to eligible non-MFIP families who do not have a high school diploma or commissioner of education-selected high school equivalency certification or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. This includes student parents as defined under section 142E.01, subdivision 26. Within this priority, the following subpriorities must be used:

(1) child care needs of minor parents;

(2) child care needs of parents under 21 years of age; and

(3) child care needs of other parents within the priority group described in this paragraph.

(c) Second priority must be given to families in which at least one parent is a veteran, as defined under section 197.447.

(d) Third priority must be given to eligible foster parents providing care to a child placed in a family foster home under section 260C.007, subdivision 16b; eligible relative custodians to whom permanent legal and physical custody of a child has been transferred pursuant to section 260C.515, subdivision 4; or eligible individuals with whom an Indian child has been placed under section 260.773.

(e) Fourth priority must be given to eligible families who do not meet the specifications of paragraph (b), (c), ~~(e)~~ (d), (f), or ~~(f)~~ (g).

~~(e) Fourth~~ (f) Fifth priority must be given to families who are eligible for portable basic sliding fee assistance through the portability pool under subdivision 10.

~~(f) Fifth~~ (g) Sixth priority must be given to eligible families receiving services under section 142E.01, subdivision 27, if the parents have completed their MFIP transition year.

~~(g)~~ (h) Families under paragraph ~~(f)~~ (g) must be added to the basic sliding fee waiting list on the date they complete their transition year under section 142E.01, subdivision 28.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 13. Minnesota Statutes 2024, section 245C.04, subdivision 1, is amended to read:

Subdivision 1. **Licensed programs; other child care programs.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at least upon application for initial license for all license types.

(b) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, including a child care background study subject as defined

in section 245C.02, subdivision 6a, in a family child care program, licensed child care center, certified license-exempt child care center, or legal nonlicensed child care provider, on a schedule determined by the commissioner. Except as provided in section 245C.05, subdivision 5a, a child care background study must include submission of fingerprints for a national criminal history record check and a review of the information under section 245C.08. A background study for a child care program must be repeated within five years from the most recent study conducted under this paragraph.

(c) ~~At reauthorization or~~ When a new background study is needed under section 142E.16, subdivision 2, for a legal nonlicensed child care provider authorized under chapter 142E:

(1) for a background study affiliated with a legal nonlicensed child care provider, the individual shall provide information required under section 245C.05, subdivision 1, paragraphs (a), (b), and (d), to the commissioner and be fingerprinted and photographed under section 245C.05, subdivision 5; and

(2) the commissioner shall verify the information received under clause (1) and submit the request in NETStudy 2.0 to complete the background study.

(d) At reapplication for a family child care license:

(1) for a background study affiliated with a licensed family child care center, the individual shall provide information required under section 245C.05, subdivision 1, paragraphs (a), (b), and (d), to the county agency, and be fingerprinted and photographed under section 245C.05, subdivision 5;

(2) the county agency shall verify the information received under clause (1) and forward the information to the commissioner and submit the request in NETStudy 2.0 to complete the background study; and

(3) the background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08.

(e) The commissioner is not required to conduct a study of an individual at the time of reapplication for a license if the individual's background study was completed by the commissioner of human services and the following conditions are met:

(1) a study of the individual was conducted either at the time of initial licensure or when the individual became affiliated with the license holder;

(2) the individual has been continuously affiliated with the license holder since the last study was conducted; and

(3) the last study of the individual was conducted on or after October 1, 1995.

(f) The commissioner of human services shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with a child foster family setting license holder:

(1) the county or private agency shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5, when the child foster family setting applicant or license holder resides in the home where child foster care services are provided; and

(2) the background study conducted by the commissioner of human services under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, 3, and 4.

(g) The commissioner shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with an adult foster care or family adult day services and with a family child care license holder or a legal nonlicensed child care provider authorized under chapter 142E and:

(1) except as provided in section 245C.05, subdivision 5a, the county shall collect and forward to the commissioner the information required under section 245C.05, subdivision 1, paragraphs (a) and (b), and subdivision 5, paragraph (b), for background studies conducted by the commissioner for all family adult day services, for adult foster care when the adult foster care license holder resides in the adult foster care residence, and for family child care and legal nonlicensed child care authorized under chapter 142E;

(2) the license holder shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1, paragraphs (a) and (b); and 5, paragraphs (a) and (b), for background studies conducted by the commissioner for adult foster care when the license holder does not reside in the adult foster care residence; and

(3) the background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivision 1, paragraph (a), and subdivisions 3 and 4.

(h) Applicants for licensure, license holders, and other entities as provided in this chapter must submit completed background study requests to the commissioner using the electronic system known as NETStudy before individuals specified in section 245C.03, subdivision 1, begin positions allowing direct contact in any licensed program.

(i) For an individual who is not on the entity's active roster, the entity must initiate a new background study through NETStudy when:

(1) an individual returns to a position requiring a background study following an absence of 120 or more consecutive days; or

(2) a program that discontinued providing licensed direct contact services for 120 or more consecutive days begins to provide direct contact licensed services again.

The license holder shall maintain a copy of the notification provided to the commissioner under this paragraph in the program's files. If the individual's disqualification was previously set aside for the license holder's program and the new background study results in no new information that indicates the individual may pose a risk of harm to persons receiving services from the license holder, the previous set-aside shall remain in effect.

(j) For purposes of this section, a physician licensed under chapter 147, advanced practice registered nurse licensed under chapter 148, or physician assistant licensed under chapter 147A is considered to be continuously affiliated upon the license holder's receipt from the commissioner of health or human services of the physician's, advanced practice registered nurse's, or physician assistant's background study results.

(k) For purposes of family child care, a substitute caregiver must receive repeat background studies at the time of each license renewal.

(l) A repeat background study at the time of license renewal is not required if the family child care substitute caregiver's background study was completed by the commissioner on or after October 1, 2017, and the substitute caregiver is on the license holder's active roster in NETStudy 2.0.

(m) Before and after school programs authorized under chapter 142E, are exempt from the background study requirements under section 123B.03, for an employee for whom a background study under this chapter has been completed.

Sec. 14. Minnesota Statutes 2024, section 256B.055, subdivision 17, is amended to read:

Subd. 17. **Adults who were in foster care at the age of 18, 19, or 20.** (a) Medical assistance may be paid for a person under 26 years of age who was in foster care under the commissioner's responsibility on the date of attaining 18, 19, or 20 years of age or receiving foster care benefits past 18 years of age under section 260C.451, and who was enrolled in medical assistance under the state plan or a waiver of the plan while in foster care, in accordance with section 2004 of the Affordable Care Act.

(b) Medical assistance may be paid for a person under 26 years of age who was in foster care and enrolled in any state's Medicaid program as provided by Public Law 115-271, section 1002.

(c) The commissioner ~~shall~~ must seek federal waiver approval under United States Code, title 42, section 1315, to include youth who were in a state's foster care program and who turned age 18 prior to January 1, 2023, without regard to potential eligibility under a Medicaid mandatory group.

Sec. 15. Minnesota Statutes 2024, section 259.83, subdivision 1, as amended by Laws 2026, chapter 88, article 1, section 159, is amended to read:

Subdivision 1. **Services provided.** (a) Agencies ~~shall~~ must provide assistance and counseling services upon receiving a request for current information from adoptive parents, birth parents, adopted persons aged 18 years of age and older, or adult siblings of adopted persons. The agency ~~shall~~ must contact the other adult persons or the adoptive parents of a minor child in a personal and confidential manner to determine whether there is a desire to receive or share information or to have contact. If there is such a desire, the agency ~~shall~~ must provide the services requested. The agency ~~shall~~ must complete the search request within six months of the request being made. If the agency is unable to complete the search request within the specified time frame, the agency ~~shall~~ must inform the requester of the status of the request and include a reasonable estimate of when the request can be completed.

(b) Upon a request for assistance or services from an adoptive parent of a minor child, birth parent, or an adopted person 18 years of age or older, the agency must inform the person:

(1) about the right of an adopted person to request and obtain a copy of the adopted person's original birth record at the age and circumstances specified in section 144.2252; and

(2) about the right of the birth parent named on the adopted person's original birth record to file a contact preference form with the state registrar pursuant to section 144.2253.

When making or supervising an adoptive placement, the agency must provide in writing to the birth parents listed on the original birth record the information required under this paragraph and section 259.37, subdivision 2, clause (7).

Sec. 16. Minnesota Statutes 2024, section 260.67, subdivision 1, is amended to read:

Subdivision 1. **Preference for permanency placement with a relative.** Consistent with section 260C.513, if an African American or disproportionately represented child cannot be returned to the child's parent, permanency placement with a relative is preferred. The court ~~shall~~ must consider the requirements of and responsibilities under section 260.012, paragraph (a), and, if possible and if requirements under section 260C.515, subdivision 4, are met, transfer permanent legal and physical custody of the child to:

(1) a noncustodial parent under section 260C.515, subdivision 4, if the child cannot return to the care of the parent or custodian from whom the child was removed or who had legal custody at the time that the child was placed in foster care; or

(2) a willing and able relative, according to the requirements of section 260C.515, subdivision 4. When the responsible social services agency is the petitioner, prior to the court ordering a transfer of permanent legal and physical custody to a relative, the responsible social services agency must inform the relative of Northstar kinship assistance benefits and eligibility requirements and of the relative's ability to apply for benefits on behalf of the child under ~~chapter 256N~~ sections 142A.60 to 142A.612.

Sec. 17. Minnesota Statutes 2024, section 260C.190, subdivision 1, is amended to read:

Subdivision 1. **Placement.** (a) An agency with legal responsibility for a child under section 260C.178, subdivision 1, paragraph (c), or legal custody of a child under section 260C.201, subdivision 1, paragraph (a), clause ~~(3)~~ (2), may colocate a child with a parent who is receiving services in a licensed residential family-based substance use disorder treatment program for up to 12 months.

(b) During the child's placement under paragraph (a), the agency: (1) may visit the child as the agency deems necessary and appropriate; (2) ~~shall~~ must continue to have access to information under section 260C.208; and (3) ~~shall~~ must continue to provide appropriate services to both the parent and the child.

(c) The agency may terminate the child's placement under paragraph (a) to protect the child's health, safety, or welfare and may remove the child to foster care without a prior court order or authorization.

Sec. 18. Minnesota Statutes 2024, section 260C.212, subdivision 1, is amended to read:

Subdivision 1. **Out-of-home placement; plan.** (a) An out-of-home placement plan shall be prepared within 30 days after any child is placed in foster care by court order or a voluntary placement agreement between the responsible social services agency and the child's parent pursuant to section 260C.227 or chapter 260D.

(b) An out-of-home placement plan means a written document individualized to the needs of the child and the child's parents or guardians that is prepared by the responsible social services agency jointly with the child's parents or guardians and in consultation with the child's guardian ad litem; the child's tribe, if the child is an Indian child; the child's foster parent or representative of the foster care facility; and, when appropriate, the child. When a child is age 14 or older, the child may include two other individuals on the team preparing the child's out-of-home placement plan. The child may select one member of the case planning team to be designated as the child's advisor and to advocate with respect to the application of the reasonable and prudent parenting standards. The responsible social services agency may reject an individual selected by the child if the agency has good cause to believe that the individual would not act in the best interest of the child. For a child in voluntary foster care for treatment under chapter 260D, preparation of the out-of-home placement plan shall additionally include the child's mental health treatment provider. For a child 18 years of age or older, the responsible social services agency shall involve the child and the child's parents as appropriate. As appropriate, the plan shall be:

(1) submitted to the court for approval under section 260C.178, subdivision 7;

(2) ordered by the court, either as presented or modified after hearing, under section 260C.178, subdivision 7, or 260C.201, subdivision 6; and

(3) signed by the parent or parents or guardian of the child, the child's guardian ad litem, a representative of the child's tribe, the responsible social services agency, and, if possible, the child.

(c) The out-of-home placement plan shall be explained by the responsible social services agency to all persons involved in the plan's implementation, including the child who has signed the plan, and shall set forth:

(1) a description of the foster care home or facility selected, including how the out-of-home placement plan is designed to achieve a safe placement for the child in the least restrictive, most family-like setting available that is in close proximity to the home of the child's parents or guardians when the case plan goal is reunification; and how the placement is consistent with the best interests and special needs of the child according to the factors under subdivision 2, paragraph (b);

(2) the specific reasons for the placement of the child in foster care, and when reunification is the plan, a description of the problems or conditions in the home of the parent or parents that necessitated removal of the child from home and the changes the parent or parents must make for the child to safely return home;

(3) a description of the services offered and provided to prevent removal of the child from the home and to reunify the family including:

(i) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (2), and the time period during which the actions are to be taken; and

(ii) the reasonable efforts, or in the case of an Indian child, active efforts to be made to achieve a safe and stable home for the child including social and other supportive services to be provided or offered to the parent or parents or guardian of the child, the child, and the residential facility during the period the child is in the residential facility;

(4) a description of any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of the child's placement in the residential facility, and whether those services or resources were provided and if not, the basis for the denial of the services or resources;

(5) the visitation plan for the parent or parents or guardian, other relatives as defined in section 260C.007, subdivision 26b or 27, and siblings of the child if the siblings are not placed together in foster care, and whether visitation is consistent with the best interest of the child, during the period the child is in foster care;

(6) when a child cannot return to or be in the care of either parent, documentation of steps to finalize adoption as the permanency plan for the child through reasonable efforts to place the child for adoption pursuant to section 260C.605. At a minimum, the documentation must include consideration of whether adoption is in the best interests of the child and child-specific recruitment efforts such as a relative search, consideration of relatives for adoptive placement, and the use of state, regional, and national adoption exchanges to facilitate orderly and timely placements in and outside of the state. A copy of this documentation shall be provided to the court in the review required under section 260C.317, subdivision 3, paragraph (b);

(7) when a child cannot return to or be in the care of either parent, documentation of steps to finalize the transfer of permanent legal and physical custody to a relative as the permanency plan for the child. This documentation must support the requirements of the kinship placement agreement under section 142A.605 and must include the reasonable efforts used to determine that it is not appropriate for the child to return home or be adopted, and reasons why permanent placement with a relative through a Northstar kinship assistance arrangement is in the child's best interest; how the child meets the eligibility requirements for Northstar kinship assistance payments; agency efforts to discuss adoption with the child's relative foster parent and reasons why the relative foster parent chose not to pursue adoption, if applicable; and agency efforts to discuss with the child's parent or parents the permanent transfer of permanent legal and physical custody or the reasons why these efforts were not made;

(8) efforts to ensure the child's educational stability while in foster care for a child ~~who attained the minimum age for~~ subject to compulsory school attendance under ~~state law~~ section 120A.22 and is enrolled full time in elementary or secondary school, or instructed in elementary or secondary education at home, or instructed in an independent study elementary or secondary program, or incapable of attending school on a full-time basis due to a medical condition that is documented and supported by regularly updated information in the child's case plan. Educational stability efforts include:

(i) efforts to ensure that the child remains in the same school in which the child was enrolled prior to placement or upon the child's move from one placement to another, including efforts to work with the local education authorities to ensure the child's educational stability and attendance; or

(ii) if it is not in the child's best interest to remain in the same school that the child was enrolled in prior to placement or move from one placement to another, efforts to ensure immediate and appropriate enrollment for the child in a new school;

(9) for a child not yet subject to compulsory school attendance under section 120A.22, efforts to ensure the child's educational stability while in foster care if the child is enrolled in an early childhood education or child care program. If enrollment in an early childhood education or child care program is not feasible or not in the child's best interest, the out-of-home placement plan must state specific reasons for discontinuing the child's enrollment in the same program or not seeking enrollment in a similar program. Early childhood education or child care stability efforts include:

(i) efforts to ensure that the child remains in the same program in which the child was enrolled prior to placement or upon the child's move from one placement to another, if in the child's best interest, including efforts to work with the program to ensure the child's educational stability and attendance; or

(ii) if it is not feasible or not in the child's best interest for the child to remain in the same program that the child was enrolled in prior to placement or to a move from one placement to another, efforts to ensure enrollment for the child in a similar program;

~~(9)~~ (10) the educational, child care, or early childhood education program records of the child including the most recent information available regarding:

(i) the names and addresses of the child's educational providers;

(ii) the child's grade level performance, if applicable;

(iii) the child's school or program record;

(iv) a statement about how the child's placement in foster care takes into account proximity to the school or program in which the child is enrolled at the time of placement; and

(v) any other relevant educational information;

~~(10)~~ (11) the efforts by the responsible social services agency to ensure the oversight and continuity of health care services for the foster child, including:

(i) the plan to schedule the child's initial health screens;

(ii) how the child's known medical problems and identified needs from the screens, including any known communicable diseases, as defined in section 144.4172, subdivision 2, shall be monitored and treated while the child is in foster care;

(iii) how the child's medical information shall be updated and shared, including the child's immunizations;

(iv) who is responsible to coordinate and respond to the child's health care needs, including the role of the parent, the agency, and the foster parent;

(v) who is responsible for oversight of the child's prescription medications;

(vi) how physicians or other appropriate medical and nonmedical professionals shall be consulted and involved in assessing the health and well-being of the child and determine the appropriate medical treatment for the child; and

(vii) the responsibility to ensure that the child has access to medical care through either medical insurance or medical assistance;

~~(11)~~ (12) the health records of the child including information available regarding:

(i) the names and addresses of the child's health care and dental care providers;

(ii) a record of the child's immunizations;

(iii) the child's known medical problems, including any known communicable diseases as defined in section 144.4172, subdivision 2;

(iv) the child's medications; and

(v) any other relevant health care information such as the child's eligibility for medical insurance or medical assistance;

~~(12)~~ (13) an independent living plan for a child 14 years of age or older, developed in consultation with the child. The child may select one member of the case planning team to be designated as the child's advisor and to advocate with respect to the application of the reasonable and prudent parenting standards in subdivision 14. The plan should include, but not be limited to, the following objectives:

(i) educational, vocational, or employment planning;

(ii) health care planning and medical coverage;

(iii) transportation including, where appropriate, assisting the child in obtaining a driver's license;

(iv) money management, including the responsibility of the responsible social services agency to ensure that the child annually receives, at no cost to the child, a consumer report as defined under section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report;

(v) planning for housing;

(vi) social and recreational skills;

(vii) establishing and maintaining connections with the child's family and community; and

(viii) regular opportunities to engage in age-appropriate or developmentally appropriate activities typical for the child's age group, taking into consideration the capacities of the individual child;

~~(13)~~ (14) for a child in voluntary foster care for treatment under chapter 260D, diagnostic and assessment information, specific services relating to meeting the mental health care needs of the child, and treatment outcomes;

~~(14)~~ (15) for a child 14 years of age or older, a signed acknowledgment that describes the child's rights regarding education, health care, visitation, safety and protection from exploitation, and court

participation; receipt of the documents identified in section 260C.452; and receipt of an annual credit report. The acknowledgment shall state that the rights were explained in an age-appropriate manner to the child; and

~~(15)~~ (16) for a child placed in a qualified residential treatment program, the plan must include the requirements in section 260C.708.

(d) The parent or parents or guardian and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social services agency in preparation of the case plan.

(e) Before an out-of-home placement plan is signed by the parent or parents or guardian of the child, the responsible social services agency must provide the parent or parents or guardian with a one- to two-page summary of the plan using a form developed by the commissioner. The out-of-home placement plan summary must clearly summarize the plan's contents under paragraph (c) and list the requirements and responsibilities for the parent or parents or guardian using plain language. The summary must be updated and provided to the parent or parents or guardian when the out-of-home placement plan is updated under subdivision 1a.

(f) After the plan has been agreed upon by the parties involved or approved or ordered by the court, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

(g) Upon the child's discharge from foster care, the responsible social services agency must provide the child's parent, adoptive parent, or permanent legal and physical custodian, and the child, if the child is 14 years of age or older, with a current copy of the child's health and education record. If a child meets the conditions in subdivision 15, paragraph (b), the agency must also provide the child with the child's social and medical history. The responsible social services agency may give a copy of the child's health and education record and social and medical history to a child who is younger than 14 years of age, if it is appropriate and if subdivision 15, paragraph (b), applies.

Sec. 19. Minnesota Statutes 2024, section 260C.212, subdivision 4a, is amended to read:

Subd. 4a. **Monthly caseworker visits.** (a) Every child in foster care or on a trial home visit ~~shall~~ must be visited by the child's caseworker or another person who has responsibility for visitation of the child on a monthly basis, with the majority of visits occurring in the child's residence. The responsible social services agency may designate another person responsible for monthly case visits. For the purposes of this section, the following definitions apply:

(1) "visit" is defined as a face-to-face contact between a child and the child's caseworker. For a youth 18 years of age or older, a visit may be conducted via video conference with the youth's informed consent;

(2) "visited on a monthly basis" is defined as at least one visit per calendar month;

(3) "the child's caseworker" is defined as the person who has responsibility for managing the child's foster care placement case as assigned by the responsible social services agency;

(4) "another person" means the professional staff whom the responsible social services agency has assigned in the out-of-home placement plan or case plan. Another person must be professionally trained to assess the child's safety, permanency, well-being, and case progress. The agency may not designate the guardian ad litem, the child foster care provider, residential facility staff, or a qualified individual as defined in section 260C.007, subdivision26b, as another person; and

(5) "the child's residence" is defined as the home where the child is residing, and can include the foster home, child care institution, or the home from which the child was removed if the child is on a trial home visit.

(b) Caseworker visits ~~shall~~ must be of sufficient substance and duration to address issues pertinent to case planning and service delivery to ensure the safety, permanency, and well-being of the child, including whether the child is enrolled and attending school as required by law.

(c) Every effort ~~shall~~ must be made by the responsible social services agency and professional staff to have the monthly visit with the child outside the presence of the child's parents, foster parents, or facility staff. There may be situations related to the child's needs when a caseworker visit cannot occur with the child alone. The reason the caseworker visit occurred in the presence of others must be documented in the case record and may include:

(1) that the child exhibits intense emotion or behavior indicating that visiting without the presence of the parent, foster parent, or facility staff would be traumatic for the child;

(2) that despite a caseworker's efforts, the child declines to visit with the caseworker outside the presence of the parent, foster parent, or facility staff; and

(3) that the child has a specific developmental delay, physical limitation, incapacity, medical device, or significant medical need, such that the parent, foster parent, or facility staff is required to be present with the child during the visit.

Sec. 20. Minnesota Statutes 2024, section 260C.212, is amended by adding a subdivision to read:

Subd. 14a. **Information on early childhood education and child care for children in foster care.** For a child not yet subject to compulsory school attendance under section 120A.22, the responsible social services agency; licensed child-placing agency, if applicable; and the child's guardian ad litem must provide information to the foster parent about:

(1) early childhood education and child care program options in the foster parent's geographic area;

(2) the Northstar foster care benefits child care allowance;

(3) eligibility requirements for the child care assistance program and early learning scholarships; and

(4) application processes for the child care assistance program and early learning scholarships.

Sec. 21. Minnesota Statutes 2024, section 260C.451, subdivision 2, is amended to read:

Subd. 2. **Independent living plan.** ~~Upon the request of~~ (a) For any child in foster care who is 14 years of age or older, the responsible social services agency must, in conjunction with the child and other appropriate parties, develop and update the child's independent living plan required under section 260C.212, subdivision 1, paragraph (c), clause (12).

(b) For any child in foster care immediately prior to the child's 18th birthday ~~and who is in foster care at the time of the request~~, the responsible social services agency ~~shall~~ must, in conjunction with the child and other appropriate parties, update the child's independent living plan required under section 260C.212, subdivision 1, paragraph (c), clause (12), related to the child's employment, vocational, educational, social, or maturational needs and submit the updated plan to the court as part of the required review under section 260C.202, subdivision 3. The agency ~~shall~~ must provide continued services and foster care for the child including those services that are necessary to implement the independent living plan.

Sec. 22. Minnesota Statutes 2024, section 260C.451, subdivision 3, is amended to read:

Subd. 3. **Eligibility to continue in foster care.** A child in foster care immediately prior to the child's 18th birthday may continue in foster care past age 18 unless:

(1) the child can safely return home; or

(2) ~~the child is in placement pursuant to the agency's duties under section 256B.092 and Minnesota Rules, parts 9525.0004 to 9525.0016, to meet the child's needs due to a developmental disability or related condition, and the child will be served as an adult under section 256B.092 and Minnesota Rules, parts 9525.0004 to 9525.0016; or~~

~~(3)~~ the child can be adopted or have permanent legal and physical custody transferred to a relative prior to the child's 18th birthday.

Sec. 23. Minnesota Statutes 2024, section 260C.451, subdivision 3a, is amended to read:

Subd. 3a. **Eligibility criteria.** The child must meet at least one of the following conditions to be considered eligible to continue in or return to foster care and remain there to age 21. The child must be:

(1) completing secondary education or a program leading to an equivalent credential, including transition programs through a public or private school;

(2) enrolled in an institution that provides postsecondary or vocational education;

(3) participating in a program or activity designed to promote or remove barriers to employment;

(4) employed for at least 80 hours per month, including receiving benefits under chapter 268B; or

(5) incapable of doing any of the activities described in clauses (1) to (4) due to a medical condition.

Sec. 24. Minnesota Statutes 2025 Supplement, section 260C.451, subdivision 8, is amended to read:

Subd. 8. **Notice of termination of foster care.** When a child in foster care between the ages of 18 and 21 ceases to meet one of the eligibility criteria of subdivision 3a, the responsible social services agency ~~shall~~ must give the child written notice that foster care will terminate 30 days from the date the notice is sent. The agency must send a copy of the written notice to the commissioner of children, youth, and families. The child or the child's guardian ad litem may file a motion asking the court to review the agency's determination within 15 days of receiving the notice. The child ~~shall~~ must not be discharged from foster care until the motion is heard. The agency ~~shall work~~ must engage with the child to develop a transition ~~out of foster care~~ plan as required under section 260C.452, subdivision 4, paragraph (d), that addresses the goals listed in section 260C.203, subdivision 4, clause (2). The written notice of termination of benefits ~~shall~~ must be on a form prescribed by the commissioner and ~~shall~~ must also give notice of the right to have the agency's determination reviewed by the court in the proceeding where the court conducts the reviews required under section 260C.203, 260C.317, or 260C.515, subdivision 5 or 6. A copy of the termination notice ~~shall~~ must be sent to the child and the child's attorney, if any, the foster care provider, the child's guardian ad litem, the commissioner of children, youth, and families, and the court. The agency is not responsible for paying foster care benefits for any period of time after the child actually leaves foster care.

ARTICLE 10

CHILDREN, YOUTH, AND FAMILIES BUDGET

Section 1. **REGIONAL FOOD BANK GRANTS.**

Subdivision 1. **Establishment.** The commissioner of children, youth, and families must establish regional food bank grants to increase the availability of food to individuals and families in need.

Subd. 2. **Distribution of appropriation.** The commissioner must distribute money appropriated under this section to regional food banks and Minnesota Tribal governments, as defined in Minnesota Statutes, section 10.65, using a formula based on the number of persons in households having incomes below the federal poverty level and the number of unemployed persons in the service area of the food bank or Minnesota Tribal government.

Subd. 3. **Allowable use of money.** (a) Grant money distributed under this section must be used to purchase, transport, and coordinate the distribution of food to sites approved by the commissioner. Grant money distributed under this section may also be used to purchase personal hygiene products, including but not limited to diapers and toilet paper.

(b) Food and other allowable products purchased with grant money under this section must be available at no cost at sites approved by the commissioner.

(c) Grant money distributed under this section must not be used for the compensation of officers, directors, trustees, key employees, and highest compensated employees as reported on Internal Revenue Service Form 990.

Subd. 4. **Reporting.** (a) Food banks and Minnesota Tribal governments receiving grant money under this section must retain records documenting expenditures of the grant money and comply with any additional documentation requirements imposed by the commissioner.

(b) Food banks and Minnesota Tribal governments must report on the use of grant money received under this section to the commissioner. The commissioner must determine the timing and form required for the reports.

Subd. 5. **Ineligible expenditures.** If the commissioner determines that ineligible expenditures were made by a food bank or Minnesota Tribal government under this section, the ineligible amount must be repaid by the food bank or Tribal government to the commissioner and deposited in the general fund.

Sec. 2. **DIRECTION TO COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES; CRISIS NURSERY LICENSING.**

The commissioner of children, youth, and families must develop a licensing framework for crisis nurseries. The framework must include pathways for organizations to become licensed crisis nurseries, a definition for crisis nurseries, background study and training requirements, and ways to reduce redundancy and resolve conflicting requirements between Minnesota Rules, parts 2960.0510 to 2960.0530, 2960.3000 to 2960.3100, and chapter 9502, and Minnesota Statutes, chapter 142B. In developing the framework, the commissioner must work with stakeholders seeking to develop a crisis nursery license. By January 15, 2028, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over children, youth, and families licensing. The report must contain an overview of the licensing framework, a detailed explanation of the framework, and proposed legislation to make any statutory changes that are needed to implement the new license for crisis nurseries.

ARTICLE 11

MINNESOTA AFRICAN AMERICAN FAMILY PRESERVATION AND CHILD WELFARE DISPROPORTIONALITY ACT CHANGES

Section 1. Minnesota Statutes 2024, section 260.63, subdivision 10, is amended to read:

Subd. 10. **Disproportionately represented child.** (a) "Disproportionately represented child" means a person who is under the age of 18 and who is a member of a community whose race, ~~culture,~~ ethnicity, disability status, or low-income socioeconomic status is disproportionately encountered, engaged, or identified in the child welfare system as compared to the representation in the state's total child population, as determined ~~on an annual basis~~ by the commissioner under section 260.631. A child's race, ~~culture, or~~ ethnicity, disability status, or low-income socioeconomic status is determined ~~based upon~~ by a child's self-identification or identification of a child's race, ~~culture, or~~ ethnicity, disability status, or low-income socioeconomic status as reported by the child's parent or guardian.

(b) For the purposes of this subdivision:

(1) disability means a physical, sensory, or mental impairment that materially limits one or more major life activities, including an impairment that is episodic or in remission and would materially limit a major life activity when active; and

(2) low-income socioeconomic status is established by the child's household income being below 300 percent of the federal poverty guidelines published by the United States Department of Health and Human Services. For purposes of this subdivision, low-income socioeconomic status is also established when a child or a member of the child's household receives benefits from one or more means-tested public assistance programs, or when a child meets income and resource requirements to be eligible for title IV-E foster care maintenance payments under the federal Social Security Act.

Sec. 2. **[260.631] DETERMINATIONS.**

Subdivision 1. **Determination of disproportionate overrepresentation.** (a) The commissioner must determine the communities that are disproportionately overrepresented in Minnesota's child protection system pursuant to this section for the purposes of the Minnesota African American Family Preservation and Child Welfare Disproportionality Act. In making this determination, the commissioner may consider the recommendations provided under paragraph (d). The commissioner's determination under this paragraph is in effect until the effective date of the next determination issued by the commissioner.

(b) The commissioner must make the initial determination under paragraph (a) by September 1, 2026, and then by September 1 on every even-numbered year thereafter.

(c) A responsible social services agency must use the commissioner's determination under paragraph (a) to determine whether a child meets the definition of a disproportionately represented child under section 260.63, subdivision 10.

(d) The African American Child and Family Well-Being Advisory Council must submit recommendations to the commissioner on the disproportionate overrepresentation of African American children in Minnesota's child protection system using state and federal census data. The council must provide its initial recommendations to the commissioner by August 1, 2026, and then provide recommendations by August 1 on every even-numbered year thereafter.

(e) If the commissioner makes a determination under paragraph (a) that differs from the recommendations provided by the African American Child and Family Well-Being Advisory Council under paragraph (d) regarding the disproportionate overrepresentation of African American children in Minnesota's child protection system, the commissioner must provide the reasons for diverging from the council's recommendations and identify the data the commissioner relied upon in making the determination of disproportionate overrepresentation. The commissioner must provide the information required under this paragraph to:

(1) the chairs and ranking minority members of the legislative committees with jurisdiction over the Minnesota African American Family Preservation and Child Welfare Disproportionality Act;

(2) the African American Child and Family Well-Being Advisory Council;

(3) the Children's Justice Initiative; and

(4) responsible social services agencies statewide.

(f) By September 15, 2026, and every even-numbered year thereafter, the commissioner must notify responsible social services agencies, the African American Child and Family Well-Being Advisory Council, and the Children's Justice Initiative of the commissioner's determination under paragraph (a). The notification must include but is not limited to:

(1) a list of the communities the commissioner determined are disproportionately represented in Minnesota's child protection system and whether there are any changes from the previous notification;

(2) how a responsible social services agency must implement the commissioner's determination;

(3) the effective date of the commissioner's determination; and

(4) the method or methods the commissioner used, or the data the commissioner relied upon, to make the determination.

Subd. 2. **Determination of child's status.** The responsible social services agency must document the efforts the agency takes when determining whether a child meets or does not meet the definition of a disproportionately represented child under section 260.63, subdivision 10, and must provide that information to the commissioner upon the commissioner's request.

Subd. 3. **Exempt from rulemaking.** Chapter 14 does not apply to determinations under this section.

Sec. 3. Minnesota Statutes 2024, section 260.64, subdivision 2, is amended to read:

Subd. 2. **Safety plan.** (a) Prior to petitioning the court to remove an African American or a disproportionately represented child from the child's home under section 260.66, a responsible social services agency must work with the child's family to allow the child to remain in the child's home while implementing a safety plan based on the family's needs. The responsible social services agency must:

(1) make active efforts to engage the child's parent or custodian and the child, when appropriate;

(2) assess the family's cultural and economic needs and, if applicable, needs and services related to the child's disability;

(3) hold a family group consultation meeting and connect the family with supports to establish a safety network for the family; and

(4) provide support, guidance, and input to assist the family and the family's safety network with developing the safety plan.

(b) The safety plan must:

(1) address the specific allegations impacting the child's safety in the home. If neglect, as defined in section 260E.03, subdivision 15, is alleged, the safety plan must incorporate economic services

and supports for the child and the child's family, if eligible, to address the family's specific needs and prevent neglect;

(2) incorporate family and community support to ensure the child's safety while keeping the family intact; and

(3) be adjusted as needed to address the child's and family's ongoing needs and support.

(c) The responsible social services agency is not required to establish a safety plan:

(1) in a case with allegations of sexual abuse or egregious harm;

(2) when the parent is not willing to follow a safety plan;

(3) when the parent has abandoned the child or is unavailable to follow a safety plan; or

(4) when the parent has chronic substance use disorder issues and is unable to parent the child.

Sec. 4. Minnesota Statutes 2024, section 260.68, subdivision 2, is amended to read:

Subd. 2. **Case review.** (a) Each responsible social services agency shall conduct a review of all child welfare cases for African American and other disproportionately represented children handled by the agency. Each responsible social services agency shall create a summary report of trends identified under paragraphs (b) and (c), a remediation plan as provided in paragraph (d), and an update on implementation of any previous remediation plans. The first report shall be provided to the African American Child Well-Being Advisory Council, the commissioner, and the chairs and ranking minority members of the legislative committees with jurisdiction over child welfare by October 1, 2029, and annually thereafter. For purposes of determining outcomes in this subdivision, responsible social services agencies shall use guidance from the commissioner. The commissioner shall provide guidance starting on November 1, 2028, and annually thereafter.

(b) The case review must include:

(1) the number of African American and disproportionately represented children represented in the county child ~~welfare~~ protection system;

(2) the number and sources of maltreatment reports received and reports screened in for investigation or referred for family assessment and the race of the children and parents or custodians involved in each report;

(3) the number and race of children and parents or custodians who receive in-home preventive case management services;

(4) the number and race of children whose parents or custodians are referred to community-based, culturally appropriate, strength-based, or trauma-informed services;

(5) the number and race of children removed from their homes;

(6) the number and race of children reunified with their parents or custodians;

(7) the number and race of children whose parents or custodians are offered family group decision-making services;

(8) the number and race of children whose parents or custodians are offered the parent support outreach program;

(9) the number and race of children in foster care or out-of-home placement at the time that the data is gathered;

(10) the number and race of children who achieve permanency through a transfer of permanent legal and physical custody to a relative or an adoption; and

(11) the number and race of children who are under the guardianship of the commissioner or awaiting a permanency disposition.

(c) The required case review must also:

(1) identify barriers to reunifying children with their families;

(2) identify the family conditions that led to the out-of-home placement;

(3) identify any barriers to accessing culturally informed mental health or substance use disorder treatment services for the parents or children;

(4) document efforts to identify fathers and maternal and paternal relatives and to provide services to custodial and noncustodial fathers, if appropriate; and

(5) document and summarize court reviews of active efforts.

(d) Any responsible social services agency that has a case review showing disproportionality and disparities in child welfare outcomes for African American and other disproportionately represented children and the children's families, compared to the agency's overall outcomes, must include in their case review summary report a remediation plan with measurable outcomes to identify, address, and reduce the factors that led to the disproportionality and disparities in the agency's child welfare outcomes. The remediation plan shall also include information about how the responsible social services agency will achieve and document trauma-informed, positive child well-being outcomes through remediation efforts.

Sec. 5. Minnesota Statutes 2024, section 260.69, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The commissioner of children, youth, and families must collaborate with the Children's Justice Initiative to ensure that cultural competency training is given or made available to individuals working in the child welfare system, including child welfare workers and supervisors. Training ~~must~~ developed by the Child Welfare Training Academy may also be made available to attorneys, juvenile court judges, guardians ad litem, and family law judges. The commissioner must give priority to child welfare workers and supervisors for in-person trainings or other trainings with limited attendance or availability.

(b) This subdivision does not require the commissioner or the Child Welfare Training Academy to develop or provide training specifically for attorneys, juvenile court judges, guardians ad litem,

family law judges, or any other individuals beyond the primary training audiences required to be served under Laws 2019, First Special Session chapter 9, article 1, section 37, subdivision 2, paragraph (e).

Sec. 6. Minnesota Statutes 2025 Supplement, section 260.691, subdivision 1, is amended to read:

Subdivision 1. **Establishment and duties.** (a) The African American Child and Family Well-Being Advisory Council is established for the Department of Children, Youth, and Families.

(b) The council shall consist of 31 members appointed by the commissioner and must include representatives with lived personal or professional experience within African American communities. Members may include but are not limited to youth who have exited the child welfare system; parents; legal custodians; relative and kinship caregivers or foster care providers; community service providers, advocates, and members; county and private social services agency case managers; representatives from faith-based institutions; academic professionals; a representative from the Council for Minnesotans of African Heritage; the Ombudsperson for African American Families; and other individuals with experience and knowledge of African American communities. Council members must be selected through an open appointments process under section 15.0597. The terms, compensation, and removal of council members are governed by section 15.059.

(c) The council must:

(1) review annual reports related to African American children involved in the child welfare system. These reports may include but are not limited to the maltreatment, out-of-home placement, and permanency of African American children;

(2) assist with and make recommendations to the commissioner for developing strategies to reduce maltreatment determinations, prevent unnecessary out-of-home placement, promote culturally appropriate foster care and shelter or facility placement decisions and settings for African American children in need of out-of-home placement, ensure timely achievement of permanency, and improve child welfare outcomes for African American children and their families;

(3) review summary reports on targeted case reviews prepared by the commissioner to ensure that responsible social services agencies meet the needs of African American children and their families. Based on data collected from those reviews, the council shall assist the commissioner with developing strategies needed to improve any identified child welfare outcomes, including but not limited to maltreatment, out-of-home placement, and permanency for African American children;

(4) make recommendations to the commissioner and the legislature for public policy and statutory changes that specifically consider the needs of African American children and their families involved in the child welfare system;

(5) advise the commissioner on stakeholder engagement strategies and actions that the commissioner and responsible social services agencies may take to improve child welfare outcomes for African American children and their families;

(6) assist the commissioner with developing strategies for public messaging and communication related to racial ~~disproportionality and~~ disparities in child welfare outcomes for African American children and their families;

(7) assist the commissioner with identifying and developing internal and external partnerships to support adequate access to services and resources for African American children and their families, including but not limited to housing assistance, employment assistance, food and nutrition support, health care, child care assistance, and educational support and training; and

(8) assist the commissioner with developing strategies to promote the development of a culturally diverse and representative child welfare workforce in Minnesota that includes professionals who are reflective of the community served and who have been directly impacted by lived experiences within the child welfare system. The council must also assist the commissioner with exploring strategies and partnerships to address education and training needs, hiring, recruitment, retention, and professional advancement practices.

Sec. 7. Minnesota Statutes 2025 Supplement, section 260.692, subdivision 1, is amended to read:

Subdivision 1. **Duties.** The African American Child and Family Well-Being Unit, currently established by the commissioner, must:

(1) assist with the development of African American cultural competency training and review child welfare curriculum in the Minnesota Child Welfare Training Academy to ensure that responsible social services agency staff and other child welfare professionals are appropriately prepared to engage with African American children and their families and to support family preservation and reunification;

(2) provide technical assistance, including on-site technical assistance, and case consultation to responsible social services agencies to assist agencies with implementing and complying with the Minnesota African American Family Preservation and Child Welfare Disproportionality Act;

(3) monitor individual county and statewide disaggregated and nondisaggregated data to identify trends and patterns in child welfare outcomes, including but not limited to reporting, maltreatment, out-of-home placement, and permanency of African American children and develop strategies to address ~~disproportionality and~~ disparities in the child welfare system;

(4) develop and implement a system for conducting case reviews when the commissioner receives reports of noncompliance with the Minnesota African American Family Preservation and Child Welfare Disproportionality Act or when requested by the parent or custodian of an African American child. Case reviews may include but are not limited to a review of placement prevention efforts, safety planning, case planning and service provision by the responsible social services agency, relative placement consideration, and permanency planning;

(5) establish and administer a request for proposals process for African American and disproportionately represented family preservation grants under section 260.693, monitor grant activities, and provide technical assistance to grantees;

(6) in coordination with the African American Child and Family Well-Being Advisory Council, coordinate services and create internal and external partnerships to support adequate access to services and resources for African American children and their families, including but not limited to housing assistance, employment assistance, food and nutrition support, health care, child care assistance, and educational support and training; and

(7) develop public messaging and communication to inform the public about racial disparities in child welfare outcomes, current efforts and strategies to reduce racial disparities, and resources available to African American children and their families involved in the child welfare system.

Sec. 8. Minnesota Statutes 2025 Supplement, section 260.692, subdivision 2, is amended to read:

Subd. 2. **Case reviews.** (a) The African American Child and Family Well-Being Unit must conduct systemic case reviews to monitor targeted child welfare outcomes, including but not limited to maltreatment, out-of-home placement, and permanency of African American children.

(b) The reviews under this subdivision must be conducted using a random sampling of representative child ~~welfare~~ protection cases stratified for certain case related factors, including but not limited to case type, maltreatment type, if the case involves out-of-home placement, and other demographic variables. In conducting the reviews, unit staff may use court records and documents, information from the social services information system, and other available case file information to complete the case reviews.

(c) The frequency of the reviews and the number of cases, child welfare outcomes, and selected counties reviewed shall be determined by the unit in consultation with the African American Child and Family Well-Being Advisory Council, with consideration given to the availability of unit resources needed to conduct the reviews.

(d) The unit must monitor all case reviews and use the collective case review information and data to generate summary case review reports, ensure compliance with the Minnesota African American Family Preservation and Child Welfare Disproportionality Act, and identify trends or patterns in child welfare outcomes for African American children.

(e) The unit must review information from members of the public received through the compliance and feedback portal, including policy and practice concerns related to individual child ~~welfare~~ protection cases. After assessing a case concern, the unit may determine if further necessary action should be taken, which may include coordinating case remediation with other relevant child welfare agencies in accordance with data privacy laws, including the African American Child and Family Well-Being Advisory Council, and offering case consultation and technical assistance to the responsible local social services agency as needed or requested by the agency.

Sec. 9. Minnesota Statutes 2025 Supplement, section 260.692, subdivision 3, is amended to read:

Subd. 3. **Reports.** (a) The African American Child and Family Well-Being Unit must provide regular updates on unit activities, including summary reports of case reviews, to the African American Child and Family Well-Being Advisory Council, and must publish an annual census of African American children in out-of-home placements statewide. The annual census must include data on

the types of placements, age and sex of the children, how long the children have been in out-of-home placements, and other relevant demographic information.

(b) The African American Child and Family Well-Being Unit shall gather summary data about the practice and policy inquiries and individual case concerns received through the compliance and feedback portal under subdivision 2, paragraph (e). The unit shall provide regular reports of the nonidentifying compliance and feedback portal summary data to the African American Child and Family Well-Being Advisory Council to identify child welfare trends and patterns to assist with developing policy and practice recommendations to support eliminating ~~disparity and disproportionality~~ disparities for African American children.

Sec. 10. Minnesota Statutes 2024, section 260.693, subdivision 2, is amended to read:

Subd. 2. **Eligible services.** (a) Services eligible for grants under this section include but are not limited to:

(1) child out-of-home placement prevention and reunification services;

(2) family-based services and reunification therapy;

(3) culturally specific individual and family counseling;

(4) court advocacy;

(5) training for and consultation to responsible social services agencies and private social services agencies regarding this act;

(6) development and promotion of culturally informed, affirming, and responsive community-based prevention and family preservation services that target the children, youth, families, and communities of African American and African heritage experiencing the highest disparities~~, disproportionality,~~ and overrepresentation in the Minnesota child welfare system;

(7) culturally affirming and responsive services that work with children and families in their communities to address their needs and ensure child and family safety and well-being within a culturally appropriate lens and framework;

(8) services to support informal kinship care arrangements; and

(9) other activities and services approved by the commissioner that further the goals of the Minnesota African American Family Preservation and Child Welfare Disproportionality Act, including but not limited to the recruitment of African American staff and staff from other communities disproportionately represented in the child welfare system to work for responsible social services agencies and licensed child-placing agencies.

(b) The commissioner may specify the priority of an activity and service based on its success in furthering these goals. The commissioner shall give preference to programs and service providers that are located in or serve counties with the highest rates of child welfare ~~disproportionality~~ disproportionate representation for African American and other disproportionately represented children and their families and employ staff who represent the population primarily served.

Sec. 11. **[260.694] MINNESOTA AFRICAN AMERICAN FAMILY PRESERVATION AND CHILD WELFARE DISPROPORTIONALITY GRANT ALLOCATION.**

Subdivision 1. **Formula for county staffing and services funds.** (a) The commissioner shall allocate state funds appropriated under this section to each county board on a calendar year basis in an amount determined according to the following formula:

(1) 50 percent must be distributed on the basis of the child population residing in the county as determined by the most recent data of the state demographer;

(2) 25 percent must be distributed on the basis of the number of screened-in reports of child maltreatment under chapter 260E, and in the county as determined by the most recent data of the commissioner; and

(3) 25 percent must be distributed on the basis of the number of open child protection case management cases in the county as determined by the most recent data of the commissioner.

(b) Notwithstanding this subdivision, no county shall be awarded an allocation of less than $100,000.

Subd. 2. **Prohibition on supplanting existing funds.** Funds received under this section must be used to address staffing and services needed for child protection and expansion of child protection services, including making active efforts to prevent entry into the child protection system, prevent out-of-home placement, reunify children with families, and finalize alternative permanency arrangements if reunification is not an option. Funds must not be used to supplant current county expenditures for these purposes but may be used to maintain staff and services paid for by temporary funding.

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

Sec. 12. Laws 2024, chapter 117, section 9, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective January 1, 2027, except subdivision 2 is effective July 1, 2027, and except as provided under section 20.

Sec. 13. Laws 2024, chapter 117, section 21, is amended to read:

Sec. 21. **MINNESOTA AFRICAN AMERICAN FAMILY PRESERVATION AND CHILD WELFARE DISPROPORTIONALITY ACT; WORKING GROUP.**

(a) The commissioner of human services must establish a working group to provide guidance and oversight for the Minnesota African American Family Preservation and Child Welfare Disproportionality Act phase-in program.

(b) The members of the working group must include representatives from the Minnesota Association of County Social Service Administrators, the Association of Minnesota Counties, the Minnesota Inter-County Association, the Minnesota County Attorneys Association, Hennepin County, Ramsey County, the Department of Human Services, and community organizations with experience in child welfare. The legislature may provide recommendations to the commissioner on the selection of the representatives from the community organizations.

(c) The working group must provide oversight of the phase-in program and evaluate the cost of the phase-in program. The working group must also assess future costs of implementing the Minnesota African American Family Preservation and Child Welfare Disproportionality Act statewide.

(d) By January 1, 2026, the working group must develop and submit an interim report to the chairs and ranking minority members of the legislative committees with jurisdiction over child welfare detailing initial needs for the implementation of the Minnesota African American Family Preservation and Child Welfare Disproportionality Act. The interim report must also include recommendations for any statutory or policy changes necessary to implement the act.

(e) By September 1, 2026, the working group must develop an implementation plan and best practices for the Minnesota African American Family Preservation and Child Welfare Disproportionality Act to go into effect statewide.

(f) The working group under this section expires December 31, 2026.

Sec. 14. **REPEALER.**

Minnesota Statutes 2024, section 260.63, subdivision 9, is repealed.

ARTICLE 12

CHILD CARE CENTER LICENSING MODERNIZATION

Section 1. **[142H.01] DEFINITIONS.**

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

Subd. 2. **Accessible to children.** "Accessible to children" means capable of being reached or utilized by a child without the aid of an adult.

Subd. 3. **Accredited.** "Accredited" means a postsecondary institution or technical college recognized and listed in The Database of Accredited Postsecondary Institutions and Programs maintained by the United States Department of Education.

Subd. 4. **Age categories.** (a) "Infant" means a child who is at least six weeks old but less than 16 months old.

(b) "Toddler" means a child who is at least 16 months old but less than 33 months old.

(c) "Preschooler" means a child who is at least 33 months old up to school age.

(d) "School age" means a child who is at least of sufficient age to have attended the first day of kindergarten, or is eligible to enter kindergarten within the next four months, but is younger than 13 years of age. A child who becomes 13 during the school year may continue to be considered a school-age child for the remainder of the school year.

Subd. 5. **Applicant.** "Applicant" has the meaning given in section 142B.01, subdivision 4.

Subd. 6. **Arrival and departure times.** "Arrival and departure times" means the times when children typically arrive at or depart from a center. A center cannot designate more than 25 percent of licensed hours of operation as arrival and departure times. The designated arrival and departure times must be used at the beginning or end of a center's licensed hours of operation.

Subd. 7. **Building official.** "Building official" means the person appointed pursuant to section 326B.133 to administer the State Building Code or the building official's authorized representative.

Subd. 8. **Center.** "Center" means a child care program that is not excluded by section 142B.05, subdivision 2, and is not a family child care program, as defined in section 142I.01, subdivision 22.

Subd. 9. **Child.** "Child" means a person receiving child care services who falls within the age categories in subdivision 4.

Subd. 10. **Child care program.** "Child care program" means the organization or arrangement of activities, personnel, materials, and equipment in a facility to promote the physical, intellectual, social, and emotional development of a child in the absence of the parent for a period of less than 24 hours a day.

Subd. 11. **Child care program plan.** "Child care program plan" means the written document that states specific activities that will be provided by the license holder to promote the physical, intellectual, social, and emotional development of the children enrolled in the center.

Subd. 12. **Clean.** "Clean" means free from dirt or other contaminants that can be detected by sight, smell, or touch.

Subd. 13. **Commissioner.** "Commissioner" means the commissioner of children, youth, and families or the commissioner's designated representative, including county agencies and private agencies.

Subd. 14. **Day program.** "Day program" means a nonresidential child care program that operates during waking hours and does not provide overnight care.

Subd. 15. **Department.** "Department" means the Department of Children, Youth, and Families.

Subd. 16. **Direct contact.** "Direct contact" has the meaning given in section 245C.02, subdivision 11.

Subd. 17. **Disinfected.** "Disinfected" means the chemical process to kill most germs and viruses on surfaces and objects after they have been cleaned.

Subd. 18. **Drop-in child care program.** "Drop-in child care program" means a nonresidential program of child care in which children participate on a onetime only or occasional basis up to a maximum of 90 hours per child, per month.

Subd. 19. **Experience.** "Experience" means paid or unpaid employment:

(1) caring for children as a teacher, assistant teacher, aide, or student intern:

(i) in a licensed child care center, a licensed family child care program, or a Tribally licensed child care program in any United States state or territory; or

(ii) in a public or nonpublic school;

(2) caring for children as a staff person or unsupervised volunteer in a certified license-exempt child care center under chapter 142C; or

(3) providing direct contact services in a home or residential facility serving children with disabilities that requires a background study under section 245C.03.

Subd. 20. **Facility.** "Facility" means the indoor and outdoor space where a child care program is provided.

Subd. 21. **Fire marshal.** "Fire marshal" means the person designated by section 299F.011 to administer and enforce the State Fire Code or the fire marshal's authorized representative.

Subd. 22. **Health care provider.** "Health care provider" means a physician or physician's assistant licensed to practice medicine under chapter 147 or an advanced practice registered nurse licensed under chapter 148.

Subd. 23. **Health consultant.** "Health consultant" means a registered nurse, a public health nurse, or a health care provider as defined in subdivision 22 who performs health consultation services for a child care center pursuant to section 142H.29, subdivision 2.

Subd. 24. **Inaccessible to children.** "Inaccessible to children" means not capable of being reached or utilized by a child without the aid of an adult.

Subd. 25. **License.** "License" has the meaning given in section 142B.01, subdivision 16.

Subd. 26. **License holder.** "License holder" has the meaning given in section 142B.01, subdivision 17.

Subd. 27. **Licensed capacity.** "Licensed capacity" means the maximum number of children permitted at any one time in the program for which the license holder is licensed to operate.

Subd. 28. **Medication.** "Medication" means any substance or preparation that is used to prevent or treat a wound, injury, infection, and disease; maintain health; heal; or relieve pain. This includes medication that is over the counter, or prescribed by a physician, physician assistant, dentist, or advance practice registered nurse certified to prescribe medication, and permitted by the parent for administration or application. This term applies to medication taken internally or applied externally.

Subd. 29. **Night care program.** "Night care program" means a nonresidential child care program that provides overnight care to children during sleeping hours, approximately 11:00 p.m. to 5:00 a.m. Night care programs are subject to the requirements in section 142H.16.

Subd. 30. **Parent.** "Parent" means the person or persons who has the legal responsibility for a child such as the child's mother, father, or legally appointed guardian.

Subd. 31. **Program staff person.** "Program staff person" means an employee of the child care center who carries out the child care program plan and has direct contact with children. This includes unsupervised volunteers and substitutes.

Subd. 32. **Sick care program.** "Sick care program" means a nonresidential child care program that exclusively cares for sick children. Sick care programs are subject to the requirements in section 142H.19.

Subd. 33. **Staff supervision.** "Staff supervision" means responsibility to hire, train, assign duties, and direct staff in day-to-day activities and evaluate staff performance. A "supervisor" is a person with staff supervision responsibility.

Subd. 34. **State Building Code.** "State Building Code" means the codes and regulations adopted by the commissioner of the administration according to section 326B.101, and contained in Minnesota Rules, chapter 1300.

Subd. 35. **State Fire Code.** "State Fire Code" means the codes and regulations adopted by the state fire marshal pursuant to section 299F.011, and contained in Minnesota Rules, chapter 7511.

Subd. 36. **Student intern.** "Student intern" means a student of a postsecondary institution assigned by that institution for a supervised experience with children. The experience must be in a licensed center, an elementary school operated by the commissioner of education or a legally constituted local school board, or a private school approved under rules administered by the commissioner of education. Student intern includes a person who is practice teaching, student teaching, or carrying out a practicum or internship.

Subd. 37. **Substitute.** "Substitute" means a person who is temporarily filling a position as a director, teacher, assistant teacher, or aide in a licensed child care center for less than 500 hours total in a calendar year due to the absence of a regularly employed program staff person.

Subd. 38. **Supervision of children.** "Supervision of children" means when a program staff person:

(1) is accountable for the child's care;

(2) is able to intervene to protect the health and safety of the child; and

(3) is within sight and hearing of the child at all times, except as described in section 142H.24, subdivision 1.

Subd. 39. **Variance.** "Variance" means written permission by the department for a license holder or applicant to depart from the provisions of a requirement in this chapter pursuant to section 142B.10, subdivision 16.

Subd. 40. **Volunteer.** (a) "Volunteer" means an individual who assists in the care of a child and is not employed by the child care center.

(b) "Supervised volunteer" means a volunteer who may only have direct contact with children when a program staff person is able to intervene to protect the health and safety of children.

(c) "Unsupervised volunteer" means a volunteer who may have direct contact with children without a program staff person present, must receive the training required under section 142H.08, and may be counted in the staff-to-child ratios under section 142H.10.

Sec. 2. **[142H.02] APPLICABILITY AND LICENSING PROCESS.**

(a) No child care center may operate in Minnesota without a license pursuant to this chapter and chapter 142B. An applicant for a license and the license holder is governed by, and must comply with, the general requirements in this chapter and chapters 142B, 245C, and 260E.

(b) The department may grant variances to the requirements in this chapter if the conditions in section 142B.10, subdivision 16, are met.

Sec. 3. **[142H.03] OPERATING OPTIONS.**

A license holder must operate a day program, drop-in child care program, night care program, sick child care program, or a combination of two or more kinds of programs.

Sec. 4. **[142H.04] POLICIES AND PROCEDURES FOR PROGRAM ADMINISTRATION.**

(a) The license holder must maintain and enforce program policies and procedures necessary to comply with licensing requirements under Minnesota Statutes and Minnesota Rules.

(b) The license holder must:

(1) provide training to employees and volunteers related to their duties in implementing the program's policies and procedures developed under paragraph (a);

(2) document the provision of this training; and

(3) monitor implementation of policies and procedures by employees and volunteers.

(c) The license holder must keep program policies and procedures readily accessible to employees and volunteers and index the policies and procedures with a table of contents or another method approved by the commissioner.

Sec. 5. **[142H.05] DIRECTORS.**

Subdivision 1. **General requirements for a director.** (a) A center must have a director who is responsible for overseeing implementation of written policies relating to the management and control of the daily activities of the program, ensuring the health and safety of program participants, and supervising staff and volunteers.

(b) A director must:

(1) be at least 21 years old;

(2) be a graduate of a high school or hold an equivalent diploma attained through successful completion of the commissioner of education-selected high school equivalency test pursuant to section 124D.549;

(3) have at least 1,040 hours of paid or unpaid staff supervision experience; and

(4) have at least 12 semester credits in accredited coursework in postsecondary child development education, supervision, management, administration, or leadership or 120 hours of training earned in the topics of child development, supervision, management, administration, or leadership.

(c) Paragraph (b), clauses (3) and (4), are satisfied if an individual has completed a Minnesota Association for the Education of Young Children early childhood director's credential; Child Care Aware Minnesota director's credential; Montessori administrator credential; or diploma issued by the American Montessori Society, Association Montessori International, or an institution accredited by the Montessori Accreditation Council for Teacher Education.

Subd. 2. **Director or designee on site.** (a) The director or a designee must be on site while the center is in operation.

(b) Any program staff person who is at least 18 years old may serve as the designee. The designee does not have to meet the director qualifications in subdivision 1 but must be aware of the designation and be able to perform the responsibilities.

Subd. 3. **Director functioning as a teacher.** Notwithstanding section 142H.06, a director may be used as a teacher in any classroom as needed.

Subd. 4. **Incumbent director recognition.** Notwithstanding subdivision 1, an individual who is designated as the director of a licensed child care center on July 1, 2027, meets the director qualification requirements of this section as long as the individual continues to work at the program.

Sec. 6. **[142H.06] TEACHERS.**

Subdivision 1. **Teacher general qualifications.** A teacher must:

(1) be at least 18 years old; and

(2) be a graduate of a high school or hold an equivalent diploma attained through successful completion of the commissioner of education-selected high school equivalency test pursuant to section 124D.549.

Subd. 2. **Teacher education and experience requirements.** In addition to the general requirements in subdivision 1, a teacher must have at least one of:

(1) 12 postsecondary semester credits and 480 hours of experience;

(2) 100 hours of commissioner-approved training within the previous five years and 480 hours of experience. After initial qualification, a teacher qualified under this clause must fulfill at least 50 percent of in-service training requirements under section 142H.09, subdivision 10, with commissioner-approved trainings;

(3) a credential or diploma from the American Montessori Society, Association Montessori International, or an institution accredited by the Montessori Accreditation Council for Teacher Education;

(4) an accredited certificate in child development or early childhood education from a postsecondary institution;

(5) an accredited diploma, associate's degree, or bachelor's degree in child development or early childhood education from a postsecondary institution; or

(6) a Child Development Associate (CDA) credential;

Sec. 7. **[142H.07] ASSISTANT TEACHERS.**

Subdivision 1. **Assistant teacher general qualifications.** An assistant teacher must work under the supervision of a teacher and be:

(1) at least 18 years old; and

(2) a graduate of a high school or hold an equivalent diploma attained through successful completion of the commissioner of education-selected high school equivalency test.

Subd. 2. **Assistant teacher education and experience requirements.** In addition to the general requirements in subdivision 1, an assistant teacher must have at least one of:

(1) at least six postsecondary semester credits;

(2) at least 50 hours of commissioner-approved training within the previous five years. After initial qualification, an assistant teacher qualified under this clause must fulfill at least 50 percent of in-service training requirements under section 142H.09, subdivision 10, with commissioner-approved trainings; or

(3) at least 160 hours of experience and be making progress toward any of the teacher qualifications in section 142H.06, subdivision 2, clauses (3) to (6). An assistant teacher qualified under this clause must be able to provide:

(i) documentation of current enrollment; and

(ii) evidence of working toward the successful completion of the credential.

Sec. 8. **[142H.08] AIDES, VOLUNTEERS, AND SUBSTITUTES.**

Subdivision 1. **Aide qualifications.** (a) An aide must work under the supervision of a teacher or assistant teacher, except when performing the tasks in paragraph (b). An aide must be used pursuant to the staff distribution requirements in section 142H.10, subdivision 2.

(b) An aide may work without being supervised by a teacher or assistant teacher when they are assisting with the supervision of sleeping children; assisting children with washing, toileting, and diapering; or accompanying children to and from the bus stop.

(c) An aide must be at least 16 years old.

Subd. 2. **Volunteers.** (a) A volunteer may work as a teacher, assistant teacher, aide, or substitute if the volunteer meets the requirements of that position.

(b) The license holder must maintain a list of all volunteers with relevant information, including first and last name, whether the volunteer must be supervised at all times or may occasionally be unsupervised, and the first date of direct contact with children.

(c) Unsupervised volunteers must successfully complete training as required in section 142H.09.

(d) Supervised volunteers must successfully complete the training required in section 142H.09, subdivision 7.

Subd. 3. **Substitutes.** (a) A substitute must either meet the requirements for the assigned staff position or be designated as an unqualified substitute by the director or the director designee. A director or director designee can designate a substitute as unqualified if:

(1) a teacher is continuously on site, except as provided in section 142H.10, subdivision 2, paragraph (e);

(2) when substituting as a teacher or assistant teacher, the unqualified substitute is aware of the unqualified substitute's designated staffing position; and

(3) the unqualified substitute is at least 18 years of age.

(b) All substitutes must successfully complete the required training under section 142H.09.

Subd. 4. **Tracking unqualified substitute hours.** (a) The license holder must document the use of unqualified substitute hours on the day the unqualified substitute works.

(b) In a calendar year, a license holder must not use unqualified substitutes more than 60 hours multiplied by the number of the center's classrooms.

(c) A license holder must maintain a log of the use of unqualified substitutes in the center administrative record for review by the commissioner. The log must be on a form prescribed by the commissioner.

Sec. 9. **[142H.09] STAFF ORIENTATION AND TRAINING.**

Subdivision 1. **Orientation training.** (a) Program staff persons must complete orientation training before providing direct contact services to a child.

(b) The orientation training must include the following topics:

(1) abusive head trauma for staff working with a child under school age pursuant to subdivision 8;

(2) the center's policy on administration of medication pursuant to section 142H.29, subdivision 5;

(3) the center's policy on allergy prevention and response pursuant to section 142H.15, subdivision 5;

(4) the center's policy on behavior guidance pursuant to section 142H.13;

(5) child passenger restraint systems pursuant to subdivision 9;

(6) the center's child care program plan pursuant to section 142H.11;

(7) the center's policy on cleaning, sanitizing, and disinfecting pursuant to section 142H.31;

(8) the center's emergency preparedness plan and procedures pursuant to section 142H.23, subdivision 1;

(9) procedures for the handling and disposal of bodily fluids pursuant to section 142H.29, subdivision 10;

(10) the center's emergency and accident policies pursuant to section 142H.23, subdivision 2;

(11) the center's health policies pursuant to section 142H.29;

(12) individual child care program plan or plans pursuant to section 142H.15, if applicable;

(13) job responsibilities specific to the individual's position at the center;

(14) prevention and control of infectious diseases pursuant to section 142H.18;

(15) the center's policy on research, cameras, and social media participation procedures pursuant to section 142H.22;

(16) the center's policy on the use of alcohol, drugs, and tobacco products pursuant to section 142B.10, subdivision 1, paragraph (c);

(17) recognition and reporting of maltreatment, abuse and neglect pursuant to chapter 260E;

(18) the center's risk reduction plan pursuant to section 142H.24;

(19) reduction of risk of sudden unexpected infant death pursuant to the requirements of subdivision 7 and section 142B.46; and

(20) transportation and field trip safety procedures pursuant to section 142H.33.

(c) Training for orientation may be used to meet in-service training requirements.

Subd. 2. **Child care basics training.** (a) Any program staff person hired after July 1, 2027, must complete child care licensing basics training no more than 90 days after the first date of direct contact with a child, unless the person has completed the training within the previous two years.

(b) Child care basics training covers information on effectively working in a child care center setting in Minnesota. Child care basics training must be developed and updated by the commissioner. Child care basics training may be used to meet in-service training requirements.

Subd. 3. **Child development and learning training.** (a) Program staff persons must complete at least two hours of child development and learning training within 90 days after the first date of direct contact with a child and every two calendar years thereafter. For the purposes of this subdivision, "child development and learning training" means any training in understanding how

children develop physically, cognitively, emotionally, and socially and learn as part of the children's family, culture, and community.

(b) An individual is exempt from this subdivision if the individual:

(1) has taken a three-credit college course on early childhood development within the past five years;

(2) has received a bachelor's or master's degree in early childhood education or school-age child care within the past five years;

(3) is licensed in Minnesota as a prekindergarten teacher, an early childhood educator, a kindergarten to sixth grade teacher with a prekindergarten specialty, an early childhood special education teacher, or an elementary teacher with a kindergarten endorsement; or

(4) has received a Montessori certificate or diploma issued by American Montessori Society, Association Montessori International, or an institution accredited by the Montessori Accreditation Council for Teacher Education within the past five years.

Subd. 4. **Pediatric first aid.** (a) Before direct contact with a child, a program staff person must satisfactorily complete pediatric first aid. Pediatric first aid training completed within the previous two calendar years meets this requirement.

(b) Notwithstanding paragraph (a), a program staff person who has yet to complete initial pediatric first aid training may provide direct contact services within 90 days after the first date of direct contact with a child while under the continuous direct supervision of an individual who has met the pediatric first aid training requirements of this subdivision. For purposes of this paragraph, "continuous direct supervision" means the program staff person is within sight or hearing of the program's supervising individual and the program's supervising individual is capable at all times of intervening to protect the health and safety of the children served by the program.

(c) The first aid training must have been provided by an individual approved to provide pediatric first aid instruction.

(d) A program staff person must complete training in pediatric first aid every two calendar years. Documentation of the training must be maintained at the center.

(e) Online training reviewed and approved by the commissioner satisfies the training requirement of this subdivision.

(f) Pediatric first aid training in this subdivision must not be used to meet in-service training requirements under subdivision 10.

Subd. 5. **Pediatric cardiopulmonary resuscitation.** (a) Before direct contact with a child, a program staff person must satisfactorily complete pediatric cardiopulmonary resuscitation (CPR) training, including CPR techniques for infants and children and the treatment of obstructed airways. Pediatric CPR training completed within the previous two calendar years meets this requirement.

(b) Notwithstanding paragraph (a), a program staff person who has yet to complete initial pediatric CPR training may provide direct contact services within 90 days after the first date of

direct contact with a child, if they are under the continuous direct supervision of an individual who has met pediatric CPR training requirements under this subdivision. For the purposes of this paragraph, "continuous direct supervision" means the individual is within sight or hearing of the program's supervising individual to the extent that the program's supervising individual is capable at all times of intervening to protect the health and safety of the children served by the program.

(c) A program staff person must complete training in pediatric CPR every two calendar years. A center must maintain documentation of the trainings on site.

(d) A pediatric CPR training under this subdivision must incorporate a hands-on skill session to support the instruction and have been developed:

(1) by the American Heart Association or the American Red Cross; or

(2) using nationally recognized, evidence-based guidelines for pediatric CPR training.

(e) Pediatric CPR training must not be used to meet in-service training requirements under subdivision 10.

Subd. 6. **Sudden unexpected infant death training.** (a) Before direct contact with infants, program staff persons and volunteers must receive training on the standards under section 142B.46 and on reducing the risk of sudden unexpected infant death during orientation and each calendar year thereafter.

(b) Sudden unexpected infant death reduction training required under this subdivision must be at least one-half hour in length and include at minimum the infant sleep standards under section 142B.46, the risk factors related to sudden unexpected infant death, methods of reducing the risk of sudden unexpected infant death in child care, and license holder communication with parents regarding reducing the risk of sudden unexpected infant death.

(c) Training taken under this subdivision may be used to meet the in-service training requirements under subdivision 10.

Subd. 7. **Abusive head trauma training.** (a) Before direct contact with children under school age, a program staff person must receive training on the risk of abusive head trauma during orientation and each calendar year thereafter.

(b) Abusive head trauma training under this subdivision must be at least one-half hour in length and include at minimum the risk factors related to shaking infants and young children, methods of reducing the risk of abusive head trauma in child care, and license holder communication with parents regarding reducing the risk of abusive head trauma.

(c) training taken under this subdivision may be used to meet the in-service training requirements under subdivision 10.

Subd. 8. **Child passenger restraint systems; training requirement.** (a) Before a license holder transports a child or children under age nine in a motor vehicle, the person placing the child or children in a passenger restraint must satisfactorily complete training on the proper use and installation of child restraint systems in motor vehicles.

(b) Training required under this subdivision must be repeated at least once every five years and include at minimum the proper use of child restraint systems based on the size, weight, and age of the child and the proper installation of a car seat or booster seat in the motor vehicle used by the license holder to transport the child or children.

(c) Training required under this subdivision must be provided by individuals who are certified and approved by the Department of Public Safety, Office of Traffic Safety.

(d) Training completed under this subdivision may be used to meet in-service training requirements under subdivision 10. Staff training completed within the previous five years is transferable upon change in employment to another child care center.

Subd. 9. **In-service training requirements.** (a) A license holder must ensure that program staff persons complete in-service training.

(b) In-service training completed within the past 12 months by a program staff person that is not specific to a child care center is transferable upon the program staff person's change in employment to another child care program. The program staff person must provide documentation of the completed training to the new child care program.

(c) All program staff persons, except substitutes and unsupervised volunteers, who work more than 20 hours per week must complete at least 20 hours of in-service training each calendar year.

(d) All program staff persons, except substitutes and unsupervised volunteers, who work 20 hours or less per week must complete at least ten hours of in-service training each calendar year.

(e) Substitutes and unsupervised volunteers must complete a minimum of two hours of training each calendar year and the training must include the topics identified under subdivision 11.

(f) The number of in-service training hours may be prorated for center directors and program staff persons not employed for an entire year or on a documented leave of absence.

(g) Pediatric first aid and pediatric CPR training must not be used to meet in-service training requirements.

Subd. 10. **In-service content.** (a) Each calendar year, in-service training must include the following:

(1) abusive head trauma training of at least one-half hour duration for individuals working with a child under school age pursuant to subdivision 8;

(2) the center policies and procedures for maintaining health and safety, including:

(i) allergy prevention and response training pursuant to section 142H.15, subdivision 5;

(ii) emergency preparedness and procedures pursuant to section 142H.23, subdivision 1;

(iii) handling emergencies, accidents, incidents, and injuries pursuant to section 142H.23, subdivision 2; and

(iv) handling and disposal of bodily fluids pursuant to section 142H.29, subdivision 10;

(3) maltreatment, abuse, and neglect reporting pursuant to chapter 260E;

(4) reduction of risk of sudden unexpected infant death training of at least one-half hour duration for individuals working with infants pursuant to the requirements of subdivision 7 and section 142B.46;

(5) a risk reduction plan pursuant to section 142H.24;

(6) the center policies and procedures on behavior guidance pursuant to section 142H.13; and

(7) the center policies and procedures on supervision pursuant to section 142H.24.

(b) At least once every two calendar years, in-service training must include the following:

(1) child development and learning pursuant to subdivision 4;

(2) at least one hour on cultural awareness and inclusion;

(3) pediatric first aid that meets the requirements of subdivision 5;

(4) pediatric cardiopulmonary resuscitation training that meets the requirements of subdivision 5; and

(5) at least one hour on identifying and supporting children with special needs.

(c) At least once every five calendar years, training must include child passenger restraint systems pursuant to subdivision 9, if applicable.

(d) The remaining hours of the in-service training requirement must be met by completing training in the Minnesota knowledge and competency framework areas.

Subd. 11. **Documentation required.** (a) The license holder must document completed training for program staff persons in a manner prescribed by the commissioner.

(b) For pediatric first aid and CPR trainings, the license holder must maintain copies of training cards or certificates issued by the training organization.

Sec. 10. **[142H.10] STAFF RATIOS, GROUP SIZE, AND STAFF DISTRIBUTION.**

Subdivision 1. **Staff-to-child ratios and maximum group size.** (a) Except as provided in this subdivision and section 142H.12 regarding naps and rest, the minimally acceptable staff-to-child ratios and the maximum group size within each age category are:

Age Category	Staff-to-Child Ratio	Maximum Group Size
Infant	1:4	8
Toddler	1:7	14
Preschooler	1:10	20
School-age child	1:15	30

(b) Except for groups that include an infant, the staff-to-child ratio may be doubled for no more than two hours during nap time. During the nap time, there must be enough program staff persons in the facility to meet staff-to-child ratio and staff distribution requirements under paragraph (a) and subdivision 2 for the groups in case of an emergency. The program must return to following the staff-to-child ratios and staff distribution requirements under paragraph (a) and subdivision 2 when the number of awake children exceeds the number of children who could be supervised by one program staff person under subdivision 1.

(c) The maximum group size applies at all times except during meals, outdoor activities, field trips, naps and rest, and special activities at the center such as guest speakers and holiday programs.

Subd. 2. **Staff distribution.** (a) The license holder must ensure that the following requirements for staff distribution are met and a documented staff schedule is kept in the administrative record.

(b) Except as provided in paragraphs (d) and (e), staff distribution within each age category must be as follows:

(1) the first staff member needed to meet the required staff child ratio must be a teacher;

(2) the second staff member must have at least the qualifications of an aide;

(3) the third staff member must have at least the qualifications of an assistant teacher; and

(4) the fourth staff member must have at least the qualifications of an aide.

(c) Only a program staff person can be included in meeting the staff-to-child ratios in this section.

(d) An aide must not work alone with a child unless the aide is performing certain duties as specified in section 142H.08, subdivision 1, paragraph (b).

(e) An assistant teacher or an aide may be substituted for a teacher during arrival and departure times if the total arrival and departure time does not exceed 25 percent of the center's daily hours of operation. For an aide to be substituted for a teacher under this subdivision, the aide must:

(1) be 18 years of age or older;

(2) have been employed by the child care center for a minimum of 30 days; and

(3) have completed the training required under section 142H.09, including orientation and the training required within the first 90 days of the first date of direct contact with a child.

(f) A volunteer who is included in the staff-to-child ratio must meet the requirements for the assigned staff position in sections 142H.06 to 142H.08.

(g) The pattern in paragraph (e) must be repeated until the number of staff needed to meet the staff-to-child ratio for each age category has been achieved.

Subd. 3. **Age category grouping.** (a) Each center must specify arrival and departure times of the day in their program's policies. Children in different age categories may be grouped according to paragraphs (b) and (c).

(b) During arrival and departure times, children in different age categories may be grouped together if:

(1) the staff-to-child ratio, group size, and staff distribution applied are for the age category of the youngest child present; and

(2) the group is divided when the number of children present reaches the maximum group size of the youngest child present.

(c) Outside of arrival and departure times, children in different age categories may be mixed within a group if:

(1) infants are not grouped with children of other age categories;

(2) there is no more than a 36-month range in age among children in a group, unless all children in the group are school age; and

(3) the staff-to-child ratios, group size, and staff distribution applied are for the youngest child present.

Subd. 4. **Age designation.** (a) Except as provided in this subdivision, a child must be designated as a member of the age category that is consistent with the date of birth of the child.

(b) A child with special health care needs must be included in the group that best meets the child's developmental needs, best interest of the child, and in accordance with the individual child care program plan for the child.

(c) A child may be designated as an "infant" up to the age of 18 months if the parent, teacher, and director determine that such a designation is in the best interest of the child. The center must document the determination and designation in the file of the child.

(d) A child may be designated as a "toddler" up to the age of 35 months if the parent, teacher, and director determine that the designation is in the best interest of the child. The center must document the determination and designation in the file of the child.

(e) A child may be designated as a "preschooler" at the age of 31 months if the parent, teacher, and director determine that the designation is in the best interest of the child. The center must document the determination and designation in the file of the child.

(f) When a child is transitioning age groups pursuant to subdivision 5 and with the child's new class, the child must be designated as if the child has already aged into the class.

Subd. 5. **Transitioning children.** (a) Transitions to the next age group may occur up to two weeks prior to the child aging into the next age group. The transition must be planned in advance based on the child's readiness and in consultation with parents and program staff.

(b) A center must develop a written policy on transitioning children to the next age group.

Sec. 11. **[142H.11] CHILD CARE PROGRAM PLAN AND ACTIVITIES.**

Subdivision 1. **General requirements.** The child care program plan must:

(1) include a statement mandating that children are supervised at all times as defined in section 142H.01, subdivision 38, and pursuant to the requirements of section 142H.24, subdivision 1;

(2) specify the age categories and number of children to be served by the program;

(3) specify the days and hours of operation of the program;

(4) describe the general educational methods to be used by the program and the religious, political, or philosophical basis, if any;

(5) be developed and evaluated in writing each calendar year by a program staff person qualified as a teacher or director under sections 142H.05 and 142H.06. Documentation of the evaluation, the date of the evaluation, and the signature of the teacher or director completing the evaluation must be maintained in the center administrative records;

(6) specify planned activities designed to support and nurture the whole child in all areas of the development and learning of the child, including but not limited to the following: intellectual, social, emotional, and physical development. The activities must be in a manner consistent with the cultural and ethnic backgrounds of a child, as feasible;

(7) specify that the intellectual, social, emotional, and physical development of each child be documented in the record of the child and conveyed to the parent during the conferences specified under section 142H.20, subdivision 2;

(8) include a daily schedule of planned indoor and outdoor activities for each age category served;

(9) specify activities that are quiet, active, teacher directed, and child initiated;

(10) specify a variety of activities that require the use of varied equipment and materials;

(11) include a schedule if equipment is rotated between groups of children;

(12) describe use of technology and screen time for each age category; and

(13) be available to a parent for review upon request.

Subd. 2. **Outdoor activities.** (a) Child care activities must promote the physical, intellectual, social, and emotional development of the child. To facilitate child development, programs must include daily outdoor activities when weather conditions allow, as defined in this subdivision.

(b) The applicant must develop a written outdoor weather and activity policy. The license holder must ensure that the policies and procedures are carried out. The policies and procedures must incorporate guidance from national, state, or local authorities in public health and at a minimum require the provider to consider the following conditions when determining if outdoor play poses a health and safety risk:

(1) heat in excess of 100 degrees Fahrenheit accounting for heat index, or pursuant to advice of the local authority;

(2) cold less than 15 degrees Fahrenheit accounting for wind chill, or pursuant to advice of the local authority;

(3) extreme weather, including but not limited to a lightning storm, blizzard, tornado, or flooding;

(4) an air quality emergency order by a local or state authority on air quality or public health; or

(5) a lockdown notification ordered by a public safety authority.

(c) The center's outdoor weather and activity policy must specify, if children are to go outside beyond the temperature range specified in paragraph (b), clauses (1) and (2), what procedures will be used to keep the children safe, including but not limited to ensuring children have appropriate clothing, providing frequent indoor breaks, or matching the intensity of the activity level to the weather conditions.

(d) For toddlers, preschool, and school-age children attending four or more hours per day, the license holder must provide at least one opportunity for outdoor activity per day pursuant to paragraph (b).

(e) For infants attending four or more hours per day, the license holder must provide at least one opportunity for outdoor activity per day as practicable, pursuant to paragraph (b) and the individual needs of the infants in care.

(f) Programs operating three or fewer hours per day are exempt from the daily outdoor activity requirement.

(g) If the weather is not suitable for outdoor activities, the program must provide indoor gross motor play activities that support physical development.

Sec. 12. **[142H.12] NAPS AND REST.**

Subdivision 1. **Naps and rest policy.** An applicant must develop and a license holder must implement a policy for naps and rest that is consistent with the developmental level of the children enrolled in the center. The policy must include but is not limited to the requirements in this section, as applicable.

Subd. 2. **Parent consultation.** The parent of each child must be informed at the time the child is enrolled of the center's policy on naps and rest and be offered the opportunity to provide information specific to their child.

Subd. 3. **General nap and rest requirements.** (a) The child care center must provide a quiet space for children to nap and rest.

(b) Nap and rest time must be in accordance with the developmental needs of the child. A child care center may not withhold sleep or rest from a child, including at a parent's request, if such time is allowed in the child care center's naps and rest policy.

(c) Nap and rest areas must be lighted to allow for visual supervision of all children at all times.

(d) Evacuation routes must not be blocked by resting or napping children. Each child must have a free and direct means of escape, and the staff must have a clear path to each resting child, including full access to at least one long side of a crib, cot, or mat.

(e) A crib that meets the safety requirements of section 142B.45 must be provided for each infant for whom the center is licensed to provide care.

(f) The license holder must follow the infant safe sleep requirements under section 142B.46.

(g) Cribs, cots, and mats must be placed directly on the floor and must not be stacked when in use.

Subd. 4. **Monitoring napping infants.** (a) An infant must be supervised as defined in section 142H.01, subdivision 38, and pursuant to section 142H.24, subdivision 1, paragraph (b).

(b) Staff must conduct in-person checks of the sleeping infant every 15 minutes.

(c) When a baby monitor or other mechanical equipment is used to hear or see infants during sleep, the monitoring equipment must be:

(1) able to pick up the sounds of all infants in the separate room;

(2) actively monitored by program staff at all times; and

(3) checked daily prior to use to ensure it is working correctly. If equipment is malfunctioning, a program staff person must put in place an alternate means of supervision until the equipment can be fixed.

Subd. 5. **Confinement limitation.** A child who has completed a nap or rested quietly for 30 minutes must not be required to remain on a cot, mat, or in a crib. Any child who does not fall asleep during a designated nap time must have the opportunity to engage in quiet activities.

Subd. 6. **Bedding and sleeping equipment.** Separate bedding must be provided and stored separately for each child in care.

Sec. 13. **[142H.13] BEHAVIOR GUIDANCE.**

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

(b) "Behavior guidance" means an ongoing process where a program staff person offers constructive, positive, and developmentally appropriate guidance to a child to help manage the child's behavior in a socially acceptable manner.

(c) "Persistent unacceptable behavior" means when a child:

(1) exhibits behaviors that present a serious safety risk for the child or others and the program is not able to reduce or eliminate the safety concern; or

(2) significantly disrupts the learning environment and requires an increased amount of staff guidance and time to address the child's behavior. Significantly disruptive behavior may include physical aggression, verbal threats, or repetitive behaviors that have been addressed through standard behavior guidance techniques without improvement.

(d) "Redirection" means a positive guidance technique where a program staff person intervenes and guides a child away from potential problems toward constructive activity or talks with a child to help the child calm down and self-regulate.

(e) "Separation" means a form of behavior guidance that involves interruption of unacceptable behavior by the removal of a child from a situation with the intention of allowing the child an opportunity to pause and gain self-control. During a separation a child is isolated from participating in activities with other children. Separation of children must be done pursuant to subdivision 7.

Subd. 2. **Behavior guidance policies and procedures.** The applicant must develop written behavior guidance policies and procedures approved by the commissioner. The license holder must ensure that the policies and procedures are carried out. The policies and procedures must include:

(1) methods of promoting positive behavior as specified under subdivision 3;

(2) prohibited actions as specified under subdivision 4;

(3) addressing persistent unacceptable behavior as specified under subdivision 6; and

(4) separation from the group as specified in subdivision 7.

Subd. 3. **Methods of promoting positive behavior.** A license holder must promote positive behavior by:

(1) ensuring that each child is provided with a positive model of acceptable behavior;

(2) tailoring methods of promoting positive behavior to the developmental level of the children the center is licensed to serve;

(3) ensuring redirection is used, as appropriate in addressing the behavior of a child, to guide a child away from potential problems and toward constructive activity or to talk with a child to help them calm down and self-regulate;

(4) teaching children how to use acceptable alternatives to problem behavior to reduce conflict;

(5) protecting the safety and well-being of children, employees, and volunteers; and

(6) providing immediate and directly related consequences for the unacceptable behavior of a child.

Subd. 4. **Prohibited actions.** A license holder must prohibit the following actions by or at the direction of employees or volunteers:

(1) subjecting a child to corporal or physical punishment, including but not limited to rough handling, shoving, hair pulling, ear pulling, shaking, slapping, kicking, biting, pinching, spitting, hitting, or spanking;

(2) subjecting a child to name calling, ostracism, shaming, derogatory remarks about the child or the child's family, cultural or racial slurs, yelling, or profane language that threatens, humiliates, or frightens the child;

(3) forcing a child to maintain an uncomfortable position or to continuously repeat physical movements;

(4) utilizing group punishments for the behavior of an individual child;

(5) separation of a child from the group except as provided in subdivision 7;

(6) punishment for not resting, napping, or sleeping; toileting accidents; failing to eat all or part of meals or snacks; or failing to complete an activity;

(7) denial of food or drink or forcing food or drink upon a child;

(8) denial of light, warmth, clothing, or medical care as a punishment for unacceptable behavior;

(9) the use of physical restraint other than to physically hold a child when containment is necessary to protect the child or others from harm;

(10) the use of mechanical restraints, including tying a child up, or any device or equipment intended to restrict or prevent movement as a means of discipline or for reasons unrelated to the child's care, safety, or planned activity;

(11) the use of prone or contraindicated restraints as prohibited in section 245A.211;

(12) the use of any substance given to a child to subdue or restrict movement or behavior;

(13) discipline and punishment must not be delegated to another child; and

(14) punishing or shaming a child for the actions of a parent, including but not limited to failure to pay fees, failure to provide appropriate clothing, failure to provide materials for an activity, or any conflict between the license holder or staff and the parent.

Subd. 5. **Additional provisions.** (a) When providing services to a child with a developmental disability or related condition, the license holder must follow section 142B.63.

(b) A program that cares for a child with a developmental disability or related condition must comply with the individual child care program plan requirements under section 142H.15.

Subd. 6. **Persistent unacceptable behavior.** (a) A program staff person who observes persistent unacceptable behavior must document the behavior of the child and staff response to the behavior, including:

(1) information on where the child was, what activity the child was doing, and the employees or volunteers present when the incident occurred; and

(2) staff actions, including the positive guidance techniques that were tried.

(b) When persistent unacceptable behavior as defined in subdivision 1, paragraph (c), occurs, a behavior plan must be developed to address the behavior documented in paragraph (a) in consultation with the child's parent, the program staff, and other professionals involved in the care and treatment of the child, as appropriate. The behavior plan must include but is not limited to the following:

(1) a description of the specific behavior;

(2) the planned behavior management method to be used in response to the behavior pursuant to subdivision 3 or any other previously approved methods; and

(3) an area to document the effectiveness of the plan and progress of the child.

(c) The plan must be signed and dated by the child's parent, the director, and other professionals involved in the care and treatment of the child, as applicable, and kept in the child's record.

(d) The plan and the child's progress must be reviewed at least twice each calendar year, or more frequently as needed, and changes must be made based on the child's needs and the input of the child's parent, program staff, or other individuals involved in the provision of care and treatment of the child. Documentation of the review must be kept in the child's record. If the child's parent and the program staff agree that the behavior plan is no longer needed, the license holder must document the date the behavior plan is no longer in effect.

(e) The license holder must ensure that all staff who work directly with the child are trained on the behavior plan prior to working with the child or when a new behavior plan is developed. Documentation of staff training must be maintained on file.

(f) The license holder must ensure that all staff who work directly with the child are trained on the behavior plan prior to working with the child or when a new behavior plan is developed. Documentation of staff training must be maintained on file.

Subd. 7. **Separation time from the group.** No child may be separated from the group unless the license holder has tried less intrusive methods of guiding the child's behavior that have been ineffective and the behavior of the child threatens the well-being of the child or other children in the center. Separation from the group must meet the following requirements:

(1) the separation time must be limited to the amount of time necessary for the child to gain self-control and rejoin the group;

(2) the duration of separation of the child must be documented, including the beginning and end time of the separation;

(3) infants and toddlers must not be separated from the group as a means of behavior guidance. Positive behavior guidance techniques such as redirection may be used with toddlers; and

(4) the child must be supervised as defined under section 142H.01, subdivision 38, while separated.

Sec. 14. **[142H.14] FURNISHINGS, EQUIPMENT, MATERIALS AND SUPPLIES.**

Subdivision 1. **General requirements.** (a) Each center must have on the premises the quantity and type of equipment and materials necessary to implement the child care program plan under section 142H.11 and the indoor and outdoor equipment requirements in subdivisions 2 and 3.

(b) Equipment and furniture must be durable, in good repair, structurally sound, stable, and free of sharp edges, dangerous protrusions, points where extremities of a child could be pinched or crushed, and openings or angles that could trap part of a child.

(c) License holders and program staff must ensure equipment and furnishings are not hazardous objects as specified in section 142H.34, subdivision 17.

(d) Equipment designed and marketed for use by children must be appropriate to the age and size of children and used in accordance with the manufacturer's instructions. Equipment and play materials not designed or marketed for use by children, including but not limited to repurposed, homemade, and open-ended items, must be appropriate to the age and size of children, in good repair, and used under the supervision of a program staff person. Such equipment and play materials are not required to have manufacturer's instructions and are subject to the requirements of this subdivision.

Subd. 2. **Indoor play equipment.** The license holder must provide sufficient indoor play equipment and materials so that at any point in the day when children are indoors and using equipment every child can choose from at least three activities involving equipment or materials. The quantity of indoor equipment provided must be based on the maximum licensed capacity of the classroom and must be accessible to children as specified in subdivision 5.

Subd. 3. **Outdoor play equipment.** The license holder must provide sufficient outdoor play equipment and materials so that when all children are outdoors every child can choose from at least one activity involving equipment or materials. The quantity of outdoor equipment and materials provided must be based on the maximum licensed capacity and must be accessible to children as specified in subdivision 5.

Subd. 4. **Interest areas.** The license holder must have equipment and materials in each of the following developmental and interest areas to support a child's learning and growth:

(1) creative arts and crafts;

(2) construction and building;

(3) social interaction, dramatic play, or practical life activities;

(4) math and science;

(5) music;

(6) fine motor skills;

(7) physical and movement activities;

(8) sensory exploration activities; and

(9) language and literacy.

Subd. 5. **Equipment rotation and accessibility.** A child care program may rotate equipment throughout the day as specified in the child care program plan if the number of choices required in subdivisions 2 and 3 is available for each child in attendance. Equipment and materials from each interest area must be accessible to children at least once per day.

Subd. 6. **Furnishings.** The license holder must ensure that each child has access to furniture that is developmentally appropriate and the appropriate size, including at a minimum:

(1) one diaper changing table for every 12 infants or 14 toddlers. The same table may not be counted to fulfill the requirement under this clause for both infants and toddlers;

(2) one hands-free covered diaper container per diaper changing table;

(3) one crib and waterproof mattress per infant, including enough cribs with wheels to evacuate the number of infants the program is licensed to serve;

(4) one cot or mat per toddler or preschooler. This clause does not apply to programs operating for less than five hours per day if rest is not indicated as part of the center's child care program;

(5) for infants, one nonfolding seating option per child based on licensed capacity; and

(6) for toddlers, preschoolers, and school-age children, one nonfolding seating option per child based on licensed capacity, with a corresponding amount of table space to allow the child to do table work or eat a meal while seated.

Subd. 7. **Supplies.** (a) The license holder must maintain enough diapers, disposable paper for the diaper changing table, facial tissues, liquid hand soap, and single-service towels to maintain cleanliness and sanitation for children in care.

(b) The license holder must provide at least two sets of sheets for each crib.

Sec. 15. **[142H.141] NATURAL ELEMENTS AND MATERIALS.**

Subdivision 1. **Natural elements and materials.** A license holder may provide children with access to natural elements and materials as equipment and play materials. Natural elements and materials and appropriate uses of natural elements and materials include, but are not limited to:

(1) natural loose parts, such as sticks, leaves, pine cones, acorns, seeds, pods, bark, and moss for construction, art, sensory exploration, and imaginative play;

(2) natural materials, such as dirt, mud, sand, water, ice, and snow for sensory play and exploration;

(3) plants, flowers, seeds, vegetables, and gardening materials for science exploration and learning;

(4) rocks, pebbles, stones, and minerals for counting, sorting, building, and art;

(5) natural areas such as gardens, prairie, forest, wetlands, and ponds for exploration and learning; and

(6) other natural elements as appropriate to age and development of children.

Subd. 2. **Supervision.** A program staff person must supervise a child's use of natural elements and materials and provide guidance on safe and appropriate use. Natural elements and materials that are a choking hazard must not be accessible to children under the age of three without direct supervision of a program staff person.

Subd. 3. **Other uses.** Natural elements and materials may qualify as equipment and materials from interest areas under section 142H.14, subdivision 4.

Sec. 16. **[142H.15] CHILDREN WITH SPECIAL HEALTH CARE NEEDS OR DISABILITIES.**

Subdivision 1. **Child with special health care needs or disabilities.** For the purposes of this section, "child with special health care needs or disabilities" means a child who:

(1) has developmental disabilities or is otherwise eligible for case management pursuant to Minnesota Rules, parts 9525.0004 to 9525.0036;

(2) has been identified by the local school district as a child with a disability as defined in section 125A.02, subdivision 1; or

(3) has been determined by a health care provider as defined in section 142H.01, subdivision 22; licensed psychiatrist; licensed psychologist; or licensed consulting psychologist as having a special health care need or disability relating to physical, social, or emotional development.

Subd. 2. **Report to parent.** The license holder must inform the parent when there is a developmental concern or potential special health care need of a child that was not previously identified.

Subd. 3. **Individual child care program plan.** (a) When a license holder admits a child with a disability or special health care need or a special need is identified, the license holder must ensure that an individual child care program plan (ICCPP) is developed in a form and manner prescribed by the commissioner to meet the child's individual needs.

(b) When developing or updating the ICCPP, the license holder must obtain relevant information from the child's parent and program staff who work directly with the child.

(c) For a child who meets the criteria in subdivision 1, clause (1), the ICCPP must be coordinated with the child's individual service plan (ISP).

(d) For a child who meets the criteria in subdivision 1, clause (2), the ICCPP must be coordinated with the child's individualized educational plan (IEP).

(e) For a child who meets the criteria in subdivision 1, clause (3), the ICCPP must be coordinated with the child's health care provider or other necessary medical professionals.

(f) The license holder must ensure that all program staff who work directly with the child are trained on the ICCPP prior to working with the child. Documentation of staff training must be maintained on file.

(g) Before the ICCPP is implemented, the parent and the director must sign and date the form. The ICCPP must be kept in the child's record.

(h) The ICCPP must be reviewed and updated at least once each calendar year and more frequently if needed. The ICCPP must be signed and dated by the parent and the director upon their yearly review.

(i) The most recent ICCPP must be available at all times to program staff when the child is in care.

Subd. 4. **Inclusion.** All activities must be designed to include all children unless a specific medical contraindication exists or an exclusion is otherwise specified in a child's ICCPP.

Subd. 5. **Allergy prevention and response.** (a) An applicant must develop a written policy on allergy prevention and response. A license holder must ensure the policy is carried out and provided to parents at the time of enrollment.

(b) Before admitting a child for care, the license holder must obtain documentation of any known allergy from the child's parent or the child's health care provider.

(c) If a child has a known allergy, the license holder must maintain current information about the allergy in the child's record and develop an ICCPP pursuant to subdivision 3, including:

(1) a description of the allergy;

(2) specific triggers and avoidance techniques;

(3) symptoms of an allergic reaction;

(4) procedures for responding to an allergic reaction, including medication to be administered in an emergency situation and dosages; and

(5) the child's health care provider contact information.

(d) If a child has an ICCPP related to a food allergy, the ICCPP must be readily available to the person in the area where food is prepared and served to the child. If food is prepared off site, the center must notify the person or entity preparing the food of any food allergies of children in their care. Food allergy information for all children in care must be readily available to staff in the classroom and wherever food is served.

(e) The license holder must contact the parent of the child immediately after any instance of exposure or allergic reaction.

(f) The license holder must call 911 when epinephrine is administered to a child in care.

Subd. 6. **Temporary physical needs.** If a child has a temporary physical need as identified by their health care provider, including but not limited to a brace, cast, or helmet, the license holder must maintain current documentation about the temporary physical need from the child's health care provider and any necessary accommodations in the child's record. The license holder must ensure staff who work with the child are aware of the child's temporary physical need and follow the identified necessary accommodations. An ICCPP is not required for documenting a temporary physical need under this subdivision and the accommodation.

Sec. 17. **[142H.16] NIGHT CARE PROGRAM.**

Subdivision 1. **Applicability.** A license holder providing overnight care must comply with this section.

Subd. 2. **Furnishings.** Each child enrolled in a night care program must be provided with a crib or bed, described as follows:

(1) a crib that meets the requirements under section 142B.45 and two sets of sheets must be provided for each infant and meet the requirements under section 142H.14;

(2) an individual age-appropriate bed with two sets of sheets and a blanket or quilt must be provided for each toddler, preschooler, or school-age child;

(3) each bed or crib must have a waterproof mattress or mattress pad that can be cleaned and disinfected;

(4) bedding and sleeping equipment must be cleaned and disinfected as specified in section 142H.31, subdivision 4, clause (3); and

(5) separate bedding must be provided and stored separately for each child in care.

Subd. 3. **Clothing intended for sleeping.** The license holder must ensure that all children are put to bed in clothing for sleeping as designated by the parent of the child.

Subd. 4. **Personal care items.** The license holder must ensure that all children have personal items needed to clean up and prepare for sleep. The items must include an individual washcloth, towel, toothbrush, toothpaste, and liquid hand soap.

Subd. 5. **Meals and snacks.** (a) The license holder must ensure that a child who will be present in the center has had or will be provided with an evening meal. A bedtime snack must be available for all children in attendance. Eating times and schedules for the individual child must be consistent with patterns established in consultation with the parent of the child.

(b) Night care programs are exempt from the requirements of section 142H.32, subdivision 7.

Subd. 6. **Staffing.** At least two program staff persons, one of whom must qualify as a teacher under section 142H.06, must be present in the center at all times during the hours the night program is in operation. When more than 80 percent of the children present are asleep, the remaining program staff persons needed to meet the required staff-to-child ratio must have at least the qualifications of an aide. Program staff must be awake, dressed, and provide supervision as specified in sections 142H.01, subdivision 38, and 142H.12 to children who are sleeping.

Subd. 7. **Hygiene assistance.** The license holder must ensure that children have the opportunity to wash up and brush their teeth before bedtime. Program staff must assist children during washing and changing clothes according to the developmental needs of the child.

Subd. 8. **Showers and bathtubs.** The license holder must ensure bathtubs and showers are equipped to prevent slipping, if the center provides bathing.

Subd. 9. **Bathing procedures.** The center must have written permission from the parent prior to allowing the child to bathe and ensure bathtubs and showers are cleaned and disinfected after each use. The tub or showers do not have to be disinfected between uses if the children are siblings and the parent has provided written consent. All children must bathe separately unless the children are siblings and the parent has provided written consent that the children can be bathed together.

Subd. 10. **Privacy.** To ensure privacy, school-age boys and girls must be separated during bedtime washing and changing activities.

Subd. 11. **Sleeping arrangements.** The center must provide sleeping arrangements so that sleeping children are cared for separately from children who are awake and so that sleeping children are not disturbed by arrivals and departures. Infants must have a sleep area separate from the center's play and activity areas.

Subd. 12. **Bedtime.** A child's bedtime must be scheduled in consultation with the child's parent.

Subd. 13. **Light.** The center must provide adequate lighting indoors in all areas, including bathrooms, hallways, and sleeping rooms to ensure that staff are able to see all children at all times.

Subd. 14. **Outdoor illumination.** The center must ensure that parking areas, outdoor walkways, and all building entrances are adequately lighted for safety and security.

Subd. 15. **Program emphasis.** A license holder operating a night care program must comply with the child care program standards in 142H.11.

Subd. 16. **Exceptions.** The outdoor activity area required by section 142H.34, subdivision 7; outdoor activities required by section 142H.11, subdivision 2; and outdoor equipment required by section 142H.14 need not be provided for children enrolled in a night care program.

Sec. 18. **[142H.17] DROP-IN CHILD CARE PROGRAMS.**

Subdivision 1. **Drop-in child care programs.** If a license holder chooses to operate as a drop-in child care program, the license holder must comply with the requirements in this section.

Subd. 2. **Exemptions.** (a) Drop-in child care programs that meet one of the requirements in paragraph (b) are exempt from:

(1) section 142H.10;

(2) section 142H.11, subdivision 1, clauses (6) and (7); and

(3) section 142H.12, subdivisions 3 and 5, except for infants and toddlers.

(b) A drop-in child care program is exempt from the requirements in paragraph (a) if the program operates:

(1) in a child care center that houses no child care program except the drop-in child care program;

(2) in the same child care center but not during the same hours as a regularly scheduled ongoing child care program with a stable enrollment; or

(3) in a child care center at the same time as a regularly scheduled ongoing child care program with a stable enrollment, but activities, except for bathroom use and outdoor play, are conducted separately from each other.

Subd. 3. **Staffing requirements.** (a) A drop-in child care program must have at least two program staff persons on site whenever the program is operating: the director or a designee and a program staff member who is qualified as a teacher.

(b) If the drop-in child care program has additional staff who are on call as a mandatory condition of their employment, the minimum child-to-staff ratio may be exceeded only for preschool and school-age children by a maximum of four children for no more than 20 minutes while additional staff are in transit. If the ratio is exceeded for more than 20 minutes, the license holder must review the mandatory on-call staff procedures and revise as necessary to ensure compliance with this section, including hiring additional on-call staff as needed.

(c) Whenever there is a total of 20 children or more at a drop-in child care center, children that are younger than 30 months must be cared for in a separate group. The group may contain children up to 60 months old. The group must be cared for in an area that is physically separated from older children.

(d) In drop-in care programs that serve both infants and older children, children up to 30 months old may be supervised by assistant teachers as long as other staff are present in appropriate ratios.

(e) A drop-in child care program may care for siblings who are all at least 16 months old together in any group. For purposes of this section, "sibling" is defined as sister or brother, half sister or half brother, or stepsister or stepbrother.

Subd. 4. **Staff-to-child ratio requirements in a drop-in program.** The minimum staff-to-child ratio that a license holder may maintain in a drop-in program is:

(1) for infants, one program staff person for every four infants;

(2) for toddlers, one program staff person for every seven children;

(3) for preschoolers, one program staff person for every ten children; and

(4) for school-age children, one program staff person for every 15 children.

Subd. 5. **Staff distribution.** (a) The minimum staff distribution pattern for a drop-in child care program is:

(1) the first staff member needed to meet the required staff-to-child ratio must be a teacher;

(2) the second and third staff members must have at least the qualifications of a child care aide; and

(3) the fourth staff member must have at least the qualifications of an assistant teacher.

(b) The pattern in paragraph (a) must be repeated until the number of staff needed to meet the staff-to-child ratio for each age category has been achieved.

Sec. 19. **[142H.18] EXCLUSION OF SICK CHILDREN.**

Subdivision 1. **Care of sick children.** If a child becomes sick while at the center, the child must be isolated from other children in care and the child's parent called immediately. When determining if a child is sick and exclusion is necessary, license holders must follow:

(1) the requirements on reportable diseases in Minnesota Rules, parts 4605.7040, 4605.7070, and 4605.7080; and

(2) guidelines from the commissioner of health on infectious diseases in child care settings.

Subd. 2. **Notification.** (a) A child care center's program policies must require a parent to inform the center within 24 hours, exclusive of weekends and holidays, when a child is diagnosed by a child's health care provider or dental care provider as having a reportable or infectious disease as specified in subdivision 1.

(b) The license holder must ensure that the commissioner of health is notified of any suspected case of reportable disease as specified in Minnesota Rules, parts 4605.7040, 4605.7050, or 4605.7080, within 24 hours of receiving the parent's or staff report. Documentation of the notification must be kept at the center.

(c) The license holder must notify the parents of exposed children within 24 hours of when a parent, employee, or volunteer notifies the center of a reportable disease under subdivision 1, lice, scabies, impetigo, ringworm, or chicken pox. The notice must be posted in a clearly visible, accessible place or provided individually to each parent of a child who was exposed.

Subd. 3. **Return to center.** Children with a reportable or infectious disease as specified in subdivision 1 must be excluded from the center for a length of time as specified in the commissioner of health guidelines on infectious diseases in child care settings and until the child can participate in routine activities without more staff supervision than usual. The center must exclude a child for a longer period if the child's health care provider determines that it is necessary.

Sec. 20. **[142H.19] SICK CARE PROGRAM.**

Subdivision 1. **Licensure of sick care programs.** If a license holder chooses to operate as a sick care program, the license holder must operate a sick care program that complies with the requirements in this section.

Subd. 2. **Review of admission and health policies and practices.** (a) A licensed physician, physician assistant, or advanced practice registered nurse with a specialization in pediatric care must review and approve a sick care program's admission policy at the time of initial license application, after the first six months of initial operation, and at least once each calendar year.

(b) The review must include consultation with the licensed registered nurse or physician responsible for admissions.

(c) A report of the findings must be sent to the commissioner with the initial application for licensure, and subsequent reports must be placed in the center's administrative record.

Subd. 3. **Evaluation of a sick child.** (a) A license holder that operates a sick care program must evaluate the condition of a sick child before admitting the child to the center.

(b) The evaluation must be based on the physical symptoms of the child each day of admission, the probable contagion and risk to the health of others present, the ability of the program to provide the care the child requires, and whether the child can be grouped together with other children in care with contagious or noncontagious illnesses. Documentation of the evaluation must be placed in the child's record.

(c) Before admitting a child to a sick care program:

(1) a parent must describe the child's symptoms over the phone;

(2) a health care provider affiliated with the center must tell the parent whether the parent may bring the child to the center for further evaluation; and

(3) the health care provider must conduct a physical assessment of the child and obtain a health history from the parent at the center.

Subd. 4. **Information to parents.** A summary of the sick care program's health care policies and practices and the center's procedures for notification of parents in the event of an emergency must be given to the parent the first time a child is admitted and every admission following a change to any of the information.

Subd. 5. **Parent conference exception.** Centers licensed to provide child care exclusively to sick children are not required to provide parent conferences under section 142H.20, subdivision 2.

Subd. 6. **Child care program emphasis exception.** A sick care program does not need to meet the child care program plan requirements under section 142H.11. However, the child care program plan for the care of sick children must emphasize quiet activities.

Subd. 7. **Group size and age category grouping exceptions.** The maximum group sizes specified under section 142H.10, subdivision 1, and the age category grouping restrictions under section 142H.10, subdivision 3, do not apply to sick care programs. There must be no more than 16 children in sick care in the same room at the same time.

Subd. 8. **Staff-to-child ratios and staff distribution requirements.** (a) A one-to-four staff-to-child ratio must be maintained at all times in a room used to care for sick children.

(b) At least two program staff persons must be present in a center operating a sick care program whenever sick children are in care.

(c) The first program staff person must be a registered nurse. The remaining program staff persons must at least meet the qualifications and follow the staff distribution pattern under section 142H.10.

Subd. 9. **Limitation on staff assignment.** Staff must not care for nonsick children or prepare food for nonsick children on the same day as sick children. Staff caring for sick children must not enter the kitchen used to prepare food for nonsick children.

Subd. 10. **Food preparation.** Food provided by the license holder and prepared at the center must be prepared in a room separate from rooms where sick care is provided and must be delivered to each sick care room in individual servings and in covered containers. Procedures for preparing, handling, and serving food and washing food, utensils, and equipment must comply with the requirements in the Minnesota Food Code, Minnesota Rules, chapter 4626.

Subd. 11. **Menus.** Menus for sick children must be modified to meet the individual needs of the child.

Subd. 12. **Additional facility requirements.** A license holder operating a sick care program must provide:

(1) a room or rooms that are exclusively used to care for sick children and that are not used at any time for any other child care purpose; and

(2) toilets and hand sinks that are within or immediately adjacent to the room or rooms used for sick care and are not used by well children in care.

Subd. 13. **Outdoor activity area, activities, and equipment exception.** Sick care programs under this section are exempt from the requirements for an outdoor activity area under section 142H.34, subdivision 7; outdoor activities under section 142H.11, subdivision 2; and outdoor equipment under section 142H.14.

Subd. 14. **Cleaning and disinfection.** Floors in rooms where sick care is provided and all linens, toileting equipment, sinks, furnishings, objects, and equipment used by sick children must be cleaned and disinfected at least daily and as needed pursuant to the requirements under section 142H.31.

Subd. 15. **Bedding and sleeping equipment.** (a) Each sick child must be provided appropriate bedding and sleeping equipment, depending on the age of the child, as follows:

(1) a crib and crib sheets pursuant to the requirements of section 142B.45, cot, mat, or bed, depending on the age of the child;

(2) a pillow, except if the child is an infant;

(3) a pillowcase, except if the child is an infant; and

(4) a blanket or quilt, except if the child is an infant.

(b) Bedding provided by the center must be laundered after each use. Sleeping equipment must be cleaned and disinfected after each use.

Sec. 21. **[142H.20] INFORMATION TO PARENTS.**

Subdivision 1. **Policies provided to parents.** At the time of a child's enrollment, the center must provide the parent with written notification of the:

(1) ages and numbers of children the center is licensed to serve;

(2) hours and days of operation;

(3) child care program options the center is licensed to operate, including a description of the program's educational methods; the program's religious, political, or philosophical basis, if any; and how parents may review the center's child care program plan;

(4) policy on parent conferences and notification to a parent of a child's intellectual, physical, social, and emotional development;

(5) policy requiring a health care summary and immunization record of a child;

(6) policies and procedures for the care of children who become sick at the center and parent notification practices for the onset of or exposure to a contagious illness or condition pursuant to section 142H.18 or when there is an emergency or injury requiring medical attention;

(7) policies and procedures for administering first aid and sources of care to be used in case of emergencies;

(8) policies on the administration of medicine;

(9) procedures for obtaining written parental permission for transportation of children and field trips as required in section 142H.33, subdivision 4, paragraph (d);

(10) procedures for obtaining written parental consent for research, cameras, and social media participation pursuant to section 142H.22;

(11) policies on transitioning a child to the next age group, pursuant to section 142H.10;

(12) policies on the provision of meals and snacks;

(13) behavior guidance policies and procedures;

(14) presence of pets;

(15) policy on visitation and parental access to children pursuant to section 142H.21;

(16) policy on the prohibition of smoking, use of tobacco products, vaping, electronic cigarettes, alcohol, and drugs on the premises of the program pursuant to section 142H.29, subdivision 11;

(17) policy on use of technology and screen time pursuant to section 142H.11, subdivision 1, clause (12);

(18) telephone number of the Department of Children, Youth, and Families, Division of Licensing;

(19) policy on naps and rest pursuant to section 142H.12; and

(20) procedures for notifying parents of an evacuation, including procedures for reunification with families.

Subd. 2. **Parent conferences.** The license holder must inform the parent of a child's progress and:

(1) complete individual assessments of each child's intellectual, physical, social, and emotional development at least twice a year. Individual assessments for school-age children must be completed at least once a year;

(2) plan and offer parent conferences by program staff at least twice a year to review and discuss the child's assessment. Parent conferences for school-age children must be planned and offered at least once a year; and

(3) maintain documentation of the child's assessment and that individual parent conferences were planned and offered in each child's record.

Subd. 3. **Daily reports for infants and toddlers.** Daily written individualized reports must be provided to the parent of an infant or toddler about the child's food intake, elimination, sleeping patterns, and general behavior.

Sec. 22. **[142H.21] PARENT VISITATION AND ACCESS TO PROGRAM.**

(a) The center must have a parent visitation and access policy that meets the requirements of this section at a minimum.

(b) An enrolled child's parent must be allowed access to their child at any time while the child is in care unless a legal restriction or court order restricts access.

(c) A copy of the order or other legal restriction in paragraph (b) must be kept in the child's record.

Sec. 23. **[142H.22] CONSENT FOR RESEARCH, CAMERAS, AND SOCIAL MEDIA PARTICIPATION.**

Subdivision 1. **Policy.** A center must have and follow a policy governing the center's use of social media and the use of photos and videos of children in care. The policy must include:

(1) procedures for obtaining written consent from parents for release of photos and videos of children for promotional or publicity purposes, including on social media accounts or public digital platforms; and

(2) a statement prohibiting any employee or volunteer from posting content of children in care or enrolled families on a personal social media account or public digital platform, including photos, videos, or personal identifying information of the children.

Subd. 2. **Participation in research, fundraising, or public relations projects.** (a) The license holder must obtain written permission from a parent before a child is involved in research, fundraising, or public relations projects while at the center. A separate written permission form must be obtained before each occasion of a research, fundraising, or public relations activity.

(b) The permission form must be maintained in the child's record.

Sec. 24. **[142H.23] EMERGENCY AND ACCIDENT POLICIES AND RECORDS.**

Subdivision 1. **Emergency preparedness plan.** (a) An applicant must develop a written plan for emergencies that require evacuation, relocation, sheltering in place, or lockdown resulting from a fire, blizzard, tornado or other natural disaster, or other threatening situations that may pose a health or safety hazard to a child, such as an intruder or violence at the facility. A license holder must carry out the emergency plan during emergencies. The plan must be written on a form developed by the commissioner and include:

(1) procedures for an evacuation, including building evacuation routes and identification of primary and secondary exits;

(2) procedures for relocation, including a designated relocation site;

(3) procedures for sheltering in place and lockdown;

(4) procedures for notifying a child's parent of an evacuation, relocation, sheltering in place, or lockdown, including procedures for reunification with families;

(5) accommodations for a child with a disability or a chronic medical condition;

(6) accommodations for infants and toddlers;

(7) procedures for storing a child's medically necessary medicine that facilitates easy removal during an evacuation or relocation;

(8) procedures for continuing operations in the period during and after a crisis; and

(9) procedures for communicating with local emergency management officials, law enforcement officials, or other appropriate state or local authorities.

(b) A license holder must review and update the emergency plan at least once each calendar year and as needed when changes to the circumstances or facilities necessitate an updated plan. Documentation of the yearly review and when changes are made must be maintained in the program's administrative records.

(c) Program staff must be trained on the emergency plan at orientation as specified under section 142H.09 when changes are made to the plan and at least once each calendar year. Training must be documented and maintained on site.

(d) A center must have an operable on-site flashlight for use in an emergency situation. A cell phone may not be used to meet this requirement.

(e) A license holder must conduct fire drills every month and hold tornado drills monthly from April 1 through September 30. Fire and tornado drills must be documented and include the date of the drill, the start and end time of the drill, and the name of the program staff person completing the documentation. Documentation must be maintained in the program's administrative records.

(f) Primary and secondary exits and evacuation routes must remain unblocked.

Subd. 2. **Emergencies, accidents, incidents, and injuries.** (a) The policies and procedures for emergencies, accidents, incidents, and injuries must include:

(1) procedures for administering first aid;

(2) procedures for the daily inspection of potential hazards;

(3) procedures for fire prevention and procedures to follow in the event of a fire, persons responsible for the evacuation of children and areas for which they are responsible, instruction on how to use a fire extinguisher, and instructions on how to close off the fire area;

(4) procedures to follow when a child is missing, including when a school-age child does not arrive at the center when expected after school;

(5) procedures to follow if a person who is unknown, unauthorized, incapacitated, or suspected of abuse attempts to pick up a child or if no one comes to pick up a child. The procedure must include a practice for verifying a person's identity;

(6) procedures for obtaining emergency medical care; and

(7) procedures for recording emergencies, accidents, incidents, and injuries involving a child enrolled in the center. The written record must include:

(i) the name and age of the child involved;

(ii) the name of employees or volunteers present;

(iii) the date, time, and place of the emergency, accident, incident, or injury;

(iv) the type of injury;

(v) actions taken by staff; and

(vi) to whom the emergency, accident, incident, or injury was reported.

(b) At a minimum, the emergency, accident, incident, or injury must be reported in writing to the parent and as otherwise required in section 142H.28.

(c) Each calendar year, the license holder must conduct an analysis of the emergencies, accidents, incidents, and injuries that have been documented pursuant to paragraph (a), clause (7).

Documentation of the yearly analysis and any modification of the center's policies based on the analysis must be maintained in the program's administrative records.

(d) The license holder must post a facility floor plan in a visible location in each classroom and other areas in the facility where child care is provided. The posted floor plan in each area must include:

(1) identification of primary and secondary exits;

(2) building evacuation routes;

(3) identification of tornado shelter and other shelter-in-place locations;

(4) identification of staff positions responsible for the evacuation or sheltering of children;

(5) the name and address of the designated relocation site; and

(6) phone numbers and sources of emergency medical services, the poison control center, the fire department, and the department's licensing division.

(e) The license holder must ensure program staff are trained on the emergency, accident, incident, and injury policies and procedures at orientation as required in section 142H.09 when changes are made to the policies and procedures and at least once each calendar year. Training must be documented and maintained on site.

Sec. 25. **[142H.24] SUPERVISION AND RISK REDUCTION.**

Subdivision 1. **Supervision; sight and hearing exceptions.** (a) A child is still supervised as defined in section 142H.01, subdivision 38, when:

(1) an infant is placed in a crib to sleep and a program staff person is within sight or hearing of the infant pursuant to section 142H.12, subdivision 4;

(2) a single school-age child uses a restroom that is not available to the public when the child care center is operating and serving children and a program staff person has knowledge of the child's activity and location and checks on the child at least every five minutes. When services are provided away from the child care facility, including but not limited to field trips, a school-age child who uses a restroom that is available to the public must be accompanied by a program staff person;

(3) a school-age child leaves the classroom but remains within the licensed child care center space to deliver or retrieve items from the child's personal storage space and a program staff person has knowledge of the child's activity and location and checks on the child at least every five minutes; or

(4) a single preschool child uses an individual, private restroom within the classroom with the door closed and a program staff person has knowledge of the child's activity and location, can hear the child, and checks on the child at least every five minutes.

(b) A program must account for each exception in paragraph (a) in the risk reduction plan under subdivision 2.

Subd. 2. **Risk reduction plan.** (a) The license holder must develop a risk reduction plan that identifies the general risks to children served by the child care center in a form and manner prescribed by the commissioner.

(b) The license holder must establish procedures to minimize identified risks, train staff on the procedures, and review the procedures each calendar year.

(c) The risk reduction plan must include an assessment of risk to children the center serves or intends to serve and identify specific risks based on the outcome of the assessment. The assessment of risk must be composed of:

(1) an assessment of the risks presented by the facility where the licensed services are provided, including an evaluation of:

(i) the condition and design of the facility and its outdoor space, bathrooms, and storage areas;

(ii) the accessibility of medications and cleaning products that are harmful to children; and

(iii) the existence of areas that are difficult to supervise, including restrooms with multiple entrances; and

(2) an assessment of the risks presented by the environment for each facility and for each site, including an evaluation of the type of grounds and terrain surrounding the building and the proximity to hazards, busy roads, and publicly accessed businesses.

(d) The risk reduction plan must include a statement of measures that will be taken to minimize the risk of harm presented to children for each risk identified in the assessment under paragraph (c) related to the facility and environment.

(e) In addition to any program-specific risks identified in paragraph (c), the plan must include specific policies and procedures that minimize the risk of harm or injury to children, including from:

(1) closing children's fingers in doors, including cabinet doors;

(2) leaving children in the community without supervision;

(3) children leaving the facility without supervision;

(4) dislocation of children's elbows by program staff pulling or lifting children by the hands or wrists or swinging by the arms;

(5) burns, including from hot food or beverages, whether served to children or being consumed by program staff, and devices used to warm food and beverages;

(6) injuries from equipment, such as scissors and glue guns;

(7) sunburn;

(8) feeding children foods to which they are allergic;

(9) children falling from changing tables;

(10) children accessing dangerous items or chemicals or coming into contact with residue from harmful cleaning products;

(11) traffic and pedestrian accidents, including when walking with children on neighborhood walks, to an off-site outdoor play area, or in areas with heavy traffic or difficult terrain such as railroad tracks; and

(12) children choking or suffocating.

(f) The plan must ensure hazardous objects as defined in section 142H.34, subdivision 17, are inaccessible to children.

(g) The plan must include specific policies and procedures to ensure adequate supervision of children at all times as defined in subdivision 1 and section 142H.01, subdivision 38, and pursuant to the staffing requirements of section 142H.10, subdivision 1, with particular emphasis on:

(1) times when children are transitioned from one area within the facility to another, including the use of a name-to-face check during transition time;

(2) nap-time supervision, including infant sleep supervision;

(3) child arrival and departure times, including when children arrive or depart from the center by bus;

(4) supervision during outdoor play, outdoor learning activities, and community activities, including but not limited to field trips and neighborhood walks;

(5) supervision of children in hallways;

(6) supervision of preschool children when using an individual private restroom within the classroom; and

(7) supervision of school-age children when using the restroom and visiting the child's personal storage space.

Subd. 3. **Yearly review of risk reduction plan.** (a) The license holder must review the risk reduction plan each calendar year and document the review.

(b) When conducting the review, the license holder must consider incidents that have occurred in the center since the last review, including:

(1) incidents covered by the assessment factors in subdivision 2;

(2) the internal reviews conducted under section 142H.36, if any;

(3) substantiated maltreatment findings, if any; and

(4) any other incidents that caused injury or harm to a child.

(c) Within ten days following any change to the risk reduction plan, the license holder must train program staff on the change and document that the staff were trained on the change.

Sec. 26. **[142H.25] CENTER ADMINISTRATIVE RECORDS.**

(a) In addition to the personnel records requirements under section 142B.03, subdivision 1, paragraph (a), a center must maintain the following records:

(1) a record of the information given to parents specified in section 142H.20;

(2) the personnel records specified in section 142H.26;

(3) the children's records specified in section 142H.27;

(4) health consultant reviews of the center's health policies and practices as specified in section 142H.29, subdivision 2;

(5) the child care program plan specified in section 142H.11;

(6) the emergencies, accidents, incidents, and injuries records specified in section 142H.23, subdivision 2;

(7) the child separation reports mandated in section 142H.13;

(8) daily center and classroom attendance records specified in section 142H.30; and

(9) staffing schedules.

(b) The requirements in section 142B.03, subdivisions 1 and 2, apply to records retained pursuant to this section.

Sec. 27. **[142H.26] PERSONNEL RECORDS.**

A license holder must maintain a current personnel record for each program staff person in a manner prescribed by the commissioner and consistent with section 142B.03. The personnel record for each program staff person must contain:

(1) the program staff person's name, home address, telephone number, date of birth, and emergency contact information;

(2) the program staff person's first date of direct contact and first date of unsupervised direct contact with a child;

(3) documentation indicating that the program staff person meets the requirements of the staff person's job in sections 142H.05 to 142H.08; and

(4) the program staff person's hire date and last day of employment, as applicable.

Sec. 28. **[142H.27] CHILDREN'S RECORDS.**

Subdivision 1. **Requirements.** Prior to or on the day of enrollment in the center, the license holder must maintain a record on site for each child served by the program. The record must contain:

(1) the child's full name, date of birth, and current home address;

(2) the child's date of enrollment in the program;

(3) the name, address, and telephone number of the child's parent;

(4) the name and telephone number of at least one emergency contact person who can be contacted if a parent cannot be reached in an emergency or when there is an injury requiring medical attention;

(5) the names and telephone numbers of any additional persons authorized by the parent to pick up the child from the center;

(6) the child's health and immunization information required by section 142H.29, subdivisions 3 and 4;

(7) written authorization for the license holder to act in an emergency or when a parent or designee cannot be reached or is delayed;

(8) the hours and days of the week the child will attend the center;

(9) for infants and toddlers, a description of the child's eating, sleeping, toileting, and communication habits and effective methods for comforting the child;

(10) documentation of any dietary or medical needs of the child;

(11) documentation of a child's individual child care program plan as required by section 142H.15; and

(12) the date of parent conferences and a summary of the information provided to the parent at the conferences.

Subd. 2. **Disclosure.** The license holder must not disclose a child's record to any person other than the child, the child's parent, the child's legal representative, employees of the license holder, or the commissioner unless the child's parent has given written consent. This subdivision does not apply to information needed by a first responder in the case of an emergency.

Sec. 29. **[142H.28] REPORTING REQUIREMENTS.**

Subdivision 1. **Maltreatment, abuse, and neglect reporting.** The license holder must comply with the reporting requirements for abuse and neglect specified in chapter 260E.

Subd. 2. **Other reporting.** Within 24 hours, the license holder must notify the commissioner of the following in a manner prescribed by the commissioner:

(1) of the death or notification of the death of a child enrolled in the center as required under section 142B.10, subdivision 24;

(2) of the occurrence or notification of any injury to a child in care in the program that required treatment by a dentist or health care provider as defined in section 142H.01, subdivision 22. Treatment does not include application of or recommendation to use nonprescription medication or diagnostic testing;

(3) of the occurrence of structural damage to the building or a fire that requires the service of a fire department; and

(4) of the provision of any emergency medical service to a child while in care.

Sec. 30. **[142H.29] HEALTH.**

Subdivision 1. **Health policies.** An applicant must develop written health policies approved by the commissioner.

Subd. 2. **Health consultation.** (a) The center must have a health consultant as defined in section 142H.01, subdivision 23, review the center's health policies and practices in person and certify that the policies and practices are adequate to protect the health of children in care.

(b) The health consultant's review, including an on-site visit, must be done before initial licensure and must be repeated each calendar year.

(c) For programs serving infants, an in-person review must be done before initial licensure and at least quarterly thereafter. At least every other quarter, a health consultant may conduct the health review visit virtually.

(d) A health consultant must review the center's health policies and practices before implementing a change in the center's health policies or practices and after an outbreak of a contagious reportable illness as specified in Minnesota Rules, parts 4605.7040, 4605.7050, and 4605.7080.

(e) The consultant must review and approve:

(1) the emergencies, accidents, incidents, and injuries policies and procedures required by section 142H.23, subdivision 2;

(2) the diapering procedures and practices specified in subdivision 6;

(3) the programs' cleaning and disinfecting products and procedures; and

(4) the sanitation procedures and practices for food catered in or provided by the child's parent as specified in section 142H.32, subdivision 6, and for infants as specified in section 142H.32, subdivision 11.

Subd. 3. **Health information at admission.** Before a child is admitted to a center or within 30 days of admission, the license holder must obtain a report on a current physical examination of the child signed by the child's health care provider.

Subd. 4. **Immunizations.** (a) Before a child is admitted to a center, the license holder must obtain documentation of current immunization records according to section 121A.15 and Minnesota Rules, chapter 4604; a signed notarized statement of parental objection to the immunization; or a medical exemption. The license holder must maintain record of current immunizations, a signed notarized statement of parental objection to the immunization, or a medical exemption throughout the child's enrollment at the center.

(b) License holders must file an immunization report each calendar year with the Department of Health, as required under the Minnesota School and Child Care Immunization Law, section 121A.15, subdivision 8, and Minnesota Rules, part 4604.0410.

Subd. 5. **Administration of medication.** (a) A license holder that administers medication must:

(1) get written permission from the child's parent before administering medication;

(2) get written permission from the child's parent before administering items that may be applied externally, including but not limited to diapering products, sunscreen lotions, hand sanitizer, lip balm, body lotion, and insect repellents. Items under this clause must be administered according to the manufacturer's instructions unless a dentist or health care provider gives alternative written instructions;

(3) get and follow written instructions from a dentist or a health care provider before administering each prescription. Medication with the child's name and current prescription information on the label constitutes instructions;

(4) follow written dosage instructions from a child's parent or health care provider for over-the-counter medication that is intended to be ingested and does not include dosage information within the manufacturer's instructions;

(5) keep all medication in its original container and have a legible label stating the child's first and last name. The medication must be given only to the child whose name is on the label, unless as described in paragraph (b);

(6) not give medication after an expiration date on the label, return any unused portion to the child's parent if possible, and destroy any unused portion that cannot be returned;

(7) document the administration of any ingested nonprescription medication and all prescription medication. The documentation must include the first and last name of the child, name of the medication or prescription number, date, time, dosage, and printed name and signature or initials of the person who administered the medication. This documentation must be available to the parent and maintained in the child's record;

(8) store all medications, insect repellents, sunscreen lotions, and diaper rash control products according to directions on the original container and in a place inaccessible to children; and

(9) not use herbal remedies and essential oils, unless prescribed or recommended by a dentist or a health care provider. If these are administered, they must be administered in compliance with the requirements of this subdivision.

(b) Sunscreen lotions and insect repellents supplied by the license holder may be used on more than one child and must be labeled for use for all children. A product to control or prevent diaper rash, including premoistened commercial wipes that cannot be dispensed in a manner that prevents cross contamination of the product and container as determined by the health consultant, must be labeled with the child's first and last name and used only for the individual child whose name is written on the label.

Subd. 6. **Diapers, changing areas, and disposal.** Sanitary diaper procedures must be used to reduce the spread of communicable disease. A license holder must:

(1) make an adequate supply of clean diapers available for each child and store the diapers in a clean place;

(2) change diapers following the diaper changing procedure reviewed and approved by the center's health consultant pursuant to subdivision 2, paragraph (e), clause (2);

(3) post diaper changing procedures reviewed and certified by the center's health consultant in the diaper changing area;

(4) keep children in diapers clean and dry. Diapers and clothing must be changed immediately or as soon as practicable when wet or soiled. Soiled clothing must be placed in a plastic bag and sent home with the parent daily;

(5) use single-service wipes for cleaning a wet or soiled child;

(6) clean and disinfect changing tables and changing pads between children;

(7) use smooth, nonabsorbent surfaces for the diaper changing area and flooring;

(8) require the program staff person to maintain a hand on the child at all times during diapering. Children must not be left unattended on the changing table;

(9) clean and disinfect diaper changing areas, including but not limited to counters, sinks, and floors, daily or immediately when soiled;

(10) keep a covered diaper disposal receptacle lined with a disposable plastic bag in the diaper changing area. Diapers cannot be disposed of in a kitchen disposal area;

(11) empty, clean, and disinfect diaper receptacles daily or more often as needed; and

(12) only change a diaper in the diaper changing area. The diaper changing area must be separate from areas used for food storage, food preparation, and eating.

Subd. 7. **Hand washing; child.** (a) A child's hands must be washed with soap and water after a diaper change, after use of a toilet or toilet training chair, and immediately before eating a meal or snack.

(b) Program staff must monitor hand washing and assist a child who needs help.

(c) The use of a common basin or a hand sink filled with standing water is prohibited.

(d) Hands must be dried on a single-use towel or warm air hand dryer. The use of a common or shared cloth or towel is prohibited.

(e) In sinks accessible to children, the water temperature must not exceed 120 degrees Fahrenheit to prevent children from scalding themselves while washing.

(f) A hand sanitizer with at least 60 percent alcohol may be used to clean a child's hands when soap and water are unavailable.

Subd. 8. **Hand washing; program staff.** Program staff must wash their hands with soap and water after changing a child's diaper, after assisting a child on the toilet, after washing the diapering surface, after using toilet facilities, and before handling food or eating. Hands must be dried on a single-use towel or warm air hand dryer. The use of a common or shared cloth or towel is prohibited. Program staff may use a hand sanitizer with at least 60 percent alcohol when soap and water are unavailable.

Subd. 9. **First aid kit.** The license holder must have a first aid kit that is accessible in the center at all times and whenever children are off site that includes:

(1) adhesive bandages in assorted sizes and tape;

(2) sterile compresses;

(3) elastic bandage wrap;

(4) scissors;

(5) ice bag or cold pack;

(6) digital thermometer;

(7) mild liquid soap or hand sanitizer that is at least 60 percent alcohol;

(8) bottled water;

(9) disposable powder-free, latex-free gloves;

(10) face shield or protective barrier for giving CPR; and

(11) first aid instructions.

Subd. 10. **Handling and disposal of bodily fluids.** A license holder must comply with the following procedures for safely handling and disposing of bodily fluids:

(1) surfaces that come in contact with urine, feces, vomit, and blood must be cleaned and disinfected;

(2) blood-contaminated material must be disposed of in a plastic bag with a secure tie;

(3) sharp items used for a child with special care needs must be disposed of in a sharps container. The sharps container must be inaccessible to a child when stored;

(4) the license holder must have bodily fluid disposal supplies in the center, including disposable gloves, disposal bags, and eye protection; and

(5) each employee and volunteer must follow universal precautions to reduce the risk of spreading infectious disease.

Subd. 11. **Tobacco products, vaping, drugs, and alcohol use prohibitions.** (a) A license holder must comply with the drug and alcohol policy requirements in section 142B.10, subdivision 1, paragraph (c), including ensuring that no employee, subcontractor, or volunteer is under the influence of a chemical that impairs the individual's ability to provide services or care.

(b) The possession or use of marijuana, products containing THC, alcohol, and illegal drugs is prohibited on the premises of the program during operating hours, including all indoor and outdoor licensed program environments and in any vehicles used by the program.

(c) The use of tobacco products, vaping devices, and electronic cigarettes is prohibited indoors, in vehicles used by the program, and in outdoor areas where children are present.

(d) The license holder must post in a prominent location at the main entrance of the center a notice stating that use of tobacco products is prohibited inside the building and in outdoor areas where children are present.

Sec. 31. **[142H.30] ATTENDANCE RECORDS.**

Subdivision 1. **Attendance records.** A child care center must maintain documentation of actual attendance for each child receiving care. The records must be accessible to the commissioner during the program's hours of operation, be completed on the actual day of attendance, and include:

(1) the first and last name of the child;

(2) the time of day that the child was dropped off; and

(3) the time of day that the child was picked up.

Subd. 2. **Daily classroom tracking.** (a) A license holder must ensure that program staff track children in their classroom on a daily basis to ensure the center has an active roster of children present in their classroom.

(b) Children must be tracked as they arrive in and depart from the classroom.

(c) Tracking must include the first and last name of each child.

(d) The classroom tracking documentation must remain with each group at all times throughout the day including outdoor play, emergency evacuations, field trips, and when groups are combined.

Sec. 32. **[142H.31] CLEANING, SANITIZING, AND DISINFECTING.**

Subdivision 1. **Products and procedures.** Cleaning and disinfecting must be done in accordance with policies, procedures, and products approved by the program's health consultant as specified in section 142H.29, subdivision 2.

Subd. 2. **Indoor and outdoor equipment.** (a) The indoor and outdoor space and equipment of the program must be clean.

(b) Natural elements and materials used as equipment and play materials under section 142H.141; natural features used for outdoor play under section 142H.34, subdivision 7, paragraph (h); and play

materials used in outdoor settings are exempt from being clean, as defined under section 142H.01, subdivision 12. A program staff person must inspect natural elements and materials, natural features, and play materials used for outdoor play for hazardous objects and other safety hazards, including animal feces, and remove or mitigate the hazard before a child's use.

Subd. 3. **Pacifiers.** Pacifiers must be labeled with each child's name or other individual identifier and stored separately.

Subd. 4. **Cleaning frequency.** The license holder must develop and follow a cleaning schedule that requires:

(1) cleaning and sanitizing food preparation areas, tables, high chairs, and food service counters before and after each meal and snack. Sanitizing must be done by using an Environmental Protection Agency-registered sanitizer or a bleach solution or by heating to temperatures sufficient to destroy most germs, pursuant to guidelines from the commissioner of health on infectious diseases in child care settings;

(2) cleaning and sanitizing items that have been inside a child's mouth or come into contact with bodily fluids prior to being used by another child;

(3) cleaning sleeping equipment and bedding, including:

(i) washing bedding used by a child before being used by another child;

(ii) washing bedding used by the same child weekly or when soiled;

(iii) cleaning and disinfecting sleeping equipment used by a child before being used by another child; and

(iv) cleaning and disinfecting sleeping equipment used by the same child weekly or when soiled;

(4) cleaning toileting areas daily, including:

(i) emptying and disinfecting toilet training chairs after each use; and

(ii) disinfecting toilets and seats when soiled or at least daily; and

(5) emptying garbage cans and diaper receptacles on a daily basis and cleaning and disinfecting the cans and receptacles as needed.

Sec. 33. **[142H.32] FOOD, DRINKING WATER, AND NUTRITION.**

Subdivision 1. **On-site food preparation.** A license holder that prepares, handles, or serves food or washes food, utensils, or equipment on site must comply with applicable requirements for food and beverage service establishments in chapter 157 and Minnesota Rules, chapter 4626, and local health department requirements.

Subd. 2. **Off-site food preparation.** (a) Meals or snacks may be provided by an off-site, licensed food and beverage service establishment.

(b) The center must maintain on file a copy of the off-site food and beverage service establishment's current license and the contract to provide food for the center.

Subd. 3. **Providing food.** A license holder must provide meals and snacks to the children in attendance. The license holder must supplement food provided by the parent if it does not meet United States Department of Agriculture Child and Adult Care Food Program (CACFP) nutritional requirements.

Subd. 4. **Drinking water.** (a) The center must have a safe supply of drinking water pursuant to section 142H.35.

(b) Drinking water must be available to children throughout the hours of operation and offered at frequent intervals. Drinking water for children must be provided in single-service drinking cups, in reusable water bottles, in reusable cups, or from drinking fountains accessible to children.

(c) A license holder may provide drinking water to a child in a reusable water bottle or reusable cup if the center develops and ensures implementation of a written policy that at a minimum includes the following procedures:

(1) each day the water bottle or cup is used, the license holder must clean the water bottle or cup or allow the child's parent to bring the water bottle or cup home to clean it;

(2) a water bottle or cup must be assigned to a specific child and labeled with the child's first and last name;

(3) water bottles and cups must be stored in a manner that reduces the risk of a child using the wrong water bottle or cup; and

(4) a water bottle or cup must be used only for water.

Subd. 5. **Menus.** The license holder must ensure:

(1) meals and snacks prepared or provided by the license holder or catered by a licensed food and beverage caterer comply with the meal pattern and nutritional requirements contained in the most current edition of the CACFP standards in Code of Federal Regulations, title 7, section 226.20;

(2) menus comply with the meal pattern and nutritional requirements contained in the most current edition of the CACFP standards in Code of Federal Regulations, title 7, section 226.20;

(3) the current menu is posted or made readily available to parents; and

(4) any food substitutions are noted on the menu at the time of the change.

Subd. 6. **Sanitation.** (a) Procedures for preparing, handling, storing, and serving food and washing food, utensils, and equipment must comply with the requirements for food and beverage establishments in Minnesota Rules, chapter 4626.

(b) If the food is prepared off site by another facility or if food service is provided according to a contract with a food service provider, the facility or license holder must ensure that food is prepared in compliance with Minnesota Rules, chapter 4626.

(c) The license holder must provide refrigeration for dairy products and other perishable foods, whether supplied by the license holder or supplied by the parent. The refrigeration must have a temperature of 41 degrees Fahrenheit or less.

Subd. 7. **Meals and snacks.** Except for infants under subdivision 11, the license holder must serve meals and snacks to children as follows:

(1) one snack for a child in attendance for two to five hours;

(2) one meal and two snacks or two meals and one snack for a child in attendance for five to ten hours;

(3) a minimum of two meals and two snacks for a child in attendance for more than ten hours; and

(4) a minimum of three meals and two snacks for a child in attendance for more than 14 hours.

Subd. 8. **Prescribed diet requirements.** (a) If a child is unable to follow the CACFP meal pattern requirements due to a diet-related medical condition, a prescribed diet accommodation is required.

(b) The license holder must obtain documentation from the child's health care provider about the child's special dietary needs and keep that information current. The license holder must use this information to accommodate the child's dietary needs.

(c) When a license holder enrolls a child who requires a prescribed diet, the license holder must ensure that an individual child care program plan is developed and maintained in the child's record, pursuant to sections 142H.15, subdivision 3, and 142H.27.

(d) The license holder must provide for a child's prescribed dietary needs or require the parent to provide the prescribed diet items that are not part of the center's menu plan.

Subd. 9. **Cultural or religious diet accommodations.** (a) When special diets are requested for cultural or religious reasons, the center must obtain written, dated, and signed instructions from the child's parent on how to accommodate the diet.

(b) The license holder must provide for a child's special diet for cultural or religious reasons or require the parent to provide the food items that are not part of the center's menu plan.

Subd. 10. **Food allergy information.** Information about food allergies of the children in the center must follow the requirements in section 142H.15, subdivision 5.

Subd. 11. **Infant food and feeding schedule.** The diet and feeding schedule of an infant must be determined by the infant's parent. The license holder of a center serving infants must:

(1) obtain written dietary instructions from the parent of the child that are used to develop the infant's feeding schedule and are updated as needed as the child's feeding needs change;

(2) have each individual infant's feeding schedule available in the food preparation area;

(3) offer the child formula or milk and nutritionally adequate solid foods in quantities at specified time intervals as determined by the parent;

(4) ensure infants are held or fed sitting up for bottled feedings until the infant can independently sit up and feed themselves. A bottle must not be propped at any time for an infant or fed to an infant in a crib, infant seat, or playpen;

(5) use sanitary procedures and practices to prepare, handle, and store formula, milk, breast milk, solid foods, and supplements, including having procedures to ensure bottles are matched to the correct infant. Procedures must be reviewed and certified by a health consultant;

(6) not warm or heat bottles in a microwave;

(7) not allow children access to bottle-warming devices; and

(8) label all bottles, breast milk, or prepared parent-provided food with the child's first and last name and date of preparation. All formula must be refrigerated immediately after preparation or upon arrival if the formula is prepared by the parent.

Subd. 12. **Additional requirements.** (a) The center must serve food that is not a choking hazard and that is developmentally appropriate in size, amount, and texture.

(b) Program staff must be seated with the children during meal and snack times.

Sec. 34. **[142H.33] TRANSPORTATION AND FIELD TRIP REQUIREMENTS.**

Subdivision 1. **Requirements.** A license holder that provides transportation for children or that takes children off site must comply with the requirements in this section.

Subd. 2. **Driver requirements.** (a) A driver who transports children for a license holder must:

(1) be at least 18 years old;

(2) hold a current and valid driver's license appropriate to the vehicle used to transport children;

(3) have a copy of the driver's current driver's license on file at the center;

(4) be free from the influence of any substance that could impair driving abilities; and

(5) follow seat belt and child passenger restraint system requirements under sections 169.685 and 169.686.

(b) Parents who are not employed by the center who use personal vehicles for transportation to occasional field trips do not have to meet the requirements of paragraph (a), clause (3). For the purposes of this subdivision, "occasional" means three or fewer times per calendar year.

Subd. 3. **Requirements during transportation.** (a) One program staff is required per vehicle when transporting school-age children. Two program staff are required per vehicle when transporting infants, toddlers, and preschoolers. An additional program staff person is required in the vehicle if

there are 12 or more infants and toddlers. The driver of the vehicle is considered a program staff person, unless the driver is employed by a contractor or third party.

(b) A two-way communication system and first aid kit must be present in the vehicle during transportation.

(c) Once children have exited, the vehicle must be checked to ensure that no child has been left in the vehicle.

(d) When the license holder provides transportation to and from the center, children must not be transported more than one hour per one-way trip.

(e) When children board or exit the vehicle, the license holder must ensure that each child safely boards and exits the vehicle from the curb side of the street whenever physically possible and out of the path of moving vehicles.

(f) Drop off or pick up must be conducted in a safe manner with supervision by the program staff responsible for the child.

Subd. 4. **Field trip requirements.** (a) For the purposes of this section, a field trip is defined as any time the center takes children off the property, including routine outings such as walking around the neighborhood. A center providing transportation for children to and from the center is not considered a field trip.

(b) Staff-to-child ratios must be maintained on all field trips.

(c) Written permission must be obtained from each child's parent before taking a child on a field trip. The written permission form must be obtained before each field trip or on a form that yearly summarizes all field trips that will be taken. The permission forms must be kept on file at the center.

(d) The parent's written permission form must include:

(1) the date and destination of the field trip;

(2) the times of departure from and return to the facility;

(3) the method of transportation; and

(4) if the method of transportation is walking, an estimated total distance of the walk.

(e) Unscheduled neighborhood walks may be taken, provided the program has obtained advance written parental permission for the general plan for neighborhood walks.

(f) A child care program that includes daily or regular off-site outdoor activities in its child care program plan may use an annual permission form for these activities. Parents must be informed of specific destinations and any substantial changes to the general plan outlined in the annual permission form through the child care program's regular communication methods. The annual permission form must include the following information:

(1) the general geographic area or areas where the off-site outdoor activities will occur;

(2) the general hours during which off-site activities may occur;

(3) the typical method of transportation; and

(4) the typical maximum distance of walks, if the method of transportation is walking.

(g) When centers take children on a walk or field trip, program staff must bring:

(1) a first aid kit as required under section 142H.29, subdivision 9;

(2) a child's allergy information as required under section 142H.15, including the individual child care program plan;

(3) the name and telephone number of each child's parent and at least one emergency contact person;

(4) medication and supplies needed for a child who has a health condition that could need medication, special procedures, or precautions during the course of the trip; and

(5) a working cell phone or other means of immediate communication.

Sec. 35. **[142H.34] FACILITY.**

Subdivision 1. **Occupancy designation.** (a) At initial licensure, an applicant must demonstrate compliance with the standards specified by the State Building Code and any applicable local building ordinances.

(b) Prior to the child care facility being remodeled, substantially improved, renovated, or reconstructed, the license holder must verify whether approval from the applicable state or local building officials is needed. If needed, the license holder must obtain written verification of compliance with the State Building Code and any applicable local building ordinances.

Subd. 2. **Fire inspection.** (a) The center must be inspected by a fire marshal within 12 months prior to initial licensure. The commissioner must not grant an initial license until receiving written approval of compliance with the State Fire Code from the fire marshal with jurisdiction.

(b) Pursuant to the time frames in paragraph (d), the center must have a fire inspection at least once every five calendar years from the date of the last fire inspection report. The fire inspection must include written approval of compliance with the State Fire Code from the fire marshal with jurisdiction.

(c) Prior to the use of any areas of the structure not previously inspected and approved for child care use, the center must:

(1) receive written confirmation from the state fire marshal that approval from the state fire marshal is not needed; or

(2) conduct a fire inspection, which must include written approval of compliance with the State Fire Code from the fire marshal with jurisdiction.

(d) For centers holding a valid license as of July 1, 2029:

(1) centers initially licensed before January 1, 1998, must meet the requirement under paragraph (b) no later than July 1, 2029;

(2) centers initially licensed on or after January 1, 1998, but before January 1, 2013, must meet the requirement under paragraph (b) no later than July 1, 2030;

(3) centers initially licensed on or after January 1, 2013, but before January 1, 2021, must meet the requirement under paragraph (b) no later than July 1, 2031; and

(4) centers initially licensed on or after January 1, 2021, must meet the requirement under paragraph (b) no later than July 1, 2032.

(e) Centers that have already completed a fire inspection within five years of July 1, 2029, are exempt from paragraph (d).

Subd. 3. **Reinspection for cause.** If the commissioner has reasonable cause to believe that a potential hazard exists or the license holder is operating out of compliance with applicable codes, the commissioner may request another inspection and written report by a fire marshal, building official, or health authority.

Subd. 4. **Facility floor plan and designated areas.** (a) Indoor and outdoor space to be used for child care must be designated on a facility floor plan.

(b) Space designated on a facility floor plan must be exclusively used for child care by the center during the hours of operation.

(c) The initial application for licensure and the center's administrative record must contain a floor plan of the center. Precise scale drawings are not required. The plan must indicate:

(1) the dimensions and location of all areas of the center designated for the provision of child care including planned use of each area; and

(2) the size and location of areas used for outdoor activity.

Subd. 5. **Child's personal storage space.** A center must have storage space for each child's clothing and personal belongings. The space must be at a height appropriate for the age of the child.

Subd. 6. **Space for children who become sick.** (a) Space must be provided in the center for a child who becomes sick at a center not licensed to operate a sick care program under section 142H.19.

(b) The space must be separate from activity areas used by other children but may still be within the classroom.

(c) A cot, mat, or crib and blanket must be provided as appropriate to the developmental level of the child.

(d) The space must be supervised by a program staff person when occupied by a sick child.

Subd. 7. **Outdoor learning environment and play space.** (a) A center must provide or have available an outdoor activity area that complies with this subdivision unless licensed to exclusively provide night care as specified under section 142H.16, licensed to provide drop-in care as specified under section 142H.17, licensed to provide sick care as specified under section 142H.19, or operating for fewer than three hours a day.

(b) A center must have an outdoor activity area of at least 1,500 square feet, and there must be at least 75 square feet of space per child within the outdoor play area at any given time during use.

(c) The outdoor activity area must be enclosed if it is located adjacent to a hazard, including but not limited to traffic, rail, water, or machinery, unless the area is a public park or playground.

(d) An outdoor activity area used daily by children under school age must be within 2,000 feet of the center or transportation must be provided by the license holder. The outdoor activity area must not be farther than one-half mile from the center.

(e) The area must contain the outdoor equipment required under section 142H.14.

(f) The play area must be free of potential hazards, including but not limited to broken glass, toxic materials, machinery, unlocked vehicles, feces, and sewage contaminants.

(g) An energy-absorbing surface is required under installed climbing equipment, swings, and slides. An energy-absorbing surface can be loose sand, pea gravel, or mulch in a depth of at least nine inches; any material that meets ASTM F1292 specifications; or shredded rubber and poured energy-absorbing surfacing installed to manufacturer's specifications based on the height of the equipment. A fall zone is required around the equipment.

(h) Natural features used for outdoor play that are not installed as equipment are not subject to the requirements of paragraph (g). When a child uses natural features for outdoor play, a program staff person must remove hazardous objects as specified in subdivision 17 and mitigate hazards whenever possible from the surrounding area where children might fall. Natural features used for outdoor play must be appropriate to the age and size of children, in safe condition, and used under the supervision of a program staff person.

Subd. 8. **Indoor space.** A center must have a minimum of 35 square feet of indoor space available per child in attendance. Hallways, stairways, closets, utility rooms, restrooms, kitchens, and space occupied by cribs are not indoor space for the purposes of this subdivision. Twenty-five percent of the space occupied by furniture or equipment used by staff or children may be counted as indoor space.

Subd. 9. **Shielding of hot surfaces.** Heating appliances must be installed and maintained in accordance with the manufacturer's instruction and the State Building Code. Radiators, fireplaces, hot pipes, and other hot surfaces in areas used by children must be shielded or insulated to prevent burns.

Subd. 10. **Electrical outlets.** Except in a center that serves only school-age children, electrical outlets must be tamper proof or shielded when not in use.

Subd. 11. **Water hazards.** Bodies of water within or adjacent to the center must be inaccessible to children. When using a pool or beach, children must be supervised at all times.

Subd. 12. **Room temperature.** An indoor temperature of 68 degrees Fahrenheit to 82 degrees Fahrenheit must be maintained in all rooms used by children.

Subd. 13. **Hazardous areas.** Kitchens, stairs, and other hazardous areas must be inaccessible to children except during periods of supervised use.

Subd. 14. **Fire extinguisher inspection.** Fire extinguishers must be serviced by a qualified inspector at least once every 365 days. The name of the inspector and date of the inspection must be written on a tag attached to the extinguisher.

Subd. 15. **Toilet articles.** As needed, a license holder must provide and make available toilet paper, liquid hand soap, facial tissues, and single-use paper towels or warm air hand dryers.

Subd. 16. **Toilets and hand sinks.** (a) The center must have at least one hand sink for every 15 children in the center's licensed capacity.

(b) The center must have at least one toilet for every 15 children, excluding infants, in the center's licensed capacity. Toilet training chairs may be used for toddlers in lieu of a toilet.

(c) The center must provide handwashing sinks within three feet of the diaper changing surface. The sink must have hot and cold running water. In newly constructed centers or those undergoing major remodeling to the plumbing system, foot- or wrist-operated sinks must be provided in the diaper changing area.

(d) Any hand sink required for children other than infants must be in the toilet area. The temperature of hot water in the hand sinks used by children must not exceed 120 degrees Fahrenheit. Hand sinks for children must not be used for custodial work or food preparation, including preparing infant bottles. Single-service towels or air dryers must be available to dry hands and designed for easy use by children.

(e) Toilets, sinks, faucets, and hand-drying devices in the toilet area used by children under school age other than infants must be placed at a height appropriate to the ages of the children. A sturdy nonslip platform on which children may stand may be used to meet the height requirement in this paragraph for toddlers and preschoolers.

(f) Plungers and toilet-cleaning devices must be inaccessible to children.

Subd. 17. **Hazardous objects.** (a) The license holder must prevent children from accessing hazardous objects, including any item that could reasonably cause injury, choking, poisoning, burning, cutting, or other harm to a child, or any item designated by the manufacturer to be stored out of reach of children.

(b) Activities that are part of the program plan may include the use of hazardous objects when supervised by program staff.

(c) Supplies and materials used by children must be labeled "nontoxic" by the manufacturer.

Subd. 18. **Telephone.** (a) A working telephone that is capable of making outgoing calls and receiving incoming calls must be located within the licensed child care center at all times. The telephone must be accessible to staff as needed and be sufficiently charged for use at all times.

(b) Program staff must have access to a working telephone while providing care and supervision to children in care outside of the child care facility.

Subd. 19. **Animals.** A license holder must:

(1) keep each animal housed in the program up to date on vaccines required for that species under state law or local ordinance and maintain documentation of vaccinations, if any;

(2) notify parents prior to their child's enrollment of the presence of animals in the program, before new animals are housed, and prior to any animals visiting the program;

(3) not let children handle animals without adult supervision; and

(4) notify the parent of a child whose skin is broken by an animal bite or scratch or who is otherwise injured by an animal in writing of the injury.

Subd. 20. **Pest control.** (a) Effective measures must be taken to protect the center against rodents and insects. If rodents, insects, or other pests are found, the license holder must take steps to remove or exterminate them. Chemicals, baits, and traps for insect and rodent control must not be used in areas accessible to children when children are present and must be used according to the manufacturer's instructions.

(b) Chemicals to control weeds, rodents, insects, and other pests must be used only after other means have been used for control, such as eliminating harborages, removing access to food, and sealing points of entry. These compounds must be used according to labeled instructions. If chemicals are used, the license holder must notify the parents of enrolled children what pesticide will be applied and where it will be applied no less than 48 hours before application, unless in cases of emergency. Only approved, United States Environmental Protection Agency-registered insecticides, rodenticides, and herbicides may be used. Application must strictly follow all label instructions and must be authorized by the director.

Subd. 21. **Posting license.** A license holder must post the license in a clearly visible place within the child care center that is accessible to parents and guardians.

Sec. 36. **[142H.35] ENVIRONMENTAL HEALTH.**

Subdivision 1. **Water supply.** A child care center must have a safe water supply. Child care centers that obtain water from privately owned wells or sources must test any water used for cooking or drinking by a Department of Health-certified laboratory to verify safety. License holders must follow the lead testing requirements in section 145.9273.

Subd. 2. **Radon testing.** (a) The license holder must notify parents whether radon testing has been conducted in the program upon enrollment and within 30 days of any subsequent testing done after enrollment.

(b) When notifying parents, the license holder must use a form prescribed by the commissioner. The notice must include information from the Department of Health about what radon is and the potential risks associated with radon exposure. If testing has been completed, the notice must include:

(1) the date of the most recent test;

(2) the rooms or areas tested; and

(3) the detected radon level or levels, stated in picocuries per liter.

(c) A license holder must keep a copy of the most recent notice to parents and the radon test results on site and make the notice and results available to parents and the commissioner upon request. The provider may meet this requirement by posting the radon testing results in a conspicuous place.

Sec. 37. **[142H.36] MALTREATMENT OF MINORS INTERNAL REVIEW.**

If a license holder has reason to know that an internal or external report of alleged or suspected maltreatment has been made, the license holder must:

(1) establish and maintain policies and procedures to ensure that an internal review is completed within 30 calendar days and that corrective action is taken if necessary to protect the health and safety of children in care. The review must include an evaluation of whether:

(i) related policies and procedures were followed;

(ii) the policies and procedures were adequate;

(iii) there is a need for additional staff training;

(iv) the reported event is similar to past events with the children or the services involved; and

(v) there is a need for corrective action by the license holder to protect the health and safety of children in care;

(2) develop, document, and implement a corrective action plan designed to correct any current lapses and prevent future lapses in performance by individuals or the license holder, based on the results of the review;

(3) identify the primary and secondary person or position who will ensure that, when required, internal reviews are completed. The secondary person must be involved when there is reason to believe that the primary person was involved in the alleged or suspected maltreatment; and

(4) document and make internal reviews accessible to the commissioner immediately upon the commissioner's request. For the purposes of this section, the documentation provided to the commissioner by the license holder may consist of a completed checklist that verifies completion of each of the requirements of the review.

Sec. 38. Minnesota Statutes 2024, section 245A.211, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** This section applies to all programs licensed or certified under this chapter, chapters 142C, 142H, 142I, 245D, 245F, 245G, and sections 245I.20 and 245I.23. The requirements in this section are in addition to any applicable requirements for the use of holds or restraints for each license or certification type.

Sec. 39. **REVISOR INSTRUCTION.**

(a) The revisor of statutes must renumber Minnesota Statutes, section 142B.68, as Minnesota Statutes, section 142H.37.

(b) The revisor of statutes must make any necessary changes to statutory cross-references to reflect the changes in this article.

(c) The revisor of statutes must replicate the statutory history for all sections and subdivisions repealed and reenacted in this article.

Sec. 40. **REPEALER.**

(a) Minnesota Rules, parts 9503.0005; 9503.0010; 9503.0015; 9503.0030; 9503.0031; 9503.0032; 9503.0033; 9503.0034; 9503.0040; 9503.0045; 9503.0050; 9503.0055; 9503.0060; 9503.0065; 9503.0070; 9503.0075; 9503.0080; 9503.0085; 9503.0090; 9503.0095; 9503.0100; 9503.0105; 9503.0110; 9503.0115; 9503.0120; 9503.0125; 9503.0130; 9503.0140; 9503.0145; 9503.0150; 9503.0155; and 9503.0170, are repealed.

(b) Minnesota Statutes 2024, sections 142B.01, subdivisions 11, 12, 25, 26, and 27; 142B.41, subdivisions 6, 7, 10, 11, 12, and 13; 142B.54, subdivisions 1, 2, and 3; 142B.65, subdivisions 1, 2, 3, 4, 5, 6, 7, and 10; and 142B.66, subdivisions 1, 2, 4, and 5, are repealed.

(c) Minnesota Statutes 2025 Supplement, sections 142B.65, subdivisions 8 and 9; and 142B.66, subdivision 3, are repealed.

Sec. 41. **EFFECTIVE DATE.**

This article is effective July 1, 2027.

ARTICLE 13

FAMILY CHILD CARE LICENSING MODERNIZATION

Section 1. **[142I.01] DEFINITIONS.**

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

Subd. 2. **Accessible to children.** "Accessible to children" means capable of being reached or used by a child without the aid of an adult.

Subd. 3. **Accredited.** "Accredited" means a postsecondary institution or technical college recognized and listed in the database of accredited postsecondary institutions and programs maintained by the federal Department of Education.

Subd. 4. **Adult.** "Adult" means a person at least 18 years of age.

Subd. 5. **Age categories.** (a) "Newborn" means a child from birth up to six weeks old.

(b) "Infant" means a child who is at least six weeks old but less than 12 months old.

(c) "Toddler" means a child who is at least 12 months old but less than 24 months old.

(d) "Preschooler" means a child who is at least 24 months old but less than five years of age.

(e) "School age" means a child who is at least five years of age but is less than 11 years of age.

Subd. 6. **Agency.** "Agency" means a county or multicounty social or human services agency governed by a county board or a multicounty human services board.

Subd. 7. **Annual or annually.** "Annual" or "annually" means at least once each calendar year.

Subd. 8. **Applicant.** "Applicant" has the same meaning as section 142B.01, subdivision 4.

Subd. 9. **Behavior guidance.** "Behavior guidance" means an ongoing process whereby caregivers offer constructive, positive, and developmentally appropriate guidance to children to help them manage their own behavior in a socially acceptable manner.

Subd. 10. **Bodily fluid.** "Bodily fluid" means urine, feces, vomit, blood, and other bodily fluids with blood present.

Subd. 11. **Building official.** "Building official" means the person appointed pursuant to section 326B.133 to administer the State Building Code or the building official's authorized representative.

Subd. 12. **Caregiver.** "Caregiver" means the license holder, primary provider of care, second adult caregiver, intermittent caregiver, helper, or substitute.

Subd. 13. **Child.** "Child" means a person receiving child care services who falls within the age categories in subdivision 5.

Subd. 14. **Child care.** "Child care" means the care of a child in a family child care program. This includes the children of the license holder and any other caregivers in the family child care program who receive child care during child care hours.

Subd. 15. **Child with special health care needs or disabilities.** "Child with special health care needs or disabilities" means a child who:

(1) has developmental disabilities or is otherwise eligible for case management as specified in Minnesota Rules, parts 9525.0004 to 9525.0036;

(2) has been identified by the local school district as a child with a disability as specified in section 125A.02, subdivision 1; or

(3) has been determined to be a child with a disability by a health care provider as defined in subdivision 25.

Subd. 16. **Clean.** "Clean" means free from dirt or other contaminants that can be detected by sight, smell, or touch.

Subd. 17. **Commissioner.** "Commissioner" means the commissioner of children, youth, and families or the commissioner's designated representative, including county agencies and private agencies.

Subd. 18. **Community-based family child care program.** "Community-based family child care program" means a family child care program that operates at a location other than the primary residence of the license holder.

Subd. 19. **Department.** "Department" means the Department of Children, Youth, and Families.

Subd. 20. **Disinfect.** "Disinfect" means the chemical process to kill most germs and viruses on surfaces and objects after the surfaces and objects have been cleaned.

Subd. 21. **Emergency replacement.** "Emergency replacement" means an adult who supervises children in a family child care program due to an emergency and who has not completed the training requirements under this chapter or the background study requirements under chapter 245C.

Subd. 22. **Family child care program.** "Family child care program" means a child care program licensed under this chapter and chapter 142B operating from the license holder's residence or other approved space that serves up to 18 children and is provided for less than 24 hours a day.

Subd. 23. **Fire marshal.** "Fire marshal" means the person designated by section 299F.011 to administer and enforce the State Fire Code or a local fire code inspector approved by the fire marshal.

Subd. 24. **Hazardous materials.** "Hazardous materials" means any item that could reasonably cause injury, choking, poisoning, burning, cutting, or other harm to a child, or any item designated by the manufacturer to be stored out of reach of children.

Subd. 25. **Health care provider.** "Health care provider" means a physician or physician's assistant licensed to practice medicine under chapter 147; an advanced practice registered nurse licensed under section 148.171; or a licensed psychiatrist, licensed psychologist, or licensed consulting psychologist.

Subd. 26. **Helper.** "Helper" means a minor, 14 through 17 years of age, who assists an adult caregiver with the care of children.

Subd. 27. **Inaccessible to children.** "Inaccessible to children" means not capable of being reached or utilized by a child without the aid of an adult.

Subd. 28. **Intermittent caregiver.** "Intermittent caregiver" means an adult who cares for children in a family child care program alongside another adult caregiver for a cumulative total of no more than 500 hours annually.

Subd. 29. **License.** "License" has the meaning given in section 142B.01, subdivision 16.

Subd. 30. **License holder.** "License holder" has the meaning given in section 142B.01, subdivision 17, for a family child care program.

Subd. 31. **Licensed capacity.** "Licensed capacity" means the total number of children ten years of age or younger permitted at any one time on the premises of a family child care program. All children ten years of age or younger on the premises count toward the capacity of the family child care program.

Subd. 32. **Medication.** "Medication" means any substance or preparation that is used to prevent or treat a wound, injury, infection, or disease; maintain health; heal; or relieve pain, including substances purchased over the counter or prescribed by a health care provider or dentist. Medication includes substances taken internally or applied externally.

Subd. 33. **Owner or renter.** "Owner" or "renter" means the individual, individuals, organization, or government entity listed in the property title, deed, lease, or equivalent legal document.

Subd. 34. **Parent.** "Parent" means a person who has the legal responsibility for a child, such as the child's mother, father, or legally appointed guardian.

Subd. 35. **Pests.** "Pests" means any animals, insects, or other living creatures that are not housed within the family child care program and are considered harmful or detrimental to the health, safety, and well-being of individuals within a family child care program. This includes but is not limited to ants, rodents, cockroaches, bedbugs, or bats.

Subd. 36. **Pets.** "Pets" means all animals housed at the family child care program or that have contact with children.

Subd. 37. **Premises.** "Premises" means the indoor and outdoor space in which a family child care program is located.

Subd. 38. **Primary provider of care.** "Primary provider of care" means the person responsible for providing care to children during the hours of operation and operating a family child care program in compliance with all applicable laws and regulations under this chapter and chapters 142B and 245C. All individual license holders are primary providers of care, as are individuals designated under section 142I.22, paragraph (f).

Subd. 39. **Radon testing.** "Radon testing" means the measurement of radon gas levels in the indoor air of the building.

Subd. 40. **Related.** "Related" means any of the following relationships by marriage, blood, or adoption: a spouse, a parent, an adoptive parent, a birth or adopted child or stepchild, a stepparent, a stepbrother, a stepsister, a niece, a nephew, a grandparent, a grandchild, a sibling, an aunt, an uncle, or a legal guardian.

Subd. 41. **Second adult caregiver.** "Second adult caregiver" means an adult who cares for children in the family child care program for a cumulative total of more than 500 hours annually along with the primary provider of care or substitute caregiver.

Subd. 42. **Separation.** "Separation" is a form of behavior guidance that involves interruption of unacceptable behavior by the removal of a child from a situation with the intention of allowing the child an opportunity to pause and gain self-control. During a separation a child is not allowed to participate in activities with other children.

Subd. 43. **State Building Code.** "State Building Code" means the codes and regulations adopted by the commissioner of administration pursuant to section 326B.107 and contained in Minnesota Rules, chapter 1300.

Subd. 44. **State Fire Code.** "State Fire Code" means the codes and regulations adopted by the state fire marshal pursuant to section 299F.011 and contained in Minnesota Rules, chapter 7511.

Subd. 45. **Substitute.** "Substitute" means an adult who is responsible for the duties of a primary provider of care when the primary provider of care is not present at the family child care program. A substitute may not provide care for more than 500 hours per calendar year.

Subd. 46. **Supervision.** "Supervision" means:

(1) caregivers must be within sight or hearing of newborns, infants, toddlers, and preschoolers at all times and must intervene in an effort to protect the health and safety of the child. Electronic monitoring devices can only be used to monitor infants, toddlers, and preschoolers when they are asleep;

(2) for a school-age child, a caregiver must be available and in close enough proximity to provide in-person assistance and care to ensure the child's health and safety is protected. Electronic devices may be used to support supervision, but must not replace the caregiver's ability to provide assistance or care in person; and

(3) the caregiver has an awareness of and responsibility for the activity of each child and is near enough to respond and reach children immediately, including responding to the child's basic needs and intervening to protect them from harm.

Subd. 47. **Variance.** "Variance" means written permission from the department pursuant to the requirements in section 142B.10, subdivision 16, paragraph (c), for a license holder or applicant to depart from a specific requirement in this chapter or chapter 142B.

Sec. 2. **[142I.02] LICENSING OF PROGRAMS.**

Subdivision 1. **Purpose.** The purpose of this chapter is to establish procedures and standards for licensing family child care and community-based family child care programs to ensure that minimum standards of care and service are given and the protection, care, health, safety, and development of the children are assured.

Subd. 2. **Applicability.** A family child care program must be licensed under this chapter and chapter 142B to operate in Minnesota.

Sec. 3. **[142I.03] LICENSING PROCESS.**

Subdivision 1. **License application.** (a) An applicant for a family child care license must follow the requirements of this section and section 142B.10.

(b) Applicants must use the application issued by the department. The application must be made in the county where the family child care program will operate.

(c) Applicants must be the proposed license holders of the family child care program.

(d) An application for licensure is complete and ready for the agency's review after the applicant completes, signs, and submits all department forms and documentation needed for licensure to the agency and the agency receives all inspection, zoning, evaluation, and investigative reports, documentation, and information required to verify compliance with this chapter and applicable statutes, including a completed background study for individuals subject to a study, as required under chapter 245C.

Subd. 2. **Licensing study.** (a) The applicant must give the agency access to the family child care program for a licensing study to determine compliance with all applicable rules and statutes.

(b) If the commissioner determines a potentially hazardous condition exists due to noncompliance with this chapter or local ordinances, the applicant must obtain an inspection from a fire marshal, building official, or authorized community health board agent under section 145A.04 to verify the absence of hazard or identify needed corrections. Any condition cited as hazardous and creating an immediate danger of fire or threat to life or safety must be corrected.

(c) An applicant must undergo an initial inspection of the family child care program by a fire marshal to determine compliance with the State Fire Code and compliance with orders issued if the program:

(1) has freestanding solid-fuel-heating appliances;

(2) will operate in a manufactured or mobile home;

(3) will use a basement for child care;

(4) is located in mixed- or multiple-occupancy buildings. For the purposes of this clause, "mixed-occupancy building" means a structure that contains nonresidential occupancies, such as an attached garage, and "multiple-occupancy building" means a structure with two or more residential dwelling units, such as a duplex, apartment building, or townhome; or

(5) is located in a commercial space.

Subd. 3. **Ineligibility factors.** (a) An applicant, caregiver, or any person who resides where the family child care program operates and who is present when children are in care or works with the children in care is prohibited from:

(1) abusing prescribed or nonprescribed drugs or use alcohol or controlled substances specified in chapter 152 to the extent that the use or abuse has or may have a negative effect on the ability of the primary provider of care to give care or is apparent during the hours of operation;

(2) having had a child placed in foster care within the prior 12 months for reasons that the agency determines reflect on the ability of the license holder or the primary provider of care to safely provide family child care. This clause does not apply if the primary reason for the placement was due to a physical illness of the parent due to a disability of the child, including developmental disability of the child; or for the temporary care of a newborn or infant being relinquished for adoption;

(3) having had a child placed in a residential facility within the prior 12 months for reasons that the agency determines reflect on the ability of the license holder or the primary provider of care to safely provide family child care; or

(4) exhibiting behavior that could pose a risk to children being served in the family child care program. Additional assessments or documentation may be requested to determine the impact on the provider's ability to provide care.

(b) Caregivers who have abused prescribed or nonprescribed drugs or have been dependent on alcohol or controlled substances specified in chapter 152, such that the use, abuse, or dependency has negatively affected the ability to give care, was apparent during the hours of operation, or required treatment or therapy, must have 12 months of verified abstinence before licensure.

Subd. 4. **Variances.** The department may grant variances to this chapter. Upon receipt of a variance request, the department must make a determination on the variance request within 30 business days.

Subd. 5. **Posting license.** The license holder must post the license in the family child care program in a location where parents, visitors, and authorized representatives of the commissioner can easily access and view the license.

Subd. 6. **Change in license terms.** A license holder must submit a new application form in accordance with section 142B.10 before:

(1) relocating the family child care program;

(2) changing from family child care to community-based family child care;

(3) changing from community-based family child care to family child care;

(4) changing between any class A and class C license type; or

(5) changing a current C license class to a higher C license class.

Subd. 7. **Number of licenses.** Each individual applicant is limited to one family child care license.

Subd. 8. **Access to program.** As required in section 142B.10, subdivision 12, caregivers must give authorized representatives of the commissioner access to the family child care program premises during the hours of operation.

Subd. 9. **Disposal of license.** When a family child care program is closed, or if a license is revoked, suspended, or not renewed, the license holder must remove the license from being posted in the home within 14 days of ceasing operation or upon the final order of revocation, denial, or suspension of license; stop all advertising; and refrain from providing care to children as required in section 142B.05, subdivision 1.

Subd. 10. **Local government authority.** The authority of local units of government to establish requirements for family child care programs is limited by section 299F.011, subdivision 4a, paragraph (a), clauses (1) and (2).

Subd. 11. **Background studies.** All individuals subject to a background study must comply with the requirements of chapter 245C.

Subd. 12. **Child care license holder insurance.** (a) The license holder must complete and provide to parents a form prescribed by the commissioner that includes information about the license holder's liability insurance status. The license holder must update the form and obtain each parent's signature whenever insurance coverage changes, a policy lapses, or a new policy takes effect. If the license holder has a continuous insurance policy that renews each year, the license holder may indicate the policy's renewal date in the initial written notice to parents, and no further notices are required until the insurance coverage changes or the policy lapses.

(b) The form under this subdivision must include the date of the policy's expiration or renewal or indicate if the license holder does not carry liability insurance.

(c) A copy of the current certificate of liability insurance must be made available upon request to parents, the commissioner, and agency licensing staff.

Sec. 4. **[142I.04] AGENCY RECORDS.**

Subdivision 1. **Agency records.** An agency must maintain the following records for each license holder:

(1) a copy of the completed licensing application form signed by the applicant and the agency;

(2) a physical health report on any adult caregiver that was submitted prior to giving care in the family child care program. The physical health report must verify that the adult caregiver is physically able to care for children;

(3) any written reports from a fire marshal, building official, or agent of a community health board authorized under chapter 145A;

(4) if the applicant has been licensed through another jurisdiction, a reference from the licensing authority in that jurisdiction;

(5) the initial and annual inspection by the agency of the license holder. Any comments of the license holder about the inspections by the agency must also be noted in the agency record;

(6) a copy of the notification given to parents, prior to a child's admission, indicating that pets are present in the residence and documentation as required in section 142I.19, subdivision 4;

(7) documentation of any variance requests and the approval or denial of the request in accordance with section 142I.03; and

(8) the results of each background study required under chapter 245C.

Subd. 2. **Data privacy.** The agency, commissioner, and authorized agent as defined in section 142B.01, subdivision 5, must have access to license holder records on children in care to determine compliance with this chapter. All caregivers must maintain the privacy of records on children by refraining from discussing or disclosing any records, including electronic records, or information on children in care to any persons other than the parent of the child, the agency, the commissioner,

and medical or public safety persons if the information is necessary to protect the health and safety of the child.

Sec. 5. **[142I.05] REPORTING TO AGENCY.**

Subdivision 1. **Maltreatment, abuse, and neglect reporting.** All caregivers who suspect, know, or have reason to believe a child is being or has been maltreated under section 260E.03, subdivision 12, must immediately report the information to the local welfare agency, agency responsible for assessing or investigating the report, police department, county sheriff, Tribal social services agency, or Tribal police as required by chapter 260E.

Subd. 2. **Other reporting.** Primary providers of care must notify the agency:

(1) prior to anyone moving into the residence where family child care services are provided. A background study must be completed in accordance with section 245C.13, subdivision 2;

(2) within ten calendar days after a household member has moved out of the residence where family child care services are provided;

(3) before a new caregiver provides direct contact services for the first time, unless an individual is acting as an emergency replacement according to section 142I.09, subdivision 2;

(4) of any damage to the premises that may affect compliance with this chapter or any incident at the premises that results in the loss of utility services, within 24 hours after the occurrence;

(5) within 24 hours after the occurrence of any serious injury, head injury, hospitalization, or death of a child in care. For the purposes of this clause, "serious injury" means an injury that reasonably requires the care of a health care provider or dentist; and

(6) within 24 hours after the occurrence of an animal bite in accordance with section 142I.19, subdivision 4.

Sec. 6. **[142I.06] ADMISSIONS; RECORDS; REPORTING.**

Subdivision 1. **Admission and ongoing information.** (a) Prior to admission of a child and annually while the child is enrolled, the parents and primary provider of care must discuss family child care program policies and licensing requirements.

(b) The license holder must not disclose a child's record to any person other than the child, the child's parent or guardian, the child's legal representative, employees of the license holder, and the agency unless the child's parent or guardian has given written consent or as otherwise required by law.

Subd. 2. **Statutory summary for parents.** A descriptive summary of this chapter must be distributed to the parent by the license holder at the time a child is admitted to care. The summary must be provided by the department to the agencies for distribution to license holders and must:

(1) state that this chapter and chapter 142B govern the licensing of family child care programs;

(2) specify the section headings contained in this chapter; and

(3) state that a complete copy of this chapter is available at the family child care program, agency, department, or State Law Library or through the revisor of statutes website.

Subd. 3. **Parental access.** A parent who has enrolled a child must be allowed access to the child and the licensed space at any time while the child is in care unless a court order or other legal documentation restricts access. A copy of the order or other legal documentation must be kept in the child's record at the family child care program.

Subd. 4. **Attendance records.** A license holder must maintain documentation of attendance for each child receiving care for a minimum of five years. The records must be accessible to the commissioner during the family child care program's hours of operation, must be completed on the day of attendance, and must include:

(1) the first and last name of the child;

(2) the time of day that the child was dropped off; and

(3) the time of day that the child was picked up.

Subd. 5. **License holder policies.** (a) The license holder must follow and monitor implementation of the policies and procedures by all caregivers as required in section 142B.10, subdivision 21.

(b) When applicable for the program, the license holder must have written policies available for discussion with parents and the commissioner and provide an electronic or hard copy to the parent at the time of admission or upon request. The policies must include, at a minimum:

(1) program operation policies, including:

(i) the ages and numbers of children the family child care program is licensed to serve;

(ii) the hours and days of operation, including plans for holiday closings, personal time, and policies for inclement weather closings;

(iii) fees, including payment schedule, overtime charges, and registration fees as applicable;

(iv) parental access to the family child care program that states a parent who enrolls a child must be allowed access to the child and the licensed space at any time while the child is in care;

(v) nondiscrimination practices to comply with section 142I.21;

(vi) the termination of child care and expulsion notice procedures; and

(vii) the use of a helper, a substitute for personal leave or holidays, and an emergency substitute according to the licensing requirements in section 142I.09;

(2) health and safety policies, including on:

(i) allergy prevention and response;

(ii) the administration and storage of medication and topical products;

(iii) the care of ill children, isolation precautions, symptoms for discharge and return, immunizations, medicine permission policies, and whether the license holder will care for an ill child;

(iv) disease notification procedures, including notifying the parents of exposed children within 24 hours of a parent or caregiver notifying the license holder of a reportable disease under section 142I.19, subdivision 9. The notice must be posted in a clearly visible, accessible place or provided individually to each parent of a child who was exposed;

(v) meals, snacks, infant formula, breast milk, and supplemental foods to be provided, including labeling requirements for food brought from the child's home;

(vi) sleeping and resting arrangements;

(vii) emergency procedures, fire and storm plans, and transportation in an emergency, including whether parent permission is required;

(viii) how the license holder prevents abuse of prescription medication or being in any manner under the influence of a chemical that impairs the caregiver's ability to provide services or care as required under section 142B.10, subdivision 1, paragraph (c); and

(ix) the legal requirements for firearms in a family child care program through a statement that must include the language under section 142I.19, subdivision 7; and

(3) program environment policies, including:

(i) behavior guidance and discipline;

(ii) field trips, including by foot, and whether parent permission is required;

(iii) the presence of pets in the family child care program, including notification prior to the introduction of a new pet to the program;

(iv) the use of screen time; and

(v) the use of social media, images, and video in accordance with subdivision 7.

Subd. 6. **Records for each child.** (a) The license holder must obtain the records in this subdivision from parents prior to the admission of a child. The license holder must keep this information up to date and on file for each child. The license holder must have a parent annually review the information in a child's record, update the information as necessary, and keep the information on file.

(b) For each enrolled child, the license holder must maintain a signed and completed admission and arrangement form, as prescribed by the commissioner, and a completed enrollment form, as developed and approved by the commissioner.

(c) Immunization records must be kept in accordance with section 121A.15 and Minnesota Rules, chapter 4604. Prior to enrollment, a license holder must request a child's immunization record. The record must be kept on file and updated as follows:

(1) for an infant, every six months;

(2) for a toddler, annually;

(3) for a preschooler, every 18 months; and

(4) for a school-age child, every three years.

(d) For each enrolled child, the license holder must obtain signed written consent from a parent allowing the license holder to obtain emergency medical care or treatment for the child.

(e) A license holder must release a child from care only to a parent or other person authorized in writing by the parent. The information must be reviewed at least annually by the parent and updated when information changes.

Subd. 7. **Social media, images, and video sharing.** (a) Caregivers are prohibited from sharing photos, videos, or other personal identifying information of enrolled children, except to provide updates to parents who have provided written consent. If a license holder wishes to use photos or videos of the family child care program and the enrolled children for promotional or publicity purposes, including on social media accounts or public digital platforms, the license holder must obtain written consent from parents prior to use.

(b) Notwithstanding paragraph (a), the license holder must share photos, videos, and other personal identifying information of enrolled children with the commissioner upon request.

Subd. 8. **Nondiscrimination.** A caregiver is prohibited from discriminating in relation to enrollment in their program based on race, color, creed, religion, national origin, sex, gender identity, marital status, disability, sexual orientation, or familial status.

Sec. 7. **[142I.07] CAPACITY AND RATIOS.**

Subdivision 1. **Capacity limits.** License holders must be licensed for the total number of children ten years of age or younger who are present on the premises of the family child care program at any one time during child care hours, including the caregiver's own children and foster children.

Subd. 2. **Capacity, ratios, and age distribution restrictions.** (a) The commissioner must issue licenses based on the capacity and ratios in this subdivision.

(b) License holders with a class A license must meet the following requirements:

Class	Capacity	Minimum Adult Caregivers	Maximum Children Under School Age	Maximum Total Infants and Toddlers	Maximum Infants
A	10	1	6	3	2

(c) License holders with a class C license must meet the following requirements:

Class	Capacity	Minimum Adult Caregivers	Maximum Children Under School Age	Maximum Total Infants and Toddlers	Maximum Infants
C1	5	1	5	3	3
C2	10	1	8	4	2
C3	12	1	10	3	2
C4	14	2	10	6	4
C5	18	2	12	5	2

Subd. 3. **Newborn care.** When a newborn is in care and only one adult caregiver is present, the newborn must be the only child under 12 months of age present, and the license holder must not care for more than two other children at the same time unless the newborn is the license holder's child. When a second adult caregiver is also present or the newborn is the child of the license holder, then the newborn is considered an infant for the purposes of child-to-adult ratios and age distribution restrictions.

Subd. 4. **Supervision, primary provider of care, and use of substitutes.** (a) Children in care must be supervised by an adult caregiver. The adult caregiver must have knowledge of each child's needs, including but not limited to developmental and behavioral needs and parental preferences, and be accountable for each child's care at all times. A caregiver must be within sight or hearing of newborns, infants, toddlers, and preschoolers at all times without the use of monitoring devices, except as provided in section 142I.18.

(b) The primary provider of care must be the primary caregiver in the family child care program unless a substitute is being used in accordance with section 142I.09. A helper may be used in place of a second adult caregiver when there is no more than one newborn, infant, or toddler present.

(c) The use of a substitute caregiver must be in accordance with section 142I.09.

Subd. 5. **Overnight care.** When a family child care program has a child in care after 11 p.m. and before 5 a.m.:

(1) at least one adult caregiver must remain awake and available to respond to children's needs at all times. The program must maintain required caregiver-to-child ratios. Additional caregivers may sleep when ratios are maintained and must be available to resume supervision when needed;

(2) all awake children must be given the opportunity to engage in age-appropriate activities in a separate room away from sleeping children; and

(3) the child care emergency plan must include a plan tailored to sleeping children.

Subd. 6. **Class C5 licenses.** (a) Class C5 licenses must always operate at the level of exit discharge.

(b) A family child care program with a class C license may operate as a lower C-class level family child care program on days when the adult-to-child ratios allow it to operate at a lower capacity.

Subd. 7. **Care of the license holder's own child or children.** (a) With the license holder's consent, an individual may be present in the licensed space and care for the license holder's own child both inside and outside of the licensed space and is exempt from the training and supervision requirements of section 142I.10 if the individual:

(1) is related to the license holder or to the license holder's child, as defined in section 142I.01, subdivision 40, or is a household member who the license holder has reported to the county agency;

(2) is not a caregiver for the family child care program at the time that they are supervising the license holder's own child;

(3) only cares for the license holder's own child; and

(4) does not have direct, unsupervised contact with any nonrelative children in care.

(b) If the individual in paragraph (a) is not a household member, the individual is also exempt from background study requirements under chapter 245C.

(c) Where a caregiver is also a parent providing care to their own child in the family child care program, sections 142I.13; 142I.17; 142I.20, subdivisions 1 to 3; and 142I.21 do not apply to caregivers with regards to the care of their own children.

(d) Notwithstanding paragraph (c), family child care programs with license holders or caregivers providing care to their own child are not exempt from the capacity, ratio, and age distribution requirements under this section. License holders and caregivers remain subject to chapters 260E and 609 and other applicable statutes and rules.

(e) Notwithstanding paragraph (c), the agency may enforce the standards in sections 142I.13; 142I.17; 142I.20, subdivisions 1 to 3; and 142I.21 when the caregiver's actions with regards to the care of their own children affect the other children in the caregiver's care.

Sec. 8. **[142I.08] QUALIFICATIONS.**

Subdivision 1. **Age.** An applicant for a family child care license must be an adult at the time of application.

Subd. 2. **Physical and behavioral health.** (a) An adult caregiver must be physically and mentally able to care for children. An applicant or primary provider of care must provide documentation to the agency along with the license application verifying that the applicant has had a physical examination by a licensed physician, advanced practice registered nurse, or physician assistant within 12 months prior to the application for initial licensure and that the applicant or primary provider of care is physically able to care for children. Prior to assisting in the care of children, the applicant must also provide documentation verifying that any adult caregiver has had a physical examination by a licensed physician, advanced practice registered nurse, or physician assistant within the past 12 months and is physically able to care for children.

(b) The commissioner may require a caregiver to provide reports on the caregiver's physical or mental health from a health care provider when there is reason to believe that a caregiver exhibits physical or mental health symptoms that could impair the caregiver's ability to ensure the health

and safety of children. The reports must not be used for any other purpose than to determine whether the caregiver's physical or mental health impacts the health and safety of children.

Subd. 3. **Additional class C5 license requirements.** (a) An applicant or primary provider of care receiving a class C5 license must have at least one of:

(1) a minimum of one year of substantial compliance with this chapter as a Minnesota-licensed family child care license holder, primary provider of care, or second adult caregiver and a minimum of 1500 hours of direct care in a family child care program serving children;

(2) a minimum of six months of substantial compliance with this chapter as a family child care license holder, primary provider of care, or second adult caregiver in Minnesota and:

(i) a minimum of 520 hours of experience as an assistant teacher, student teacher, or intern in an elementary school, after-school program, or Minnesota-licensed child care center or as an adult caregiver in a Minnesota-licensed family child care program and 30 hours of child care, health, and nutrition training as specified in section 142I.10; or

(ii) a minimum of 520 hours of experience as a licensed practical or registered nurse, and 30 hours of child development or early childhood education training, as specified in section 142I.10;

(3) certification or licensure indicating completion of one of the following:

(i) a two-year child development or early childhood education associate or certificate program at an accredited college or university;

(ii) a child development associate certification;

(iii) a certification from a recognized Montessori organization;

(iv) a bachelor's degree or higher in early childhood education from an accredited college or university; or

(v) an elementary education degree from an accredited college or university that includes a minimum of 30 hours of child development training; or

(4) six months' experience working an average of 30 hours a week or more as a teacher, as defined in section 142H.06, at a Minnesota-licensed child care center.

(b) An applicant or primary provider of care must complete an additional large group training created by the commissioner as a condition of receiving a class C5 license.

Sec. 9. **[142I.09] SUBSTITUTE CAREGIVERS AND REPLACEMENTS.**

Subdivision 1. **Total hours allowed.** The use of a substitute caregiver in a family child care program is limited to a cumulative total of not more than 500 hours annually. When a substitute is used, prior to the end of each business day the license holder must document the name, date, and number of hours of each substitute who provided care.

Subd. 2. **Emergency replacement supervision.** (a) In an emergency, a license holder may allow an adult who has not completed the training requirements under this chapter or the background study requirements under chapter 245C to supervise children in a family child care program. For purposes of this subdivision, "emergency" means a situation in which the license holder has begun operating the family child care program for the day and for reasons beyond the control of the license holder, including but not limited to a serious illness or injury, accident, or situation requiring the immediate attention of the license holder, the license holder needs to leave the licensed space and close the program for the day.

(b) To the extent practicable, the license holder must attempt to arrange for emergency care by a substitute caregiver before using an emergency replacement.

(c) When an emergency occurs:

(1) the license holder or emergency replacement must contact the parents of the children attending the family child care program and inform the parents that the program is closing for the day and that the children need to be picked up as soon as practicable;

(2) the license holder must not knowingly use a person as an emergency replacement who has committed an action or has been convicted of a crime that would cause the person to be disqualified from providing care to children if a background study was conducted under chapter 245C;

(3) the license holder must make reasonable efforts to minimize the amount of time the emergency replacement has unsupervised contact with the children in care not to exceed 12 hours per emergency incident;

(4) the family child care program must be closed for the day once the last unrelated child has left the program; and

(5) the license holder must notify the county licensing agency within seven days that an emergency replacement was used and specify the circumstances that led to the use of the emergency replacement.

(d) The county licensing agency must notify the commissioner within three business days after receiving the license holder's notice that an emergency replacement was used and specify to the commissioner the circumstances that led to the use of the emergency replacement.

(e) A license holder is not required to provide the names of persons who may be used as replacements in emergencies to parents or the county licensing agency. However, once an emergency replacement has been used, the license holder must provide the name of the individual used to the county licensing agency.

Sec. 10. **[142I.10] APPLICANT, PRIMARY PROVIDER OF CARE, AND SECOND ADULT CAREGIVER TRAINING REQUIREMENTS.**

Subdivision 1. **Initial training; applicant, primary provider of care, and second adult caregiver.** (a) Before providing care, an applicant, a primary provider of care, and each second adult caregiver must have completed all required initial training within the prior 24 months.

(b) Initial training does not need to be completed before providing care in the following circumstances:

(1) a primary provider of care who voluntarily closes a license and reopens within 12 months has one year from the new license's effective date to complete annual and ongoing training and is exempt from repeating initial training;

(2) a primary provider of care who relocates within the state has until the end of the calendar year to complete annual and ongoing training and is not required to repeat initial training previously completed; and

(3) a primary provider of care who relocates to a new county must not be required by the new county to complete orientation or other training required for new applicants.

(c) Each applicant, primary provider of care, and second adult caregiver must complete and document the following before providing care:

(1) at least four hours of child development, learning, or behavior guidance training. An individual is exempt if the individual provides documentation verifying that the individual:

(i) has completed a three-credit early childhood development course within the past five years;

(ii) holds a baccalaureate or master's degree in early childhood education or school-age child care;

(iii) holds a Minnesota teaching license in early childhood education, kindergarten through grade 6, or special education; or

(iv) holds a Montessori certificate;

(2) the six-hour supervising for safety for family child care course developed by the commissioner;

(3) pediatric first aid training provided by an instructor certified to teach pediatric first aid. Current training documentation must be maintained at the family child care program and made available upon request. Online training reviewed and approved by the county licensing agency satisfies this requirement;

(4) pediatric cardiopulmonary resuscitation (CPR) training that:

(i) is instructor led or blended with a hands-on skills component. Online-only CPR courses without a hands-on component do not meet this requirement;

(ii)(A) is developed by the American Heart Association or the American Red Cross; or

(B) uses nationally recognized, evidence-based guidelines for CPR training; and

(iii) is provided by an instructor approved by the commissioner to teach CPR;

(5) for programs licensed for children younger than school age, training on reducing the risk of sudden unexpected infant death and abusive head trauma, which may be combined in a single commissioner-approved course. This training must, at a minimum, address the risk factors related to sudden unexpected infant death and abusive head trauma and the means of reducing the risk of each;

(6) training on proper use and installation of child passenger restraint systems under section 169.685 of at least one hour in length that is provided by an instructor certified and approved by the Department of Public Safety. At a minimum, the training must address the proper use of child restraint systems based on the child's size, weight, and age and the proper installation of a car seat or booster seat in the motor vehicle used by the caregiver to transport the child or children. This requirement does not apply to family child care programs that transport only school-age children as defined in section 142I.01, subdivision 5, paragraph (e), in child care buses as defined in section 169.448, subdivision 1, paragraph (e);

(7) training on the child care emergency plan required under section 142I.19, subdivision 2;

(8) training on allergy prevention and response required under section 142I.06, subdivision 5, paragraph (b);

(9) training on the community-based family child care program plan required under section 142I.22, if applicable;

(10) training on the family child care program policies and procedures required under section 142I.06;

(11) training on reporting suspected maltreatment of children as required under chapter 260E; and

(12) swimming pool training under section 142I.14, subdivision 6, if a pool at the family child care program is used by children in care.

(d) County licensing staff must accept approved training on the primary provider of care or second adult caregiver's learning record in the Develop data system for early education and school-age care.

Subd. 2. **Annual training; primary provider of care and second adult caregiver.** (a) A primary provider of care and each second adult caregiver must annually complete and document the following training:

(1) at least two hours of child development, learning, or behavior guidance training. A three-credit early childhood development course completed within the calendar year meets this requirement;

(2) a two-hour active supervision course developed or approved by the commissioner;

(3) training on reducing the risk of sudden unexpected infant death if caring for infants and training on reducing the risk of abusive head trauma if caring for children under school age, which must:

(i) be completed in person or online at least once every two years; and

(ii) in alternating years, be completed through a commissioner-approved video not exceeding one hour in length; and

(4) at least four hours of ongoing training each calendar year that must include topics identified in the Minnesota knowledge and competency framework. Repeat of topical training requirements in subdivision 1 counts toward the annual ten-hour requirement.

(b) A caregiver who is approved as a trainer through the Develop data system may count up to two hours of training instruction toward the annual ten-hour training requirement in paragraph (a), clause (4), if:

(1) the training is the first instance in which the caregiver delivers a particular content-specific training during each training year;

(2) the caregiver is a Develop-approved active trainer; and

(3) the hours counted as training instruction are approved through the Develop data system with attendance verified on the trainer's individual learning record and are in the knowledge and competency framework content areas VII A, establishing healthy practices, or B, ensuring safety.

(c) Unless specifically authorized in this section, one training does not fulfill two different training requirements. Courses within the identified knowledge and competency areas that are specific to child care centers or legal nonlicensed programs do not fulfill the requirements of this section.

(d) County licensing staff must accept training designated by the commissioner as satisfying training requirements if the training is within the knowledge and competency framework for child development and learning, behavior guidance, and active supervision as indicated on the department's website.

Subd. 3. **Ongoing training; primary provider of care and second adult caregiver.** (a) A primary provider of care and each second adult caregiver must complete and document the following training:

(1) pediatric cardiopulmonary resuscitation training that meets the requirements of subdivision 1, paragraph (c), clause (4), and is repeated every two years within 90 days of the second anniversary of the previous training. Documentation must be maintained at the family child care program or electronically and made available upon request;

(2) pediatric first aid training by a certified instructor repeated every two years within 90 days of the second anniversary of the previous training. Documentation of the training must be maintained at the family child care program or electronically and made available upon request;

(3) commissioner-developed Health and Safety I and Health and Safety II training at least once every five years. Completion of either course in a given year meets the annual active supervision training requirement in subdivision 2, paragraph (a), clause (2);

(4) proper use and installation of child passenger restraint systems under section 169.685 that meets the requirements of subdivision 1, paragraph (c), clause (6), and is repeated at least once every

five years. This requirement does not apply to family child care programs that transport only school-age children as defined in section 142I.01, subdivision 5, paragraph (e), in child care buses as defined in section 169.448, subdivision 1, paragraph (e); and

(5) fire safety training developed by the State Fire Marshal's Office that must be completed once every five years.

(b) If a license holder changes any of the policies and procedures under section 142I.06, subdivision 5, the primary provider of care and each second adult caregiver must review the revised policies and procedures within ten days of the change.

(c) The license holder must maintain documentation of each review of the revised policies and procedures at the family child care program. The documentation requirements under this paragraph may be met by a date noted on the revised policies or procedures.

Subd. 4. **Commissioner designated training.** Training designated by the commissioner satisfies the training requirements under this section if the training is within the knowledge and competency framework for child development and learning, behavior guidance, and active supervision, as indicated on the department's website.

Sec. 11. **[142I.11] SUBSTITUTE AND INTERMITTENT CAREGIVER TRAINING REQUIREMENTS.**

Subdivision 1. **Initial training; substitute and intermittent caregiver.** (a) Before providing care, each substitute and intermittent caregiver must complete the following training requirements within the previous 12 months:

(1) the four-hour basics of family child care for substitutes course developed by the commissioner;

(2) pediatric first aid training provided by an instructor certified to teach pediatric first aid. Current training documentation must be maintained at the family child care program and made available upon request. Online training reviewed and approved by the county licensing agency satisfies this requirement;

(3) pediatric cardiopulmonary resuscitation training that meets the requirements of section 142I.10, subdivision 1, paragraph (c), clause (4);

(4) for programs licensed for children younger than school age, training on reducing the risk of sudden unexpected infant death and abusive head trauma, which may be combined in a single commissioner-approved course. This training must, at a minimum, address the risk factors related to sudden unexpected infant death and abusive head trauma and the means of reducing the risk of each;

(5) training on proper use and installation of child passenger restraint systems under section 169.685 of at least one hour in length, provided by an instructor certified and approved by the Department of Public Safety. This requirement does not apply to family child care programs that transport only school-age children as defined in section 142I.01, subdivision 5, paragraph (e), in child care buses as defined in section 169.448, subdivision 1, paragraph (e). At a minimum, the training must address the proper use of child restraint systems based on the child's size, weight, and

age and the proper installation of a car seat or booster seat in the motor vehicle used by the caregiver to transport the child or children;

(6) training on the child care emergency plan required under section 142I.19, subdivision 2;

(7) training on allergy prevention and response required under section 142I.06, subdivision 5, paragraph (b);

(8) training on the community-based family child care program plan required under section 142I.22, if applicable;

(9) training on the family child care program policies and procedures required under section 142I.06;

(10) training on reporting suspected maltreatment of children as required under chapter 260E; and

(11) swimming pool training under section 142I.14, subdivision 6, if a pool at the family child care program is used by children in care.

(b) County licensing staff must accept approved training on the substitute or intermittent caregiver's learning record in the Develop data system for early education and school-age care.

Subd. 2. **Annual training; substitute and intermittent caregiver.** (a) Substitutes and intermittent caregivers must complete a minimum of one hour of training each calendar year, and the training must include the requirements in this section.

(b) Each calendar year, a substitute or intermittent caregiver must receive training on reducing the risk of abusive head trauma from shaking infants and young children if caring for children under school age and reducing the risk of sudden unexpected infant death if caring for infants. A substitute must complete each applicable course at least once every two years either in person or online. In a year a substitute or intermittent caregiver is not completing an applicable course under this paragraph in person or online, the individual must watch a video on the respective topic of no more than one hour in length. The video must be developed or approved by the commissioner. A license holder must maintain documentation of compliance with this paragraph for each substitute and intermittent caregiver employed.

Subd. 3. **Ongoing training; substitute and intermittent caregiver.** (a) At least once every three years, a substitute or intermittent caregiver must complete the four-hour basics of family child care for substitutes course.

(b) A substitute or intermittent caregiver must complete the following training:

(1) pediatric cardiopulmonary resuscitation training that meets the requirements of section 142I.10, subdivision 1, paragraph (c), clause (4), and is repeated every two years within 90 days of the second anniversary of the previous training. Documentation must be maintained at the family child care program or electronically and made available upon request;

(2) pediatric first aid that is given by an instructor certified to provide pediatric first aid and is repeated every two years within 90 days of the second anniversary of the previous training.

Documentation of the training must be maintained at the family child care program or electronically and made available upon request; and

(3) proper use and installation of child passenger restraint systems under section 169.685 that meets the requirements of section 142I.10, subdivision 1, paragraph (c), clause (6), and is repeated at least once every five years. This requirement does not apply to family child care programs that transport only school-age children as defined in section 142I.01, subdivision 5, paragraph (e), in child care buses as defined in section 169.448, subdivision 1, paragraph (e).

Sec. 12. **[142I.12] HELPER TRAINING REQUIREMENTS.**

Subdivision 1. **Initial training; helper.** (a) Before assisting in care, a helper who assists with care must complete a minimum of four hours of training within the previous 12 months. The four hours must include courses on:

(1) reducing the risk of sudden unexpected infant death if the program is licensed to care for infants;

(2) abusive head trauma if the program is licensed to care for children younger than school age; and

(3) reporting suspected maltreatment of children as required under chapter 260E.

(b) The trainings required under paragraph (a) may be combined in a single commissioner-approved course.

(c) A license holder must maintain written or electronic documentation showing that each helper has complied with this subdivision.

Subd. 2. **Annual training; helper.** (a) Each calendar year, a helper who assists in the care of children must receive training on reducing the risk of sudden unexpected infant death if the program is licensed to care for infants, and abusive head trauma if the program is licensed to care for children younger than school age. The trainings under this paragraph may be combined in a single commissioner-approved course and must, at a minimum, address risk factors, methods of risk reduction in child care, and communication with parents regarding risk reduction.

(b) A license holder must maintain documentation showing each helper has complied with this subdivision.

(c) County licensing staff must accept approved training on the helper's learning record in the Develop data system.

Sec. 13. **[142I.13] BEHAVIOR GUIDANCE.**

Subdivision 1. **Methods of promoting positive behavior.** A license holder must:

(1) positively role model acceptable behavior to each child;

(2) tailor methods of promoting positive behavior to the developmental level of the children the family child care program is licensed to serve;

(3) ensure redirection is used as appropriate in addressing a child's behavior, to guide a child away from potential challenges toward constructive activity. For the purposes of this clause, "redirection" means when a caregiver intervenes and guides a child toward constructive activity through positive techniques;

(4) teach children how to use acceptable alternatives to reduce conflict; and

(5) protect the safety and well-being of children and caregivers.

Subd. 2. **Prohibited actions.** A license holder must prohibit every caregiver from:

(1) subjecting a child to corporal or physical punishment. This includes but is not limited to rough handling, shoving, hair pulling, ear pulling, shaking, slapping, kicking, biting, pinching, spitting, hitting, and spanking;

(2) subjecting a child to name calling, ostracism, shaming, making derogatory remarks about the child or the child's family, cultural or racial slurs, and yelling or using profane language that threatens, humiliates, or frightens the child;

(3) forcing a child to maintain an uncomfortable position or to continuously repeat physical movements;

(4) separating a child from the group except as provided in subdivision 3;

(5) punishing a child for:

(i) not resting, napping, or sleeping;

(ii) toileting accidents;

(iii) failing to eat all or part of meals or snacks; or

(iv) failing to complete an activity;

(6) denying a child food or drink or forcing food or drink upon a child;

(7) denying light, warmth, clothing, or medical care as a punishment for unacceptable behavior;

(8) the use of physical restraint other than to physically hold a child when containment is necessary to protect a child or others from harm;

(9) the use of prone restraints, as prohibited by section 245A.211;

(10) the use of mechanical restraints, such as tying, or any device or equipment intended to restrict or prevent movement as a means of discipline or for reasons unrelated to the child's care, safety, or planned activity;

(11) giving a child any nonprescribed substance to subdue or restrict movement or behavior;

(12) delegating the discipline or punishment of a child to another child; and

(13) punishing or shaming a child for the actions of a parent. This includes but is not limited to failure to pay fees, failure to provide appropriate clothing, failure to provide materials for an activity, or any conflict between the license holder or caregiver and the parent.

Subd. 3. **Separation time from the group.** A caregiver must not separate a child from the child's group as a means of behavior guidance unless the caregiver has tried less intrusive methods of guiding the child's behavior that have been ineffective and the child's behavior threatens the well-being of the child or other children in the family child care program. Separation from the group must meet the following requirements:

(1) children younger than three years old must not be separated from the group as a means of behavior guidance;

(2) the separation time must be limited to the amount of time necessary for the child to gain self-control and rejoin the group while being supported by the caregiver;

(3) the child must be supervised;

(4) the child must not be placed in a locked room to separate the child from the group; and

(5) the caregiver must provide the separation time in an age-appropriate, nonhumiliating manner for the child.

Sec. 14. **[142I.14] PHYSICAL SPACE REQUIREMENTS.**

Subdivision 1. **Indoor space.** (a) The licensed capacity of the family child care program must be limited by the amount of usable indoor space available to children. A minimum of 35 square feet of usable indoor space is required per child.

(b) Bathrooms, closets, space occupied by major appliances, and other space not used by children may not be counted as usable space. Space occupied by adult furniture, if it is used by children, may be counted as usable indoor space.

(c) Usable indoor space may include a basement if it has been inspected and approved by a fire marshal, is free of hazards, and meets the requirements of subdivision 4.

(d) All exits leading from indoor to outdoor space must be fully clear of obstruction.

Subd. 2. **Escape routes.** (a) The main means of escape must be a stairway or door leading to the floor with an exit to the outside.

(b) Any room that has sleeping children must have an escape route separate from the main exit referenced in paragraph (a). This escape route must be a door or an egress window leading directly outside.

(c) When the basement is used for care, the basement must have at least one escape route separate from the main exit under paragraph (a). This escape route must be a door or an egress window leading directly outside.

(d) Required escape routes must not be obstructed and must be accessible and openable without special knowledge.

Subd. 3. **Outdoor learning environment and play space.** (a) A family child care program must have an outdoor play space of at least 50 square feet per child the program is licensed to serve for regular use or a park, playground, or play space within 1,500 feet of the family child care program.

(b) During outdoor play:

(1) the adult caregiver must remain outdoors with infants, toddlers, and preschoolers at all times;

(2) school-age children may be permitted in the approved outdoor play space at the family child care program without a caregiver if:

(i) the children are engaged in age-appropriate activities using age-appropriate equipment; and

(ii) a caregiver remains accessible to provide supervision when needed in accordance with section 142I.01, subdivision 46; and

(3) when the outdoor play space is not at the family child care program, a caregiver must accompany and supervise all children in transit and at the outdoor play space.

(c) Caregivers must prevent children from accessing hazardous materials.

(d) Outdoor play areas must be protected from traffic and nearby hazards. If traffic or other hazards are present, the family child care program must have:

(1) a continuous fence in good condition with functioning gates or a continuous natural barrier or a combination of fence and naturally occurring or landscaping barrier. The fence or natural barrier must ensure that children are not able to leave the outdoor play area unsupervised; or

(2) a supervision and safety plan if a fence is not used that includes alternative methods to ensure the health, safety, and protection of children in care.

(e) Electrical fences must be inaccessible to children in care.

(f) Caregivers must take measures to protect children from the dangers of sun exposure, extreme heat or cold, and air quality.

(g) Outdoor equipment, whether stationary or portable, must be safe, be in good repair, be assembled according to the manufacturer's guidelines, and meet the developmental needs of the age groups of children using the space.

(h) Equipment including but not limited to climbing gyms, swings, and slides must:

(1) not have openings between 3-1/2 inches and nine inches in size to prevent entrapment of the head or other body parts;

(2) have guardrails or protective barriers on platforms that are 30 inches or higher. A protective barrier is a continuous structure surrounding the platform that is designed to prevent a person from falling or passing through, whether intentionally or accidentally; and

(3) be assembled, installed, and utilized according to the manufacturer's guidelines.

Subd. 4. **Conditions of the program.** The licensed space must be maintained in a manner that protects the health and safety of children in care. The license holder must ensure that:

(1) the family child care program space is free from conditions that endanger the health or safety of children, including unsanitary conditions or excessive accumulation of materials that can start a fire or create other safety hazards;

(2) the furnishings, equipment, and materials are arranged and stored so that hallways, stairways, doors, and exit routes remain unobstructed and usable for safe exit; and

(3) the amount and placement of stored items do not create an increased risk of fire or injury or impede the safe supervision of children.

Subd. 5. **Portable wading pools.** (a) A child must not use a portable wading pool as defined in section 144.1222, subdivision 2a, at a family child care program unless the parent of the child has provided written consent. The written consent must include a statement that the parent has received and read material provided by the Department of Health on wading pool safety for parents related to the risk of disease transmission as well as other health risks associated with the use of portable wading pools.

(b) The license holder must empty wading pools daily.

(c) A caregiver must supervise children at all times while a wading pool is in use and must be able to clearly see all parts of the wading area. When not in use under the supervision of a caregiver, wading pools must be inaccessible to children.

Subd. 6. **Swimming pools.** (a) For the purposes of this subdivision, "swimming pool" has the meaning in section 144.1222, subdivision 2b, and does not include a portable wading pool as defined in section 144.1222, subdivision 2a, or a spa pool as defined in Minnesota Rules, part 4717.0250.

(b) A license holder must comply with the following requirements in order for children in the program to use a swimming pool located at the program:

(1) not have had a licensing sanction under section 142B.18 or a correction order or conditional license under section 142B.16 relating to the supervision or health and safety of children during the prior 24 months;

(2) notify the county agency before initial use of the swimming pool each calendar year;

(3) obtain written consent from a child's parent allowing the child to use the swimming pool and renew the parent's written consent at least annually. The written consent must include a statement that the parent has received and read materials provided by the Department of Health related to the risk of disease transmission as well as other health risks associated with swimming pools. The written

consent must also include a statement that neither the Department of Health nor the county agency will monitor or inspect the license holder's swimming pool;

(4) attend and successfully complete a swimming pool supervision training course annually;

(5) attend and successfully complete one of the following swimming pool operator training courses once every five years:

(i) both of the National Spa and Pool Institute Tech I and Tech II courses; or

(ii) the National Recreation and Park Association aquatic facility operator course;

(6) ensure all toilet-trained children use the bathroom before the children enter the swimming pool;

(7) require all children who are not toilet trained to wear swim diapers while in the swimming pool;

(8) if fecal material enters the swimming pool water, add three times the normal shock treatment to the pool water to raise the chlorine level to at least 20 parts per million and close the pool to swimming for the 24 hours following the entrance of fecal material into the water or until the water pH and disinfectant concentration levels have returned to the standards specified in clause (10), whichever is later;

(9) prevent any person from entering the swimming pool who has an open wound or has or is suspected of having a communicable disease;

(10) maintain the swimming pool water at a pH of not less than 7.2 and not more than 8.0, maintain the disinfectant concentration between two and five parts per million for chlorine or between 2.3 and 4.5 parts per million for bromine, and maintain a daily record of the swimming pool's operation with pH and disinfectant concentration readings on days when children cared for at the family child care program are present;

(11) have a disinfectant feeder or feeders;

(12) have a recirculation system that will clarify and disinfect the swimming pool volume of water in ten hours or less;

(13) maintain the swimming pool's water clarity so that an object on the pool floor at the pool's deepest point is easily visible;

(14) comply with the provisions in section 144.1222, subdivisions 1c and 1d;

(15) have in place and enforce written safety rules and swimming pool policies;

(16) have in place at all times a safety rope that divides the shallow and deep portions of the swimming pool;

(17) maintain compliance with any existing local ordinances regarding swimming pool installation, decks, and fencing;

(18) maintain a water temperature of not more than 104 degrees Fahrenheit and not less than 70 degrees Fahrenheit;

(19) cover the swimming pool when not in use;

(20) follow the requirements of subdivision 7; and

(21) for lifesaving equipment, have a United States Coast Guard-approved life ring attached to a rope, an exit ladder, and a shepherd's hook available at all times to the caregiver supervising the swimming pool.

Subd. 7. **Water hazards.** (a) Swimming and wading pools, beaches, wells, or other bodies of water on or adjacent to the site of the family child care program must be inaccessible to children except during periods of supervised use.

(b) All water hazards, such as inground or aboveground swimming pools, hot tubs, stationary wading pools, fish ponds, and water retention or detention basins on the site of the family child care program must be enclosed with a permanent fence, wall, building wall, other physical barrier, or combination thereof that is at least four feet in height. A house exterior wall can constitute one side of a fence if the wall has no openings capable of providing direct access to the hazard, including but not limited to doors or windows.

(c) The family child care program may not allow a child in care to use a swimming pool or beach without an adult caregiver trained in first aid and CPR present.

(d) Bodies of water must be separated from the play area by a fence or other physical barrier that prevents children from accessing the water. The house door alone is not a sufficient barrier.

Subd. 8. **Water play.** (a) Parental permission is not required for children to use splash pads, sprinklers, or other water toys that spray or jet water on the users and do not have standing water. Splash pads, sprinklers, or other water toys that retain water are considered wading pools and are required to meet the requirements of subdivision 5.

(b) Water tables designed for children to play with their hands must be emptied daily. The caregiver must supervise children at all times while a water table is in use and must be able to clearly see all parts of the water table. When not in use under the supervision of a caregiver, water tables must be inaccessible to children.

Subd. 9. **Separation between attached garage and family child care program.** The separation wall between the residence and garage must meet the requirements of Minnesota Rules, part 1309.0302.

Subd. 10. **Ventilation, heating, and cooling systems.** (a) Heating, ventilation, and air conditioning systems must be operated according to the manufacturer's instructions and in good repair. Gas, coal, wood, kerosene, or oil heaters must be vented to the outside in accordance with the State Building Code.

(b) Items that can be ignited and support combustion, including but not limited to plastic, fabric, and wood products, must not be located within:

(1) 18 inches of a gas or fuel-oil heater or furnace; or

(2) 36 inches of a solid-fuel-burning appliance.

(c) If a license holder produces manufacturer instructions listing a distance closer than the requirements under paragraph (b), the manufacturer instructions control the required distance of combustible items from gas, fuel-oil, or solid-fuel-burning heaters or furnaces.

(d) When in use, fireplaces, wood-burning stoves, solid-fuel-burning appliances, space heaters, steam radiators, outdoor fire pits, and other potentially hot surfaces, such as steam pipes, must be protected by guards or protective covering to keep hands and bodies away, prevent burns, and prevent fires. All fireplaces, wood-burning stoves, space heaters, steam radiators, and furnaces must be installed according to the State Building Code. The furnace, hot water heater, and utility rooms must be inaccessible to children.

(e) Ventilation of usable space must meet the requirements of the State Building Code. Outside doors and windows used for ventilation in summer months must be screened when biting insects are prevalent. The screens must be in good repair. Sources of harmful and unpleasant odors including urine and pet waste must be removed to the extent possible by removing the source of the odor or by removing odors through cleaning and ventilation.

Subd. 11. **Temperature.** A minimum temperature of 62 degrees Fahrenheit must be maintained in indoor areas used by children.

Subd. 12. **Sewage disposal.** Family child care programs must have working toilets and a sewage disposal system that conform to the State Building Code or local septic system ordinances. Toilet training equipment must be emptied and cleaned after each use. Outdoor toilets, including compostable toilets, are permissible in accordance with local septic system ordinances.

Subd. 13. **Construction or remodeling.** During construction or remodeling, children must not have access to construction or remodeling areas within or around the premises.

Subd. 14. **Interior walls and ceilings.** The walls and ceilings within a family child care program, including those in corridors, stairways, and lobbies, must have a flame spread rating of 200 or less.

Subd. 15. **Electrical services.** (a) All electric outlets in a family child care program accessible to children must be tamper-proof or shielded when not in use. All major electrical appliances must be properly installed and grounded in accordance with the State Electrical Code and in good working order.

(b) Electrical wiring must be sized to provide for the load and be in good repair. Extension cords must not be used as a substitute for permanent wiring.

Subd. 16. **Fire extinguisher.** A portable, operational, multipurpose, and dry chemical fire extinguisher with a minimum 2-A 10-BC rating must be located near the required exit door of the program at all times. The fire extinguisher must be serviced annually by a qualified inspector and evidence of annual service must be documented. All caregivers must know how to properly use the fire extinguisher.

Subd. 17. **Carbon monoxide and smoke alarms.** (a) A family child care program must have an approved and operational carbon monoxide alarm installed within ten feet of each area used for sleeping children in care.

(b) A family child care program must properly install and maintain smoke alarms models that have been approved by the Underwriter Laboratory on all levels, including basements, and in hallways outside rooms used for sleeping children in care. Smoke alarms are not required in crawl spaces and uninhabitable attics. For family child care programs in buildings that began construction on or after March 31, 2020, smoke alarms must be installed and maintained in each room used for children in care to sleep.

Subd. 18. **Stairways.** All family child care programs with stairways must:

(1) have handrails on at least one side of stairways of four or more steps;

(2) enclose any open area between the handrail and stair tread with a protective guardrail as specified in the State Building Code. The back of the stair risers must also be enclosed;

(3) use gates at the top and bottom of stairways when children who are six to 18 months old are in care; and

(4) keep stairways well lit, in good repair, and free of clutter and obstructions.

Subd. 19. **Lofted spaces.** Decks, balconies, or lofts that are used by children and are more than 30 inches above the ground or floor must be surrounded by a protective guardrail and be constructed in compliance with the State Building Code. The State Building Code allows appropriate openings for access to the spaces under this subdivision, such as a doorway or a gate. Wooden decks must be free of splinters and in good repair.

Subd. 20. **Locks and latches.** (a) A door latch on a closet or other confining space must be able to be unlatched so that the door can be opened from inside the closet or other confining space.

(b) Every interior door lock must permit opening of the locked door from the outside and the opening device must be readily accessible to all caregivers.

(c) Exit doors must not have double cylinder locks where a key is required on both sides.

(d) Locks may not be used in place of supervision.

Subd. 21. **Tobacco products, cannabis, vaping, drugs, and alcohol use prohibitions.** (a) Smoking of tobacco, cannabis, or any other product, including through electronic delivery devices, is prohibited in both indoor and outdoor family child care program environments and in any vehicles used by the family child care program during hours of operation.

(b) The use of alcohol or illegal or recreational drugs is prohibited on the premises of a family child care program during hours of operation.

(c) If the license holder allows smoking of tobacco, cannabis, or any other product, including through electronic delivery devices, on the premises outside of child care hours, the license holder

must verbally provide notice to parents and must post written notice in an obvious location disclosing this information.

(d) While caring for children, a caregiver must not be under the influence of any substance that impairs the individual's ability to supervise children or perform the individual's duties.

Sec. 15. **[142I.15] CLEANING AND DISINFECTING.**

Subdivision 1. **General requirements.** (a) The family child care program must be free from accumulations of dirt, peeling paint, visible or known debris, soiled items, hazardous clutter, and pet waste.

(b) Disinfectants must:

(1) not be used prior to or in place of cleaning compounds;

(2) be mixed and used according to the manufacturer's instructions; and

(3) be used on surfaces that are contaminated with bodily fluids.

Subd. 2. **Toys.** A caregiver must clean and disinfect a toy that has been in a child's mouth prior to use by another child. Toys that come into contact with bodily fluids must be cleaned and disinfected prior to next use. Toys must be cleaned and disinfected as needed if there are visible or known contaminants or debris on them.

Subd. 3. **Food and eating areas.** Surfaces and tools that are used for preparing or serving food must be cleaned.

Subd. 4. **Indoor and outdoor equipment.** (a) The indoor and outdoor space and equipment of the family child care program must be clean.

(b) Natural features, elements, and materials used as equipment and play materials for outdoor play under section 142I.14, subdivision 3, are exempt from being clean, as defined under section 142I.01, subdivision 16. A caregiver must inspect natural features, elements, and materials used for outdoor play for hazardous objects and other safety hazards, including animal feces, and remove or mitigate the hazard before a child's use.

Subd. 5. **Sleeping.** Bedding, as defined in section 142I.17, subdivision 10, must be cleaned and disinfected at least weekly or when visibly dirty.

Subd. 6. **Toilet training equipment.** Toilet training chairs and seats must be cleaned and disinfected after each use.

Subd. 7. **Hand washing.** (a) A child's hands must be washed with soap and running water when soiled, after the use of a toilet or toilet training chair, and before eating a meal or snack. The caregiver must monitor and assist a child who needs help. Children's hands must be dried on a separate or single-use towel.

(b) In sinks and tubs accessible to children, the water temperature must not be able to exceed 120 degrees Fahrenheit.

(c) Caregivers must wash their hands with soap and water after each diaper change, after assisting a child on the toilet, after washing the diapering surface, and before food preparation. The caregiver's hands must be dried on a separate or single-use towel.

Subd. 8. **Diapers, changing areas, and disposal.** (a) An adequate supply of clean diapers must be available for each child who uses diapers. Diapers may be disposable or made of cloth. Diapers must be stored in a clean space that is inaccessible to children.

(b) If a family child care program uses cloth diapers, then:

(1) the cloth diapers must have an absorbent inner layer that is completely covered with an outer waterproof layer that has a waist closure;

(2) the cloth diaper and waterproof layer must be changed at the same time; and

(3) the cloth diapers supplied by parents, except those supplied by a commercial diaper service, must be labeled with the child's name and must be placed in a plastic bag after removal with any soiled clothing and sent home with the parent daily.

(c) Single-service disposable wipes or clean washcloths must be used for washing a soiled child before rediapering.

(d) The diaper changing area must be covered with a smooth, nonabsorbent surface. Changing tables, changing pads, and other diaper changing areas must be cleaned and disinfected between children, even if using a nonabsorbent covering that is discarded after each use. Diapering must not take place in a food preparation area.

(e) Disposable diapers must be disposed of in a covered container located in the diaper changing area and lined with a disposable plastic bag or directly outdoors in a garbage can.

Sec. 16. **[142I.16] ENVIRONMENTAL HEALTH.**

Subdivision 1. **Water supply.** (a) All family child care programs must have a safe water supply.

(b) Family child care programs that draw water from privately owned wells must test the water annually by a Department of Health-certified laboratory for coliform bacteria and nitrate nitrogen and receive confirmation that the water is safe. The family child care program must submit a copy of the test results with the agency. Retesting and corrective measures may be required by the agency if results do not meet state drinking water standards or where the supply may be subject to off-site contamination. A copy of the most recent water testing results must be kept on the licensed premises. If the water test results are at or above Department of Health-recommended levels or if the license holder declines to test the water supply in the program, the license holder must:

(1) supply bottled or packaged water;

(2) use water filtration devices that have been certified by the National Science Foundation or American National Standards Institute to remove the contaminant. The water filtration device must be attached directly to water faucets, inserted into the refrigerator water dispenser, or inserted into water pitchers or bottles. The water filtration device must be maintained according to manufacturer guidelines; or

(3) close the family child care program to prevent children from using or consuming unsafe water.

Subd. 2. **Radon testing.** (a) The license holder must notify parents whether radon testing has been conducted in the family child care program upon enrollment and within 30 days of any subsequent testing done after enrollment.

(b) When notifying parents, the license holder must use a form prescribed by the commissioner. The notice must include information from the Department of Health about what radon is and the potential risks associated with radon exposure. If testing has been completed, the notice must include:

(1) the date of the most recent test;

(2) the rooms or areas tested; and

(3) the detected radon level or levels, stated in picocuries per liter (pCi/L).

(c) A copy of the most recent notice to parents and the radon test results must be kept on site and made available to parents and the commissioner upon request.

(d) The notification requirements under this subdivision may be met by posting the form in a prominent place.

Sec. 17. **[142I.17] ACTIVITIES AND EQUIPMENT.**

Subdivision 1. **General activities.** Child care activities must provide for the physical, intellectual, emotional, and social development of the children in care at a family child care program. Activities must include infants, toddlers, preschoolers, and school-age children and:

(1) be scheduled indoors and outdoors daily, weather permitting. When determining if the weather permits outdoor play, a license holder must defer to weather advisory notifications, including air quality emergencies, provided by local weather experts, local or state authority on air quality, or public health;

(2) be appropriate to the age and developmental stage of the child;

(3) include active and quiet activity; and

(4) include both caregiver- and child-directed activities.

Subd. 2. **Equipment.** (a) A license holder must provide children in a family child care program with:

(1) sufficient play equipment to allow each child a choice of at least three activities involving equipment when all children are using equipment;

(2) early learning materials, play equipment, and space that are age and developmentally appropriate and support understanding of the culturally diverse world; and

(3) play equipment that is safe, in good repair, and used in accordance with the manufacturer's instructions, if applicable. Equipment and play materials not designed or marketed for use by children, including but not limited to repurposed, homemade, and open-ended items, must be appropriate to the age and size of children, in good repair, and used under the supervision of a caregiver. Such equipment and play materials are not required to have manufacturer's instructions and are subject to the requirements of this subdivision.

(b) Equipment provided to children under this section may be new, used, commercially made, or homemade. The equipment must be appropriate for the ages of the children and for the activities for which it will be used. As appropriate, nature material may be used in place of any equipment.

Subd. 3. **Newborn or infant activities.** A caregiver must:

(1) hold a newborn or infant during feedings until the child can hold the bottle. A bottle cannot be propped up for a newborn or infant;

(2) respond to a newborn's or infant's attempts to communicate;

(3) develop infant language and communication by responding to a newborn's or infant's attempts to communicate by mirroring similar sounds, sharing the child's focus of attention, talking to the newborn or infant, naming objects, and describing actions;

(4) provide a newborn or infant with freedom of movement to sit safely and comfortably, crawl, toddle, walk, and play both indoors and outdoors throughout the day;

(5) provide a newborn or infant an opportunity to stimulate the senses by providing a variety of activities and objects to see, touch, feel, smell, hear, and taste;

(6) provide activities for a newborn or infant that develop the child's manipulative and fine motor skills;

(7) provide activities for self-awareness;

(8) provide activities to support a newborn or infant to develop social-emotional skills;

(9) provide activities to support a newborn or infant to develop gross motor skills; and

(10) allow a newborn or infant actively supervised tummy time. For the purposes of this clause, "tummy time" means placing a newborn or infant in a nonrestrictive prone position, lying on their stomach. Tummy time should occur throughout the day when a newborn or infant is awake. A newborn or infant must not be wearing anything to restrict movement during tummy time.

Subd. 4. **Newborn and infant equipment.** When caring for newborns or infants, a license holder must provide:

(1) an infant seat or high chair, as appropriate, for each newborn and infant in attendance;

(2) a crib or portable crib with a mattress or pad for each newborn and infant in attendance that is in compliance with current Consumer Product Safety Commission safety standards and chapter

142B.45. The license holder must maintain documentation on site that the equipment used meets these requirements and provide it to the commissioner and parents as requested;

(3) books and literacy materials;

(4) gross motor activity equipment; and

(5) fine motor activity materials.

Subd. 5. **Toddler activities.** When caring for toddlers, a license holder must:

(1) provide the toddler with freedom of movement and freedom to explore outside the crib or portable crib and allow the toddler to comfortably sit, crawl, toddle, walk, and play according to the toddler's stage of development;

(2) talk to, listen to, and interact with the toddler to encourage language development;

(3) provide the toddler with activities that develop the toddler's fine and gross motor skills;

(4) give the toddler opportunities to stimulate the senses by providing a variety of age-appropriate activities and objects to see, touch, feel, smell, hear, and taste; and

(5) provide activities to support the toddler to develop social-emotional skills.

Subd. 6. **Toddler equipment.** When caring for toddlers, a license holder must provide:

(1) separate sleeping equipment for each toddler such as a mat, crib, cot, bed, sofa, or sleeping bag that is cleaned and maintained as required in subdivision 10 and section 142I.15, subdivision 5;

(2) gross motor play equipment;

(3) books and literacy materials;

(4) fine motor, math, and science materials; and

(5) music, movement, and art activity materials.

Subd. 7. **Preschooler activities.** When caring for preschoolers, a license holder must:

(1) encourage conversation between the preschooler and other children and adults;

(2) provide opportunity to play near and with other children, provide time and space for individual and group play, allow for quiet times to talk or rest, and allow for unplanned time and individual play time;

(3) foster understanding of personal and peer feelings and actions and allow for the constructive release of a range of feelings through discussion or play;

(4) give assistance in toileting and provide time to carry out self-help skills and provide opportunities to be responsible for activities;

(5) provide opportunities for each preschooler to make decisions about daily activities and to learn from the decision-making experiences;

(6) provide time and areas for age-appropriate gross motor play;

(7) provide learning, fine-motor, manipulative, creative, or sensory activities; and

(8) read stories, look at books, and talk about new words and ideas with the preschooler.

Subd. 8. **Preschooler equipment.** When caring for preschoolers, a license holder must provide:

(1) separate sleeping equipment for each preschooler such as a mat, bed, cot, sofa, or sleeping bag for each preschooler that is cleaned and maintained as required under subdivision 10 and section 142I.15, subdivision 5;

(2) dramatic play equipment;

(3) books and literacy materials;

(4) fine motor materials;

(5) gross motor play equipment;

(6) math materials;

(7) science materials;

(8) music and movement materials; and

(9) art materials.

Subd. 9. **School-age activities and equipment.** When caring for school-age children, a license holder must:

(1) provide opportunities for individual discussion about the day and planning for activities;

(2) provide space, opportunities, and materials or equipment for games, activities, or sports using the whole body;

(3) have available space, bedding materials, and opportunities for individual rest and quiet time required under subdivision 10;

(4) allow increased freedom as the school-age child demonstrates increased responsibility;

(5) provide opportunities for group experiences with other children;

(6) provide opportunities to develop or expand self-help skills or real-life experiences; and

(7) provide opportunities and materials for creative and dramatic activity, arts, and crafts.

Subd. 10. **Bedding.** Clean, separate, and individual bedding such as sheets, towels, blankets, or sleeping bags must be available for each child in care. For children not using cribs or portable cribs,

the license holder must provide developmentally appropriate mats, cots, or other sleep equipment that can be cleaned and disinfected according to section 142I.15. Mats, cots, and other sleep equipment used in the family child care program must be in good condition and have no tears or holes and be covered in individual bedding.

Subd. 11. **Separation of personal articles.** Separate towels, wash cloths, water bottles, and drinking cups must be used for each child and labeled appropriately.

Sec. 18. **[142I.171] NATURAL ELEMENTS AND MATERIALS.**

Subdivision 1. **Natural elements and materials.** A license holder may provide children with access to natural elements and materials as equipment and play materials. Natural elements and materials and appropriate uses of natural elements and materials include, but are not limited to:

(1) natural loose parts, such as sticks, leaves, pine cones, acorns, seeds, pods, bark, and moss for construction, art, sensory exploration, and imaginative play;

(2) natural materials, such as dirt, mud, sand, water, ice, and snow for sensory play and exploration;

(3) plants, flowers, seeds, vegetables, and gardening materials for science exploration and learning;

(4) rocks, pebbles, stones, and minerals for counting, sorting, building, and art;

(5) natural areas such as gardens, prairie, forest, wetlands, and ponds for exploration and learning; and

(6) other natural elements as appropriate to age and development of children.

Subd. 2. **Supervision.** A caregiver must supervise a child's use of natural elements and materials and provide guidance on safe and appropriate use. Natural elements and materials that are a choking hazard must not be accessible to children under the age of three without direct supervision of a caregiver.

Subd. 3. **Other uses.** Natural elements and materials may qualify as equipment and materials under section 142I.17, subdivisions 4, 6, 8, and 9.

Sec. 19. **[142I.18] INFANT SLEEP AND CRIB REQUIREMENTS.**

Subdivision 1. **Safety.** All caregivers must follow the crib safety requirements in section 142B.45 and the requirements to reduce the risk of sudden unexpected infant deaths in section 142B.46. During routine licensing inspections and when investigating complaints regarding alleged violations of this section, the commissioner must review the license holder's documentation required under section 142B.45.

Subd. 2. **Monitoring sleeping newborns and infants.** (a) Caregivers must directly supervise newborns once they are placed in a crib or portable crib.

(b) License holders of programs that serve infants are encouraged to monitor sleeping infants by conducting in-person checks on each infant in the license holder's care every 30 minutes.

(c) Upon enrollment of an infant, the license holder is encouraged to conduct in-person checks on the sleeping infant every 15 minutes during the first four months of care.

(d) When an infant has an upper respiratory infection, the license holder is encouraged to conduct in-person checks on the sleeping infant every 15 minutes throughout the hours of sleep.

(e) Monitors may be used to supervise infants when the infants are sleeping. However, the use of monitors does not replace the in-person checks encouraged under paragraphs (b) to (d). When in use, monitors must meet the following conditions:

(1) the sound monitoring equipment must be able to pick up the sounds of all infants in the separate room;

(2) the receiver of the sound monitoring equipment must be actively monitored by the adult caregiver at all times; and

(3) sound monitoring equipment must be checked daily prior to use to ensure it is working correctly. If the sound equipment is not functioning, infants must sleep in the same room as the adult caregiver.

(f) If music or other sounds are played in the infant sleep area, the music or other sound equipment must not be played at a volume that would prevent infants from being heard by the adult caregiver. This paragraph applies to fans used to create sound.

Sec. 20. **[142I.19] HEALTH POLICIES AND SAFETY REQUIREMENTS.**

Subdivision 1. **Handling and disposal of bodily fluids.** (a) Surfaces that come in contact with bodily fluids must be cleaned and disinfected as described in section 142I.15.

(b) Blood-contaminated material must be disposed of in a plastic bag and securely tied.

(c) If a program cares for a child with a health care need that requires injectable medication, the program must have a sharps container available.

(d) A license holder must keep disposable gloves, disposal bags, and eye protection available. Prescription eyewear does not meet the requirements of this paragraph.

Subd. 2. **Emergencies.** (a) A license holder must have a written child care emergency plan for emergencies that require evacuation, sheltering, or other protection of children, including for fires, natural disasters, intruders, or other threatening situations that may pose a health or safety hazard to children. The plan must be written on a form prescribed by the commissioner and updated at least annually. The plan must include:

(1) procedures for an evacuation, relocation, shelter-in-place, or lockdown;

(2) a designated relocation site and evacuation route;

(3) procedures for notifying a child's parent of an evacuation, shelter-in-place, or lockdown, including procedures for reunification with families;

(4) accommodations for a child with a disability or a medical condition;

(5) procedures for storing a child's medically necessary medicine that facilitate easy removal during an evacuation or relocation;

(6) procedures for continuing operations in the period during and after a crisis;

(7) procedures for communicating with local emergency management officials, law enforcement officials, or other appropriate state or local authorities; and

(8) accommodations for infants and toddlers.

(b) The license holder must train each caregiver on the child care emergency plan before the caregiver provides care and document this training. The information must be reviewed at least annually and updated when information changes.

(c) The child care emergency plan must be available for review by the agency during inspections.

(d) In addition to the emergency plan required under paragraph (a), the license holder must maintain preparedness for emergencies. An operable telephone must be located in the family child care program. A cellular telephone may be used if it is sufficiently charged for use at all times. Emergency phone numbers for parents must be readily available within the program and taken on all emergency drills and evacuations.

(e) For severe storms and tornadoes, the license holder must have a designated area that children can go to for shelter, a battery-operated flashlight, and a portable radio or TV available. An application on a smartphone may be used to meet the requirements of this paragraph. The license holder must follow guidance and instructions from the Emergency Alert System or local alerting systems.

(f) The license holder must have a written fire escape plan that includes:

(1) the address of the family child care program;

(2) emergency phone numbers;

(3) a designated place to meet and confirm that all children in attendance are present;

(4) fire extinguisher locations;

(5) plans for monthly fire and storm drills; and

(6) escape routes to the outside from all levels used by children. In buildings with three or more dwelling units, enclosed exit stairs must be indicated.

(g) The license holder must complete a monthly fire and storm drill and have documentation of completed fire drills available for review by the agency during inspections. The log must include

the date of the drill, the time of day the drill occurred, the name of the caregiver who conducted the drill, and the length of time taken to evacuate all children safely.

Subd. 3. **Transporting children.** Children must only be transported in an enclosed passenger vehicle capable of using car seats or a bus operated by a common carrier. When transporting children in an enclosed passenger vehicle other than a bus operated by a common carrier, a license holder must:

(1) ensure compliance with all seat belt and child passenger restraint system requirements under sections 169.685 and 169.686;

(2) ensure that the child is fastened in a safety seat, seat belt, or harness appropriate to the age and weight of the child and the restraint is installed and used in accordance with the manufacturer's instructions;

(3) only use a vehicle licensed in accordance with the laws of the state and driven by a caregiver with a current, valid driver's license. A copy of the current driver's license for each caregiver who transports a child in care must be kept at the family child care program;

(4) receive written permission to transport children from parents prior to transport; and

(5) not allow a child to remain unattended in any vehicle.

Subd. 4. **Pets and animals.** When keeping pets or animals on the site of a family child care program or allowing children to have contact with pets or animals, the primary provider of care must:

(1) maintain the pets or animals in good health and proper housing. Pets or animals must be appropriately immunized, and rabies vaccinations must be documented with a current certificate from a veterinarian when appropriate;

(2) follow all local and state ordinances regarding the keeping, licensing, number, and health status of animals;

(3) restrict any animals that pose a risk of injury or illness to children from indoor and outdoor areas used by children;

(4) inform parents in writing of the presence of pets and animals on the premises. If pets or animals are allowed to roam in areas occupied by children, the license holder must obtain written acknowledgment from parents. Parents must be notified in writing prior to the introduction of a new pet;

(5) keep any reptiles, amphibians, ferrets, poisonous animals, psittacine birds, exotic animals, and wild animals inaccessible to children. Licensed animal exhibitions, such as mobile petting zoos, reptile shows, and educational presentations are exempt from this clause with written parental notice and consent;

(6) not allow any contact between children and pets or animals that is not directly supervised by an adult caregiver who is in close physical proximity and able to immediately intervene if the child or animal shows distress or aggression or if the child is treating the animal inappropriately;

(7) immediately intervene to protect a child when necessary;

(8) prevent pets and animals from accessing food preparation, storage, and serving areas when food is being prepared or served, unless confined in a cage or kennel. Litter boxes are prohibited in any food preparation, storage, or serving areas;

(9) keep indoor and outdoor areas accessible to children free of animal waste, including litter boxes and their contents. Pet cages, enclosures, and aquariums accessible to children must be located and cleaned away from food areas;

(10) immediately notify a parent of a child who receives an animal bite or scratch;

(11) notify the local animal authority whenever an individual is bitten by an animal on the day of injury. The notification must be made before any steps are taken to euthanize the animal, and the license holder must take reasonable steps to confine the animal; and

(12) notify the licensing agency within 24 hours of any animal bite from an animal housed at the family child care program.

Subd. 5. **Pest control.** (a) A license holder must take effective measures to protect the family child care program against pests. The license holder must take steps to prevent attracting pests and, if pests are present inside the family child care program, to remove or exterminate the pests.

(b) Chemicals for pest control must not be applied in areas accessible to children when children are present. The license holder must use chemicals according to manufacturer instructions. Only approved, Environmental Protection Agency-registered insecticides, rodenticides, and herbicides may be used. Application must strictly follow all label instructions.

Subd. 6. **Garbage.** Garbage must be inaccessible to infants and toddlers. Garbage is considered inaccessible when the garbage container has a lid on.

Subd. 7. **Firearms.** Ammunition and firearms must be stored in locked areas separated from areas accessible to children. Firearms must be unloaded while stored.

Subd. 8. **First aid kit.** A license holder must have a first aid kit that is accessible to caregivers in the family child care program at all times and taken on field trips. A caregiver must have access to first aid instructions. The first aid kit must contain:

(1) adhesive bandages in assorted sizes and tape;

(2) sterile compresses;

(3) scissors;

(4) an ice bag or cold pack;

(5) a thermometer;

(6) mild liquid soap, hand sanitizer, or alcohol wipes; and

(7) disposable powder-free, latex-free gloves.

Subd. 9. **Care of sick children.** (a) If the child becomes sick while at the family child care program, the child must be separated from other children in care to the extent possible while still maintaining appropriate supervision, and the child's parent must be called immediately. When determining if a child is sick and exclusion is necessary, a license holder must follow:

(1) the requirements on reportable diseases in Minnesota Rules, parts 4605.7040, 4605.7070, and 4605.7080; and

(2) the guidelines from the commissioner of health on infectious diseases in child care settings.

(b) When notified a child in care is sick with a reportable disease under Minnesota Rules, part 4605.7040, 4605.7050, or 4605.7080, the license holder must:

(1) follow the family child care program policies on reportable or infectious diseases; and

(2) notify the commissioner of health within 24 hours of receiving the parent or staff report. Documentation of the notification must be kept at the family child care program.

(c) Children with a reportable disease in paragraph (b) must be excluded from the family child care program for the length of time specified in the commissioner of health guidelines on infectious diseases in child care settings, until the child can participate in routine activities without more caregiver supervision than usual or until the child's health care provider determines that exclusion is no longer necessary, whichever is longer.

Subd. 10. **Medication administration requirements.** (a) A license holder must obtain written permission from the parent of a child prior to administering nonprescription medicine, diapering products, sunscreen lotions, and insect repellents. These items must be administered according to the manufacturer instructions unless written instructions for their use are provided by a health care provider.

(b) A license holder must obtain and follow written instructions from a health care provider or dentist prior to administering each prescribed medication. For the purposes of this paragraph, "instructions" means the label on a medicine container with the child's name and current prescription information.

Sec. 21. **[142I.20] FOOD AND NUTRITION.**

Subdivision 1. **Feeding.** (a) Bottles of frozen breast milk or formula must be thawed under warm running water, in a container of warm water, with a warming device, or in a refrigerator. Thawed milk must be used, sent home, or disposed of the same day it is thawed.

(b) Caregivers must not warm plastic bottles, sippy cups, or other plastic food containers in a microwave.

(c) Once bottle feeding is complete, any unused portion must be disposed of or stored inaccessible to children in care. Bottles provided by or stored at the family child care program must be washed prior to the next use.

(d) Caregivers must not serve food to infants or toddlers using polystyrene foam (Styrofoam) cups, bowls, or plates.

Subd. 2. **Milk.** Cow's milk served to children in care must be pasteurized. Milk alternatives that are nutritionally equivalent to cow's milk can be served in place of milk for children who require it.

Subd. 3. **Drinking water.** Drinking water from a safe source according to section 142I.16 must be readily available and offered to the children throughout the day in indoor and outdoor areas.

Subd. 4. **Meals and snacks.** (a) Well-balanced meals and snacks must be supplied by the license holder or parents daily. Every meal and snack served to children in care must meet the following requirements:

(1) breakfast must contain at least three of the following:

(i) pasteurized milk or milk alternatives;

(ii) vegetables;

(iii) fruit; or

(iv) grains;

(2) lunch and dinner must contain at least four of the following:

(i) pasteurized milk or milk alternatives;

(ii) meat or meat alternatives;

(iii) vegetables;

(iv) fruit; or

(v) grains; and

(3) snacks must contain at least two of the following:

(i) pasteurized milk or milk alternatives;

(ii) meat or meat alternatives;

(iii) vegetables;

(iv) fruit; or

(v) grains.

(b) Food, liquids, and bottles brought from home must be labeled with the first and last name of each child.

(c) Flexible feeding schedules must be provided for infants.

(d) When special diets are required for cultural, religious, or medical reasons, the provider must obtain written, dated, and signed instructions from the child's parent.

Subd. 5. **Food and liquid safety.** (a) Food and liquids must be handled and stored properly to prevent contamination and spoilage. Foods and liquids requiring refrigeration must be refrigerated and maintained at no more than 40 degrees Fahrenheit. Food requiring heating must be maintained at no less than 140 degrees Fahrenheit until ready to serve. Frozen foods must be kept frozen until use and cooked according to the manufacturer's instructions.

(b) Appliances used in food and liquid storage and preparation must be safe and clean.

(c) All canned food provided by the license holder must be commercially processed. Locally grown fresh and frozen fruits and vegetables may be served at the family child care program. Food canned or preserved at home and home-butchered meats, poultry, and fish may not be served to children in care.

Sec. 22. **[142I.21] CHILDREN WITH SPECIAL HEALTH CARE NEEDS OR DISABILITIES.**

(a) For children with disabilities who require therapy, additional behavior guidance, programming, or alternative accommodations, a parent or health care provider must provide written instructions for the license holder to follow.

(b) All activities must be designed to include all children unless a specific medical contraindication exists.

(c) All caregivers responsible for the care of a child with a disability or special health care need must explain to a parent and the agency how the child's specific needs are being met.

(d) Before enrolling a child for care, the license holder must obtain documentation of any known allergies on a form prescribed by the commissioner. The form must be readily available to all caregivers and reviewed by the license holder and each caregiver annually and when any updates or changes are made.

(e) If a child has a known allergy, the primary provider of care must maintain current information about the allergy in the child's record, ensure that required medication is on hand, and follow the allergy plan signed by a treating medical professional. The child's plan must include:

(1) a description of the allergy;

(2) specific triggers and avoidance techniques;

(3) symptoms of an allergic reaction; and

(4) procedures for responding to an allergic reaction, including any medication and dosage to be administered in an emergency situation.

(f) A caregiver must call emergency medical services when epinephrine is administered to a child in the license holder's care.

(g) The caregiver must contact the child's parent immediately after any instance of exposure to an allergen or allergic reaction.

Sec. 23. **[142I.22] COMMUNITY-BASED FAMILY CHILD CARE.**

(a) A family child care program located on a site other than the license holder's primary residence must be licensed under this section if:

(1) the family child care program is conducted in a dwelling on a residential lot or in a commercial space other than the license holder's primary residence;

(2) the license holder is an organization, employer, church, or religious entity; or

(3) the license holder is a community collaborative child care provider. For purposes of this clause, a "community collaborative child care provider" is a provider participating in a cooperative agreement with a community action agency as defined in section 142F.301.

(b) Programs licensed under paragraph (a) must comply with local zoning regulations, the applicable State Fire Code, and the State Building Code. Any age and capacity limitations established by the fire code must be printed on the license.

(c) A license holder under this section must designate at least one primary provider of care as follows:

(1) one individual for programs operating eight or fewer hours per day;

(2) up to two individuals for programs operating more than eight but no more than 16 hours per day; and

(3) up to three individuals for programs operating more than 16 hours per day.

(d) The license issued under this section must include the statement: "This community-based family child care license holder is not licensed as a child care center."

(e) The commissioner may approve up to six licenses at the same location or under one contiguous roof if each license holder independently meets all applicable requirements and the program location site does not have an R-2 residential occupancy designation. Each family child care program must operate as a distinct family child care program within its licensed capacity, age, and ratio limits as determined by the state fire marshal. Only one license may be issued per single-family residential home.

(f) The license holder must notify the commissioner in writing before any change in the persons designated as primary providers of care. A primary provider of care is authorized to communicate with the commissioner on licensing matters.

(g) Each license holder must complete the commissioner-developed community-based family child care program plan at the time of initial application, review the plan each calendar year, and update the plan before any change in program information occurs.

Sec. 24. **REVISOR INSTRUCTION.**

(a) The revisor of statutes must make any necessary changes to statutory cross-references to reflect the changes in this article.

(b) The revisor of statutes must replicate the statutory history for all sections and subdivisions repealed and reenacted in this article.

Sec. 25. **REPEALER.**

(a) Minnesota Statutes 2024, sections 142B.01, subdivision 13; 142B.41, subdivisions 4 and 8; 142B.62; 142B.70, subdivisions 1, 2, 3, 4, 5, 6, 9, 10, 11, and 12; 142B.71; 142B.72; 142B.74; 142B.75; 142B.76; and 142B.77, are repealed.

(b) Minnesota Statutes 2025 Supplement, sections 142B.41, subdivision 9; and 142B.70, subdivisions 7 and 8, are repealed.

(c) Minnesota Rules, parts 9502.0300; 9502.0315; 9502.0325; 9502.0335; 9502.0341; 9502.0345; 9502.0355; 9502.0365; 9502.0367; 9502.0375; 9502.0395; 9502.0405; 9502.0415; 9502.0425; 9502.0435; and 9502.0445, are repealed.

Sec. 26. **EFFECTIVE DATE.**

This article is effective July 1, 2027.

ARTICLE 14

MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 62A.01, is amended by adding a subdivision to read:

Subd. 5. **Direct primary care service agreements.** (a) A direct primary care service agreement under section 62Q.20 is not insurance and is not subject to this chapter. Entering into a direct primary care service agreement is not the business of insurance and is not subject to this chapter or chapter 60A.

(b) A health care provider or agent of a health care provider is not required to obtain a certificate of authority or license under this chapter or chapter 60A, 62C, 62D, or 62N to market, sell, or offer to sell a direct primary care service agreement that meets the requirements of section 62Q.20.

Sec. 2. Minnesota Statutes 2024, section 62A.011, subdivision 3, is amended to read:

Subd. 3. **Health plan.** "Health plan" means a policy or certificate of accident and sickness insurance as defined in section 62A.01 offered by an insurance company licensed under chapter 60A; a subscriber contract or certificate offered by a nonprofit health service plan corporation operating under chapter 62C; a health maintenance contract or certificate offered by a health maintenance organization operating under chapter 62D; a health benefit certificate offered by a fraternal benefit society operating under chapter 64B; or health coverage offered by a joint self-insurance employee health plan operating under chapter 62H. Health plan means individual and group coverage, unless otherwise specified. Health plan does not include coverage that is:

(1) limited to disability or income protection coverage;

(2) automobile medical payment coverage;

(3) liability insurance, including general liability insurance and automobile liability insurance, or coverage issued as a supplement to liability insurance;

(4) designed solely to provide payments on a per diem, fixed indemnity, or non-expense-incurred basis, including coverage only for a specified disease or illness or hospital indemnity or other fixed indemnity insurance, if the benefits are provided under a separate policy, certificate, or contract for insurance; there is no coordination between the provision of benefits and any exclusion of benefits under any group health plan maintained by the same plan sponsor; and the benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor;

(5) credit accident and health insurance as defined in section 62B.02;

(6) designed solely to provide hearing, dental, or vision care;

(7) blanket accident and sickness insurance as defined in section 62A.11;

(8) accident-only coverage;

(9) a long-term care policy as defined in section 62A.46 or 62S.01;

(10) issued as a supplement to Medicare, as defined in sections 62A.3099 to 62A.44, or policies, contracts, or certificates that supplement Medicare issued by health maintenance organizations or those policies, contracts, or certificates governed by section 1833 or 1876, section 1851, et seq.; or section 1860D-1, et seq., of title XVIII of the federal Social Security Act, et seq., as amended;

(11) workers' compensation insurance;

(12) issued solely as a companion to a health maintenance contract as described in section 62D.12, subdivision 1a, so long as the health maintenance contract meets the definition of a health plan;

(13) coverage for on-site medical clinics; ~~or~~

(14) coverage supplemental to the coverage provided under United States Code, title 10, chapter 55, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)~~.~~; or

(15) coverage provided under a direct primary care service agreement described under section 62Q.20.

Sec. 3. **[62Q.20] DIRECT PRIMARY CARE SERVICE AGREEMENT.**

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

(b) "Direct fee" means a fee charged by a direct primary care practice as consideration for being available to provide and for providing primary care services to a direct patient as specified in the direct agreement.

(c) "Direct patient" means an individual who is party to a direct agreement and is entitled to receive primary care services under the direct agreement from the direct primary care practice.

(d) "Direct primary care practice" or "direct practice" means a primary care provider who furnishes primary care services through a direct agreement.

(e) "Direct primary care service agreement" or "direct agreement" means a written agreement entered into between a direct primary care practice and a direct patient, or the direct patient's legal representative, in which the primary care direct practice charges a direct fee as consideration for being available to provide and for providing direct primary care services to the direct patient.

(f) "Primary care provider" means a physician who is licensed under chapter 147 or an advanced practice registered nurse licensed under chapter 148, who is authorized to engage in independent practice, and who is qualified to provide primary care services. This term includes an individual primary care provider or a group of primary care providers.

(g) "Primary care services" means:

(1) routine health care services, including screening, assessment, diagnosis, and treatment for the purpose of the promotion of health, and the detection and management of disease or injury within the competency and training of the primary care provider;

(2) medical supplies and prescription drugs that are administered or dispensed in the primary care provider's office or clinic; and

(3) laboratory work, including routine blood screening and routine pathology screening performed by a laboratory that is either associated with the direct primary care practice or is not associated with the direct primary care practice but has entered into a contract with the practice to provide laboratory work without charging a fee to the patient for the laboratory work.

Subd. 2. **Direct primary care services agreement requirements.** (a) To be considered a direct primary care service agreement for purposes of this section, the direct agreement must:

(1) be in writing;

(2) be signed by the primary care provider or agent of the primary care practice and the direct patient or the patient's legal representative;

(3) allow either party to terminate the direct agreement upon written notice to the other party according to subdivision 3;

(4) describe the scope of the primary care services that are to be covered under the direct agreement;

(5) specify the fee to be paid on a monthly basis or as specified in the direct agreement; and

(6) specify the duration of the direct agreement.

(b) The direct agreement must clearly state that a direct primary care service agreement: is not considered health insurance; does not meet the requirements of federal law mandating individuals to purchase health insurance; and the fees charged in the agreement may not be reimbursed or applied toward a deductible under a health plan offered through a health plan company.

Subd. 3. **Acceptance and discontinuance of patients.** (a) A direct practice may not decline to accept a new patient or discontinue care to an existing patient solely on the basis of the patient's health status. A direct practice may decline to accept a patient if:

(1) the practice has reached its maximum capacity;

(2) the patient's medical condition is such that the practice is unable to provide the level and type of primary care services the patient requires; or

(3) the patient has previously terminated a direct agreement with the direct practice within the preceding year.

(b) A direct patient or the patient's legal representative may terminate a direct agreement for any reason by providing written notice to the direct practice. Termination of the direct agreement is effective the first day of the month following the month the termination notice is provided to the direct practice. A direct practice may subsequently decline to accept the direct patient as a patient if the patient has terminated a previous direct agreement with the direct practice within the preceding year.

(c) A direct practice may terminate a direct agreement for any reason by providing written notice to the direct patient or the direct patient's representative. A direct practice must provide notice of termination at least 30 days prior to the effective date of termination.

(d) A direct practice may discontinue care to a direct patient if the direct practice discontinues operation as a direct primary care practice. Notice must be provided to the direct patient or the patient's legal representative specifying the effective date of termination. Notice must be sufficient to provide the patient with the opportunity to obtain care from another provider.

Subd. 4. **Direct fees.** (a) The direct fee charged must represent the total amount due for all primary care services specified in the direct agreement provided to the direct patient within the specified time period. The direct fee must not vary from patient to patient based on the patient's health status or sex. The direct fee may be paid by the direct patient, by the patient's legal representative, or on the patient's behalf by a third party. The direct fee may be billed at the end of each monthly period or may be paid in advance for a period not to exceed 12 months.

(b) Upon receipt of a written notice of termination of the direct agreement from a direct patient or the patient's legal representative, the direct practice must promptly refund the unearned amount of the direct fees. If the direct practice discontinues care for any reason described under subdivision 3, the direct practice must promptly refund to the direct patient the unearned amount of the direct fees at a prorated amount of the direct fee earned for the current month based on the date the notice for termination was sent to the direct patient or the direct patient's legal representative.

(c) A direct practice shall not increase the monthly fee that has been negotiated with an existing direct patient more frequently than on an annual basis. A direct practice must provide advance notice of at least 60 days to existing patients of any change in the direct fee.

Subd. 5. **Conduct of business.** (a) A direct practice must maintain appropriate accounts regarding payments made and services received by a direct patient and upon request provide any data requested to the direct patient or the patient's legal representative.

(b) A direct practice must not submit a claim for payment to a health plan company for a primary care service provided to a direct patient that is covered by a direct agreement.

(c) No person shall make, publish, or disseminate any false, deceptive, or misleading representation or advertising related to the business of a direct practice.

(d) No person shall make, issue, or circulate, or cause to be made, issued, or circulated, a misrepresentation of the terms of a direct agreement or the benefits or advantages promised, or use the name or title of a direct agreement misrepresenting the nature of the direct agreement.

Subd. 6. **Other care not prohibited.** A direct primary care practice is not prohibited from providing services to other patients under a separate contract with a health plan company.

Subd. 7. **Enforcement.** A violation of this section shall constitute unprofessional conduct and may be grounds for disciplinary action under chapters 147 and 148.

Sec. 4. Minnesota Statutes 2024, section 116.943, subdivision 2, is amended to read:

Subd. 2. **Information required.** (a) On or before January 1, 2026, a manufacturer of a product manufactured after July 1, 2023; sold, offered for sale, or distributed in the state; and that contains intentionally added PFAS must submit to the commissioner information that includes:

(1) a brief description of the product, including a universal product code (UPC), stock keeping unit (SKU), or other numeric code assigned to the product;

(2) the purpose for which PFAS are used in the product, including in any product components;

(3) the amount of each PFAS, identified by its chemical abstracts service registry number, in the product, reported as an exact quantity determined using commercially available analytical methods or as falling within a range approved for reporting purposes by the commissioner;

(4) the name and address of the manufacturer and the name, address, and phone number of a contact person for the manufacturer; and

(5) any additional information requested by the commissioner as necessary to implement the requirements of this section.

(b) With the approval of the commissioner, a manufacturer may supply the information required in paragraph (a) for a category or type of product rather than for each individual product.

(c) A manufacturer must submit the information required under this subdivision whenever a new product that contains intentionally added PFAS is sold, offered for sale, or distributed in the

state and update and revise the information whenever there is significant change in the information or when requested to do so by the commissioner.

(d) A person may not sell, offer for sale, or distribute for sale in the state a product containing intentionally added PFAS if the manufacturer has failed to provide the information required under this subdivision and the person has received notification under subdivision 4.

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

Sec. 5. Minnesota Statutes 2025 Supplement, section 145C.18, subdivision 3, is amended to read:

Subd. 3. **Compliance with nonopioid directive; exception.** (a) Except as specified in ~~paragraph~~ paragraphs (b) and (c), prescribers and health professionals must comply with a nonopioid directive executed under this section.

(b) A prescriber or a health professional acting on the order of a prescriber may administer an opioid to a patient with a nonopioid directive if:

(1) the patient is being treated, in emergency circumstances, in a hospital setting or in a setting outside a hospital;

(2) in the prescriber's professional opinion, it is medically necessary to administer an opioid to the patient in order to treat the patient, including but not limited to during a surgical procedure when one or more complications arise; and

(3) it is not practical or feasible for the prescriber or health professional to access the patient's health care record.

If an opioid is administered according to this paragraph to a patient with a nonopioid directive, the prescriber must ensure that the patient is provided with information on substance use disorder services.

(c) A prescriber or a health professional acting on the order of a prescriber may prescribe or administer an opioid to a patient with a nonopioid directive if the opioid is prescribed or administered to treat the patient for a substance use disorder.

Sec. 6. Minnesota Statutes 2025 Supplement, section 145C.18, subdivision 4, is amended to read:

Subd. 4. **Immunities.** Except as otherwise provided by law, the following persons or entities are not subject to criminal prosecution, civil liability, or professional disciplinary action for failing to prescribe, administer, or dispense an opioid to a patient with a nonopioid directive; for the administration of an opioid in the circumstances in subdivision 3, paragraph (b), to a patient with a nonopioid directive; for the prescribing or administration of an opioid in the circumstances in subdivision 3, paragraph (c), to a patient with a nonopioid directive; or for the inadvertent administration of an opioid to a patient with a nonopioid directive, if the act or failure to act was performed in good faith and in accordance with the applicable standard of care:

(1) a health professional whose scope of practice includes prescribing, administering, or dispensing a controlled substance;

(2) an employee of a health professional described in clause (1);

(3) a health care facility or an employee of a health care facility; or

(4) an emergency medical services provider.

Sec. 7. 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 the 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 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 employees 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 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-payments;

(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 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. 8. **REPEALER.**

Minnesota Statutes 2024, sections 62U.10, subdivision 4; and 256B.69, subdivision 31a, are repealed.

ARTICLE 15

DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **HUMAN SERVICES FORECAST ADJUSTMENTS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2025, First Special Session chapter 3, article 20, and Laws 2025, First Special Session chapter 9, article 12, to the commissioner of human services from the general fund or other named fund for the purposes specified in section 2 and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively.

			APPROPRIATIONS Available for the Year Ending June 30	
			2026	2027
Sec. 2. **COMMISSIONER OF HUMAN SERVICES.**				
Subdivision 1. **Total Appropriation**			$ 739,634,000	$ 775,035,000
	Appropriations by Fund			
General Fund	652,953,000	615,407,000		
Health Care Access Fund	86,681,000	159,628,000		
Subd. 2. **Forecasted Programs**				
(a) **General Assistance**			7,909,000	9,653,000
(b) **Minnesota Supplemental Aid**			2,976,000	3,233,000
(c) **Housing Support**			29,593,000	44,727,000

(d) **MinnesotaCare**	86,681,000	159,628,000
These appropriations are from the health care access fund.		
(e) **Medical Assistance**	589,777,000	525,140,000
(f) **Behavioral Health Fund**	22,698,000	32,654,000

Sec. 3. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 16

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES FORECAST ADJUSTMENTS

Section 1. **CHILDREN, YOUTH, AND FAMILIES FORECAST ADJUSTMENTS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2025, First Special Session chapter 3, article 22, to the commissioner of children, youth, and families from the general fund or other named fund for the purposes specified in section 2 and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively.

	APPROPRIATIONS Available for the Year Ending June 30	
	2026	**2027**
Sec. 2. **COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES.**		
Subdivision 1. **Total Appropriation**	**$ (45,161,000)**	**$ (36,451,000)**
Appropriations by Fund		
General Fund	(22,395,000)	(10,320,000)
Federal TANF	(22,766,000)	(26,131,000)
Subd. 2. **Forecasted Programs**		
(a) **MFIP/DWP**		
Appropriations by Fund		
General Fund	(7,245,000)	(3,125,000)
Federal TANF	(22,766,000)	(26,131,000)

(b) **MFIP Child Care Assistance**	(26,220,000)	(18,822,000)
(c) **Northstar Care for Children**	11,070,000	11,627,000

Sec. 3. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 17

DEPARTMENT OF HUMAN SERVICES APPROPRIATIONS

Section 1. **DEPARTMENT OF HUMAN SERVICES APPROPRIATIONS.**

The dollar amounts shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2025, First Special Session chapter 3, article 20, from the general fund or any fund named for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2026" and "2027" used in this article mean that the appropriations listed under them are available for the fiscal years ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027.

	APPROPRIATIONS Available for the Year Ending June 30	
	2026	**2027**
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**	**$ -0-**	**$ 132,522,000**
The amounts that may be spent for each purpose are specified in this article.		
Sec. 3. **CENTRAL OFFICE; OPERATIONS**	**$ -0-**	**$ 2,154,000**
The general fund base is increased by $6,741,000 in fiscal year 2028 and increased by $7,577,000 in fiscal year 2029.		
Sec. 4. **CENTRAL OFFICE; HEALTH CARE**	**$ -0-**	**$ 19,403,000**
The general fund base is increased by $59,838,000 in fiscal year 2028 and increased by $60,350,000 in fiscal year 2029.		
Sec. 5. **CENTRAL OFFICE; BEHAVIORAL HEALTH**	**$ -0-**	**$ 896,000**

This is a onetime appropriation.

Sec. 6. **CENTRAL OFFICE; OFFICE OF INSPECTOR GENERAL** **$ -0- $ 330,000**

Subdivision 1. **Crisis Nursery Licensing Framework**

$304,000 in fiscal year 2027 is to develop a licensing framework for crisis nurseries. The base for this appropriation is $358,000 in fiscal year 2028 and $0 in fiscal year 2029.

Subd. 2. **Base Level Adjustments**

The general fund base is increased by $384,000 in fiscal year 2028 and increased by $26,000 in fiscal year 2029.

Sec. 7. **FORECASTED PROGRAMS; MEDICAL ASSISTANCE** **$ -0- $ 94,505,000**

$100,000,000 in fiscal year 2027 is for the nonfederal share of the directed payment arrangement under Minnesota Statutes, section 256B.1973. This is a onetime appropriation and is available until June 30, 2028. This appropriation is not effective until the day following final enactment of H.F. 2438 in the 2026 regular legislative session.

Sec. 8. **GRANT PROGRAMS; CHILD AND ECONOMIC SUPPORT GRANTS** **$ -0- $ (407,000)**

Any unexpended amount in fiscal year 2027 and any amounts in the planning estimate for fiscal year 2028 and fiscal year 2029 for the emergency shelter facility grant and emergency services grants must be transferred from child and economic support grants to housing support grants.

Sec. 9. **GRANT PROGRAMS; FRAUD PREVENTION GRANTS** **$ -0- $ (425,000)**

Sec. 10. **GRANT PROGRAMS; HEALTH CARE GRANTS** **$ -0- $ 1,500,000**

Subdivision 1. **Health Care Navigator Incentive Payment Grants**

$250,000 in fiscal year 2027 is for application assistance bonuses to organizations and licensed insurance producers for applicants successfully enrolled in medical assistance under Minnesota Statutes, section 256.962, subdivision 5. The base for this appropriation is $500,000 in fiscal year 2028 and $500,000 in fiscal year 2029.

Subd. 2. **Community Minigrant Program**

$1,250,000 in fiscal year 2027 is for the community minigrant program under Minnesota Statutes, section 256.01, subdivision 2, paragraph (a), clause (6). Grants under this subdivision are subject to the grant requirements under Minnesota Statutes, chapter 16B. The base for this appropriation is $1,250,000 in fiscal year 2028 and $625,000 in fiscal year 2029.

Subd. 3. **Base Level Adjustments**

The general fund base is increased by $1,750,000 in fiscal year 2028 and $1,125,000 in fiscal year 2029.

Sec. 11. **GRANT PROGRAMS; HOUSING AND SUPPORT SERVICES GRANTS** **$ -0- $ 192,000**

Sec. 12. **GRANT PROGRAMS; ADULT MENTAL HEALTH GRANTS** **$ -0- $ 2,483,000**

Subdivision 1. **Mobile Crisis Grants**

$3,800,000 in fiscal year 2027 is for the mobile crisis grants under Minnesota Statutes, sections 245.4661, subdivision 9, paragraph (b), clause (15), and 245.4889, subdivision 1, paragraph (b), clause (4). This is a onetime appropriation and is available until June 30, 2029.

Subd. 2. **Base Level Adjustments**

The general fund base is reduced by $1,317,000 in fiscal year 2028 and reduced by $1,317,000 in fiscal year 2029.

Sec. 13. **GRANT PROGRAMS; CHILD MENTAL HEALTH GRANTS** **$ -0- $ 12,252,000**

Subdivision 1. **School-Linked Behavioral Health Grants**

$11,891,000 in fiscal year 2027 is for school-linked behavioral health grants under Minnesota Statutes, section 245.4901. Grant awards under this subdivision must allow a grantee to use grant funds for a partnership with a nonpublic school or a Tribal contract school to provide services to students attending a nonpublic or Tribal contract school and to provide staff professional development activities for school's licensed and unlicensed staff. This is a onetime appropriation and is available until June 30, 2029.

Subd. 2. **Base Level Adjustments**

The general fund base is increased by $361,000 in fiscal year 2028 and increased by $361,000 in fiscal year 2029.

Sec. 14. **GRANT PROGRAMS; CHEMICAL DEPENDENCY TREATMENT SUPPORT GRANTS** **$ -0- $ (361,000)**

Sec. 15. **GRANT ADMINISTRATION COSTS.**

This article appropriates necessary administrative costs. The administrative costs retention requirement under Minnesota Statutes, section 16B.98, subdivision 14, is inapplicable to any appropriation in this article for a grant.

Sec. 16. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2027, unless a different expiration date is explicit or an appropriation is made available beyond June 30, 2027.

Sec. 17. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation, transfer, or cancellation in this article is enacted more than once during the 2026 legislative session, the appropriation, transfer, or cancellation must be given effect once.

ARTICLE 18

DEPARTMENT OF HEALTH APPROPRIATIONS

Section 1. **HEALTH APPROPRIATIONS.**

The dollar amounts shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2025, First Special Session chapter 3, article 21, from the general fund or any named fund and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the addition to or subtraction from the appropriations listed under them are available for the fiscal years ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027.

	APPROPRIATIONS Available for the Year Ending June 30	
	2026	**2027**
Sec. 2. **COMMISSIONER OF HEALTH**	**$ 50,440,000**	**$ 89,010,000**

Appropriations by Fund

	2026	2027
General	50,000,000	88,383,000
State Government Special Revenue	440,000	627,000

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

Sec. 3. **HEALTH IMPROVEMENT**

Subdivision 1. **Total Appropriation**

Appropriations by Fund

General	50,000,000	86,330,000
State Government Special Revenue	440,000	627,000

Subd. 2. **Helping Paws**

(a) **Helping Paws Grant.** $200,000 in fiscal year 2027 is from the general fund for a grant

to Helping Paws, Inc., to breed, train, and place service or facility dogs with individuals who have physical disabilities; veterans and first responders living with service-related post-traumatic stress disorder; and professionals in courthouse, educational, and mental health settings. This is a onetime appropriation in memory of Speaker Emerita Melissa Hortman. Up to $10,000 in fiscal year 2027 may be used for administration.

(b) **Helping Paws; Private Donations.** The commissioner of health may accept private donations to supplement the state money appropriated under paragraph (a). All donations accepted by the commissioner under this paragraph must be deposited in the gift fund and are appropriated to the commissioner for the purposes of paragraph (a).

Subd. 3. **Crisis Telephone Services**

$1,125,000 in fiscal year 2027 is from the general fund for regional coordination and 24-hour-a-day, seven-day-a-week statewide crisis telephone services. Up to $112,500 in fiscal year 2027 is for administration.

Subd. 4. **Hospital Stabilization Program**

$30,000,000 in fiscal year 2027 is from the general fund for the hospital stabilization program. This is a onetime appropriation. Of this appropriation, $600,000 in fiscal year 2027 is for the commissioner to administer the program.

Subd. 5. **Hennepin Healthcare Stabilization Payments**

$50,000,000 in fiscal year 2026 and $54,950,000 in fiscal year 2027 are for direct payments to Hennepin Healthcare System, Inc., to avoid closure of the Hennepin County Medical Center. The commissioner must make a payment of the amount appropriated in fiscal year 2026 by June 30, 2026. For the purposes of these payments, the statewide grant-making requirements, including but

not limited to those under Minnesota Statutes, sections 16A.15; 16B.97; 16C.05, subdivisions 1 to 4 and 6 to 8; and 16C.06, do not apply. The commissioner may use up to $350,000 in fiscal year 2027 for administration. This is a onetime appropriation. Notwithstanding section 8, this appropriation is not effective until the day following final enactment of House File No. 2438 from the 2026 regular session.

Subd. 6. **Licensing and Regulation of Health Maintenance Organizations**

$440,000 in fiscal year 2026 and $440,000 in fiscal year 2027 are from the state government special revenue fund for licensing and regulation of health maintenance organizations under Minnesota Statutes, chapter 62D.

Subd. 7. **All-Payer Claims Database; Administration**

$187,000 in fiscal year 2027 is from the state government special revenue fund for administering the all-payer claims database under Minnesota Statutes, section 62U.04. The state government special revenue fund base for this subdivision is increased by $233,000 in fiscal year 2028 and increased by $291,000 in fiscal year 2029.

Subd. 8. **All-Payer Claims Database; Data on Fully Denied Claims**

$55,000 in fiscal year 2027 is from the general fund for the collection of data on fully denied claims according to Minnesota Statutes, section 62U.04, subdivision 4. This is a onetime appropriation.

Subd. 9. **Base Adjustment**

The general fund base is increased by $1,125,000 in fiscal year 2028 and increased by $1,125,000 in fiscal year 2029. The state government special revenue fund base is increased by $673,000 in fiscal year 2028 and increased by $731,000 in fiscal year 2029.

Sec. 4. **HEALTH PROTECTION** **$** **-0-** **$** **2,053,000**

$2,053,000 in fiscal year 2027 is for rulemaking and administrative activities under Minnesota Statutes, section 103I.706. This is a onetime appropriation and is available until December 31, 2029.

Sec. 5. **GRANT ADMINISTRATION COSTS.**

This article appropriates necessary administrative costs. The administrative costs retention requirement under Minnesota Statutes, section 16B.98, subdivision 14, is inapplicable to any appropriation in this article for a grant.

Sec. 6. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2027, unless a different expiration date is explicit or an appropriation is made available beyond June 30, 2027.

Sec. 7. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation, transfer, or cancellation in this article is enacted more than once during the 2026 legislative session, the appropriation, transfer, or cancellation must be given effect once.

Sec. 8. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 19

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES APPROPRIATIONS

Section 1. **CHILDREN, YOUTH, AND FAMILIES APPROPRIATIONS.**

The dollar amounts shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2025, First Special Session chapter 3, article 22, from the general fund or any fund named for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2026" and "2027" used in this article mean that the appropriations listed under them are available for the fiscal years ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027.

	APPROPRIATIONS Available for the Year Ending June 30	
	2026	2027

Sec. 2. **COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES** **$ -0- $ 46,952,000**

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

Sec. 3. **OPERATIONS AND ADMINISTRATION; AGENCY-WIDE SUPPORTS** **$ -0- $ 6,546,000**

Subdivision 1. **Crisis Nursery Licensing Framework**

$212,000 in fiscal year 2027 is to develop a licensing framework for crisis nurseries. The base for this appropriation is $441,000 in fiscal year 2028 and $0 in fiscal year 2029.

Subd. 2. **Base Adjustments**

The base is increased by $6,260,000 in fiscal year 2028 and increased by $5,819,000 in fiscal year 2029.

Sec. 4. **OPERATIONS AND ADMINISTRATION; EARLY CHILDHOOD** **$ -0- $ 281,000**

Sec. 5. **OPERATIONS AND ADMINISTRATION; ECONOMIC OPPORTUNITY AND YOUTH SERVICES** **$ -0- $ 147,000**

This is a onetime appropriation.

Sec. 6. **OPERATIONS AND ADMINISTRATION; FAMILY WELL-BEING** **$ -0- $ 2,818,000**

The general fund base is increased by $3,308,000 in fiscal year 2028 and increased by $3,308,000 in fiscal year 2029.

Sec. 7. **GRANT PROGRAMS; SUPPORT SERVICES GRANTS** **$ -0- $ 10,728,000**

County allocation for SNAP administrative costs. $10,728,000 in fiscal year 2027 is for an allocation to counties for SNAP administrative costs. The commissioner must allocate money under

this section to counties based on each county's proportional share of SNAP administrative costs in the most recent year for which data are available. This is a onetime appropriation.

Sec. 8. **GRANT PROGRAMS; CHILD CARE DEVELOPMENT GRANTS** **$** **-0-** **$** **450,000**

Subdivision 1. **Child Care Licensing Basics Training Contract**

$450,000 in fiscal year 2027 is for a contract with a vendor to provide child care licensing basics training, including course content creation, translation, marketing, promotion, and underwriting. The base for this appropriation is $338,000 in fiscal year 2028 and $338,000 in fiscal year 2029.

Subd. 2. **Base Adjustment**

The general fund base is increased by $338,000 in fiscal year 2028 and increased by $338,000 in fiscal year 2029.

Sec. 9. **GRANT PROGRAMS; CHILDREN'S SERVICES GRANTS** **$** **-0-** **$** **250,000**

Forensic Interview Training Scholarships. $250,000 in fiscal year 2027 is for grants to provide training scholarships for recipients to attend nationally recognized forensic interview protocol training. Eligible grantees must award scholarships for recipients to attend basic forensic interview training, advanced forensic interview training, and specialized interview topics training. Scholarship recipients may include individuals in law enforcement, child protection, and prosecution; health professionals investigating, treating, and managing child maltreatment cases in Minnesota; advocates working with a multidisciplinary team; and forensic interviewers at children's advocacy centers. This is a onetime appropriation.

Sec. 10. **GRANT PROGRAMS; CHILD AND COMMUNITY SERVICES GRANTS** **$** **-0-** **$** **15,000,000**

County Implementation of Minnesota African American Family Preservation and Child Welfare Disproportionality Act. $15,000,000 in fiscal year 2027 is for initial county implementation of the Minnesota African American Family Preservation and Child Welfare Disproportionality Act under Minnesota Statutes, chapter 260. The commissioner must distribute this appropriation to counties under Minnesota Statutes, section 260.694. This is a onetime appropriation.

Sec. 11. **GRANT PROGRAMS; CHILD AND ECONOMIC SUPPORT GRANTS** **$** **-0-** **$** **10,732,000**

Subdivision 1. **Regional Food Bank Grants**

$4,900,000 in fiscal year 2027 is for regional food bank grants. This is a onetime appropriation.

Subd. 2. **Minnesota Food Shelf Program**

$5,000,000 in fiscal year 2027 is for food shelf programs under Minnesota Statutes, section 142F.14. This is a onetime appropriation.

Subd. 3. **Base Adjustment**

The general fund base is increased by $832,000 in fiscal year 2028 and increased by $832,000 in fiscal year 2029.

Sec. 12. Minnesota Statutes 2025 Supplement, section 256.043, subdivision 3, is amended to read:

Subd. 3. **Appropriations from registration and license fee account.** (a) The appropriations in paragraphs (b) to (n) shall be made from the registration and license fee account on a fiscal year basis in the order specified.

(b) The appropriations specified in Laws 2019, chapter 63, article 3, section 1, paragraphs (b), (f), (g), and (h), as amended by Laws 2020, chapter 115, article 3, section 35, shall be made accordingly.

(c) $100,000 is appropriated to the commissioner of human services for grants for opiate antagonist distribution. Grantees may utilize funds for opioid overdose prevention, community asset mapping, education, and opiate antagonist distribution.

(d) $2,000,000 is appropriated to the commissioner of human services for direct payments to Tribal nations and five urban Indian communities for traditional healing practices for American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce. Any evaluations of practices under this paragraph must be designed cooperatively by the commissioner and Tribal nations or urban Indian communities. The commissioner must not require recipients to provide the details of specific ceremonies or identities of healers.

(e) $400,000 is appropriated to the commissioner of human services for competitive grants for opioid-focused Project ECHO programs.

(f) ~~$277,000~~ $321,000 in fiscal year ~~2024~~ 2027 and ~~$321,000~~ each year thereafter is appropriated to the commissioner of ~~human services~~ children, youth, and families to administer the funding distribution and reporting requirements in paragraph ~~(o)~~ (m).

(g) $3,000,000 in fiscal year 2025 and $3,000,000 each year thereafter is appropriated to the commissioner of human services for safe recovery sites start-up and capacity building grants under section 254B.18.

(h) $395,000 in fiscal year 2024 and $415,000 each year thereafter is appropriated to the commissioner of human services for the opioid overdose surge alert system under section 245.891.

(i) $300,000 is appropriated to the commissioner of management and budget for evaluation activities under section 256.042, subdivision 1, paragraph (c).

(j) $261,000 is appropriated to the commissioner of human services for the provision of administrative services to the Opiate Epidemic Response Advisory Council and for the administration of the grants awarded under paragraph (n).

(k) $126,000 is appropriated to the Board of Pharmacy for the collection of the registration fees under section 151.066.

(l) $672,000 is appropriated to the commissioner of public safety for the Bureau of Criminal Apprehension. Of this amount, $384,000 is for drug scientists and lab supplies and $288,000 is for special agent positions focused on drug interdiction and drug trafficking.

(m) After the appropriations in paragraphs (b) to (l) are made, 50 percent of the remaining amount is appropriated to the commissioner of children, youth, and families for distribution to county social service agencies and Tribal social service agency initiative projects authorized under section 256.01, subdivision 14b, to provide prevention and child protection services to children and families who are affected by addiction. The commissioner shall distribute this money proportionally to county social service agencies and Tribal social service agency initiative projects through a formula based on intake data from the previous three calendar years related to substance use and out-of-home placement episodes where parental drug abuse is a reason for the out-of-home placement. County social service agencies and Tribal social service agency initiative projects receiving funds from the opiate epidemic response fund must annually report to the commissioner on how the funds were

used to provide prevention and child protection services, including measurable outcomes, as determined by the commissioner. County social service agencies and Tribal social service agency initiative projects must not use funds received under this paragraph to supplant current state or local funding received for child protection services for children and families who are affected by addiction.

(n) After the appropriations in paragraphs (b) to (m) are made, the remaining amount in the account is appropriated to the commissioner of human services to award grants as specified by the Opiate Epidemic Response Advisory Council in accordance with section 256.042, unless otherwise appropriated by the legislature.

(o) Beginning in fiscal year 2022 and each year thereafter, funds for county social service agencies and Tribal social service agency initiative projects under paragraph (m) and grant funds specified by the Opiate Epidemic Response Advisory Council under paragraph (n) may be distributed on a calendar year basis.

(p) Notwithstanding section 16A.28, subdivision 3, funds appropriated in paragraphs (c), (d), (e), (g), (m), and (n) are available for three years after the funds are appropriated.

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

Sec. 13. Laws 2024, chapter 117, section 22, is amended to read:

Sec. 22. **APPROPRIATIONS; MINNESOTA AFRICAN AMERICAN FAMILY PRESERVATION AND CHILD WELFARE DISPROPORTIONALITY ACT.**

(a) $5,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of human services for grants to Hennepin and Ramsey Counties to implement the Minnesota African American Family Preservation and Child Welfare Disproportionality Act phase-in program. Of this amount, $2,500,000 must be provided to Hennepin County and $2,500,000 must be provided to Ramsey County. This is a onetime appropriation and is available until ~~June 30~~ December 31, 2026.

(b) $1,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of human services for the African American and disproportionately represented family preservation grant program under Minnesota Statutes, section 260.693. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under this paragraph is $0.

(c) $2,367,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of human services to implement the African American Family Preservation and Child Welfare Disproportionality Act. The base for this appropriation is $3,251,000 in fiscal year 2026 and $3,110,000 in fiscal year 2027.

Sec. 14. **GRANT ADMINISTRATION COSTS.**

This article appropriates necessary administrative costs. The administrative costs retention requirement under Minnesota Statutes, section 16B.98, subdivision 14, is inapplicable to any appropriation in this article for a grant.

Sec. 15. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2027, unless a different expiration date is explicit or an appropriation is made available beyond June 30, 2027.

Sec. 16. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation, transfer, or cancellation in this article is enacted more than once during the 2026 legislative session, the appropriation, transfer, or cancellation must be given effect once.

Sec. 17. **EFFECTIVE DATE.**

This article is effective the day following final enactment unless otherwise indicated.

ARTICLE 20

OTHER AGENCY APPROPRIATIONS

Section 1. **OTHER AGENCY APPROPRIATIONS.**

The dollar amounts shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2025, First Special Session chapter 3, articles 23 and 24, from the general fund or any fund named for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2026" and "2027" used in this article mean that the appropriations listed under them are available for the fiscal years ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027.

	APPROPRIATIONS Available for the Year Ending June 30	
	2026	**2027**
Sec. 2. **LEGISLATIVE COORDINATING COMMISSION**	**$ 17,000**	**$ 74,000**

Subdivision 1. **Education Group Insurance Program Report**

$17,000 in fiscal year 2026 and $74,000 in fiscal year 2027 are for the Legislative Budget Office to complete the annual report under Minnesota Statutes, section 471.6161, subdivision 9. The base for this appropriation is $36,000 in fiscal year 2028 and $36,000 in fiscal year 2029.

Subd. 2. **Base Adjustment**

The general fund base is increased by $36,000 in fiscal year 2028 and increased by $36,000 in fiscal year 2029.

Sec. 3. **COMMISSIONER OF PUBLIC SAFETY** **$ -0- $ -0-**

Subdivision 1. **Child Care Licensing Modernization**

The base in fiscal year 2029 must include $544,000 for child care licensing modernization under Minnesota Statutes, chapters 142H and 142I.

Subd. 2. **Base Adjustment**

The general fund base is increased by $544,000 in fiscal year 2029.

Sec. 4. **COMMISSIONER OF EDUCATION** **$ -0- $ (281,000)**

This reduction is for preschool assessment funding.

Sec. 5. **COMMISSIONER OF MANAGEMENT AND BUDGET** **$ -0- $ 193,000**

$193,000 in fiscal year 2027 is for administration of the advisory task force on governance and financing of Hennepin Healthcare System, Inc. This is a onetime appropriation.

Sec. 6. **ATTORNEY GENERAL** **$ -0- $ 1,230,000**

Subdivision 1. **Medicaid Fraud Control Unit**

$1,230,000 in fiscal year 2027 is for the Medicaid fraud control unit. The base for this appropriation is $1,230,000 in fiscal year 2028 and $1,230,000 in fiscal year 2029.

Subd. 2. **Base Adjustment**

The general fund base is increased by $1,230,000 in fiscal year 2028 and increased by $1,230,000 in fiscal year 2029.

Sec. 7. Laws 2024, chapter 127, article 67, section 7, is amended to read:

Sec. 7. **BOARD OF DIRECTORS OF MNSURE** **$ -0- $ 2,330,000**

(a) **Information Technology ~~to Implement Federal Deferred Action for Childhood Arrivals Regulatory Requirements.~~** $2,330,000 in fiscal year 2025 is ~~for information technology to implement federal Deferred Action for Childhood Arrivals regulatory requirements~~ for technology and operational needs. This appropriation is for information technology enhancements, system readiness, consumer communications, and operational changes to maintain service continuity and improve the consumer experience. This is a onetime appropriation and is available until June 30, 2027.

(b) **Transfer to Enterprise Account.** The Board of Directors of MNsure must transfer $2,330,000 in fiscal year 2025 from the general fund to the enterprise account under Minnesota Statutes, section 62V.07. This is a onetime transfer.

Sec. 8. **GRANT ADMINISTRATION COSTS.**

This article appropriates necessary administrative costs. The administrative costs retention requirement under Minnesota Statutes, section 16B.98, subdivision 14, is inapplicable to any appropriation in this article for a grant.

Sec. 9. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2027, unless a different expiration date is explicit or an appropriation is made available beyond June 30, 2027.

Sec. 10. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation, transfer, or cancellation in this article is enacted more than once during the 2026 legislative session, the appropriation, transfer, or cancellation must be given effect once."

Delete the title and insert:

"A bill for an act relating to state government; modifying provisions relating to the Department of Health, gas resource development, hospital stabilization, health licensing boards, health care, federal conformity, medical assistance fraud prevention and conforming changes, children, youth, and families policy, children, youth, and families budget, the Minnesota African American Family Preservation and Child Welfare Disproportionality Act, child care center licensing modernization,

and family child care licensing modernization; making forecast adjustments for the Department of Human Services and Department of Children, Youth, and Families; appropriating money for the Department of Children, Youth, and Families, Department of Human Services, and other agencies; requiring reports; authorizing rulemaking; providing criminal penalties; amending Minnesota Statutes 2024, sections 8.16, subdivision 1; 16A.152, subdivisions 2, 4, by adding subdivisions; 62A.01, by adding a subdivision; 62A.011, subdivision 3; 62J.17, subdivision 6a; 62J.2930, subdivision 1; 62K.02, subdivision 2; 62K.03, subdivision 6; 62K.075; 62K.105; 62K.14; 62U.04, subdivisions 4, 13, by adding a subdivision; 62V.05, subdivision 7; 62V.13; 93.514; 103I.001; 103I.005, subdivisions 9, 21, by adding subdivisions; 103I.601, subdivision 1, by adding subdivisions; 116.943, subdivision 2; 116J.035, by adding a subdivision; 124D.19, by adding a subdivision; 142A.43; 142B.10, subdivision 18; 142B.30, by adding a subdivision; 142B.65, subdivision 7; 142B.70, subdivision 6; 142C.12, subdivision 3; 142D.05, subdivision 8; 142D.21, subdivision 6; 142D.25, subdivision 3; 142E.04, subdivision 4; 144.059, subdivision 8; 144.1222, subdivision 4, by adding a subdivision; 144.1501, subdivision 2; 144.1503, subdivision 7; 144.1505, subdivisions 1, 2, 3; 144.1507, subdivisions 1, 2, 4, by adding a subdivision; 144.1911, subdivisions 1, 5, 6; 144.293, subdivision 7; 144.551, subdivision 1, as amended; 145.56, subdivision 5; 145.561, subdivision 2; 145.882, by adding subdivisions; 145A.04, subdivision 15; 145A.14, subdivision 2a; 148.01, subdivisions 1, 4, by adding subdivisions; 148.09; 148.10, by adding a subdivision; 148.102, subdivision 3; 148.105, subdivision 1; 148.517, subdivisions 1, 2; 148.5191, subdivision 4; 149A.91, subdivision 3; 149A.94, subdivision 1; 149A.955, subdivision 14; 151.01, subdivision 35, by adding a subdivision; 151.555, subdivision 7; 151.741, subdivision 4; 214.10, subdivision 2a; 214.41; 245A.211, subdivision 1; 245C.04, subdivision 1; 245C.15, subdivisions 2, 3, 4; 256.01, by adding a subdivision; 256.969, subdivisions 2b, 25; 256B.04, subdivision 27; 256B.05, subdivision 5, by adding a subdivision; 256B.055, subdivision 17; 256B.056, subdivisions 1, 2a, 3d, 7, 7a; 256B.0561, subdivision 2; 256B.06, subdivision 4; 256B.061; 256B.0631, subdivision 1a, by adding subdivisions; 256B.75; 256L.05, subdivision 3; 256L.06, subdivision 3; 259.83, subdivision 1, as amended; 260.63, subdivision 10; 260.64, subdivision 2; 260.67, subdivision 1; 260.68, subdivision 2; 260.69, subdivision 1; 260.693, subdivision 2; 260C.190, subdivision 1; 260C.212, subdivisions 1, 4a, by adding a subdivision; 260C.451, subdivisions 2, 3, 3a; 295.52, subdivision 8; 383B.903, subdivisions 1, 4; 383B.904, subdivision 1; 383B.908, subdivisions 5, 7; 471.6161, by adding a subdivision; 609.52, subdivision 2; Minnesota Statutes 2025 Supplement, sections 3.732, subdivision 1; 62K.10, subdivision 2; 144.125, subdivision 1; 145A.061, subdivision 3; 145C.18, subdivisions 3, 4; 148.108, subdivision 5; 151.741, subdivision 5; 256.043, subdivision 3; 256.9657, subdivision 2b; 256.969, subdivision 2f; 256B.0625, subdivision 8; 256B.12; 256B.1973, subdivision 9; 256B.69, subdivision 6d; 256B.695, subdivision 5; 260.691, subdivision 1; 260.692, subdivisions 1, 2, 3; 260C.451, subdivision 8; 268.19, subdivision 1; 609.531, subdivision 1; 609.902, subdivision 4; 628.26; Laws 2023, chapter 68, article 1, sections 2, subdivision 2, as amended; 3, subdivision 2, as amended; Laws 2024, chapter 117, sections 9; 21; 22; Laws 2024, chapter 127, article 67, section 7; Laws 2025, First Special Session chapter 3, article 8, section 25; article 23, section 2, subdivision 12; Laws 2026, chapter 88, article 1, section 181; proposing coding for new law in Minnesota Statutes, chapters 62Q; 103I; 142D; 144; 148; 256B; 260; 609; proposing coding for new law as Minnesota Statutes, chapters 142H; 142I; repealing Minnesota Statutes 2024, sections 13D.08, subdivision 4; 62J.06; 62J.156; 62J.2930, subdivision 4; 62J.57; 62U.10, subdivision 4; 142B.01, subdivisions 11, 12, 13, 25, 26, 27; 142B.41, subdivisions 4, 6, 7, 8, 10, 11, 12, 13; 142B.54, subdivisions 1, 2, 3; 142B.62; 142B.65, subdivisions 1, 2, 3, 4, 5, 6, 7, 10; 142B.66, subdivisions 1, 2, 4, 5; 142B.70, subdivisions 1, 2, 3, 4, 5, 6, 9, 10, 11, 12; 142B.71; 142B.72; 142B.74; 142B.75; 142B.76; 142B.77; 144.9821; 151.741, subdivisions 2, 3, 6; 256B.198; 256B.69, subdivision 31a; 260.63, subdivision

9; 609.466; Minnesota Statutes 2025 Supplement, sections 142B.41, subdivision 9; 142B.65, subdivisions 8, 9; 142B.66, subdivision 3; 142B.70, subdivisions 7, 8; Minnesota Rules, parts 2500.0100, subparts 5b, 6, 12; 2500.1900; 2500.2020; 2500.2040; 2500.2100; 2500.2110; 6800.0400; 6800.1150; 9502.0300; 9502.0315; 9502.0325; 9502.0335; 9502.0341; 9502.0345; 9502.0355; 9502.0365; 9502.0367; 9502.0375; 9502.0395; 9502.0405; 9502.0415; 9502.0425; 9502.0435; 9502.0445; 9503.0005; 9503.0010; 9503.0015; 9503.0030; 9503.0031; 9503.0032; 9503.0033; 9503.0034; 9503.0040; 9503.0045; 9503.0050; 9503.0055; 9503.0060; 9503.0065; 9503.0070; 9503.0075; 9503.0080; 9503.0085; 9503.0090; 9503.0095; 9503.0100; 9503.0105; 9503.0110; 9503.0115; 9503.0120; 9503.0125; 9503.0130; 9503.0140; 9503.0145; 9503.0150; 9503.0155; 9503.0170."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Melissa Wiklund, Alice Mann, Liz Boldon

House Conferees: Robert Bierman, Liz Reyer, Jeff Backer, Danny Nadeau

Senator Wiklund moved that the foregoing recommendations and Conference Committee Report on S.F. No. 4612 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Klein	McEwen	Port
Carlson	Gustafson	Kunesh	Mohamed	Putnam
Champion	Hauschild	Kupec	Murphy	Rest
Clark	Hawj	Latz	Nelson	Seeberger
Cwodzinski	Hemmingsen-Jaeger	Mann	Oumou Verbeten	Westlin
Dibble	Hoffman	Marty	Pappas	Wiklund
Fateh	Johnson Stewart	Maye Quade	Pha	Xiong

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senators: Carlson and Port.

Those who voted in the negative were:

Abeler	Duckworth	Howe	Limmer	Utke
Bahr	Farnsworth	Jasinski	Lucero	Weber
Coleman	Green	Johnson	Mathews	Wesenberg
Dahms	Gruenhagen	Koran	Miller	Westrom
Dornink	Heintzeman	Kreun	Pratt	
Draheim	Holmstrom	Lang	Rarick	
Drazkowski	Housley	Lieske	Rasmusson	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Duckworth.

The motion prevailed. So the recommendations and Conference Committee report were adopted.

S.F. No. 4612 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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 Westlin cast the affirmative vote on behalf of the following Senators: Carlson, Fateh, and Port.

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	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Duckworth.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Senator Frentz moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 4476 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. No. 4476

A bill for an act relating to state government; modifying provisions relating to human services continuity of care, aging and disability services, and behavioral health services; modifying provisions relating to health regulation of certain long-term care facilities and agencies; modifying provisions

relating to Direct Care and Treatment; requiring reports; establishing working groups; providing for civil penalties; permitting retrieval fee for records; providing for transfers and cancellation of money; appropriating money; amending Minnesota Statutes 2024, sections 15.43, subdivision 3; 62A.135, subdivision 1; 62A.46, subdivision 2; 72A.13, subdivision 1; 144.0724, by adding a subdivision; 144.121, subdivision 9; 144.1503, subdivision 7; 144.292, subdivision 6; 144A.291, subdivision 2; 144A.471, subdivision 8; 144G.09, subdivision 2; 144G.15; 144G.16, by adding a subdivision; 144G.195, subdivision 1; 144G.31, subdivision 7; 144G.40, by adding a subdivision; 144G.41, subdivisions 1, 2, by adding a subdivision; 144G.45, subdivision 3; 144G.60, subdivision 4; 144G.61, subdivision 2; 144G.63, subdivisions 2, 5, by adding a subdivision; 245A.04, subdivisions 2, 2a; 245A.042, by adding a subdivision; 254A.03, subdivision 2; 254B.17; 256.01, subdivision 21; 256B.04, subdivisions 5, 23, by adding subdivisions; 256B.0625, by adding a subdivision; 256B.064, subdivisions 1c, 1d, 2; 256B.0659, subdivisions 12, 16, 17, 19; 256B.0761, subdivision 2; 256B.0911, subdivision 26; 256B.0913, subdivision 4; 256B.092, subdivision 5; 256B.49, subdivision 11; 256B.85, by adding subdivisions; 297E.02, subdivision 3; Minnesota Statutes 2025 Supplement, sections 144.0724, subdivision 2; 144.121, subdivision 1a; 144A.474, subdivision 11; 144A.4799, subdivision 1; 144G.19, subdivision 5; 145D.40, by adding a subdivision; 145D.41, subdivisions 1, 2, by adding a subdivision; 254B.02, subdivision 5; 254B.0503, subdivision 1; 254B.0509, subdivision 2; 256.4792, subdivisions 1, 7, by adding a subdivision; 256B.0625, subdivisions 17, 18i; 256B.064, subdivision 1a; 256B.092, subdivision 3b; 256B.49, subdivision 17a; 256B.85, subdivision 7; 256I.04, subdivision 2a; Laws 2023, chapter 61, article 1, sections 61, subdivision 4, as amended; 67, subdivision 3, as amended; article 9, section 2, subdivision 5, as amended; Laws 2024, chapter 125, article 1, section 47; article 8, section 2, subdivisions 4, 14, as amended, 20; Laws 2025, First Special Session chapter 3, article 8, section 43; article 20, section 19, subdivision 1; article 21, section 3, subdivision 2; Laws 2025, First Special Session chapter 9, article 2, section 58, subdivision 9; article 4, sections 2; 23; 38; 39; 40; 41; 42; 43; 44; 50; proposing coding for new law in Minnesota Statutes, chapters 62A; 144A; 145D; 256B; repealing Minnesota Statutes 2024, sections 256B.055, subdivision 14; 256B.0921; Minnesota Statutes 2025 Supplement, sections 256B.4907, subdivisions 1, 2, 3, 4, 5, 6; 256S.205, subdivision 7; Laws 2019, First Special Session chapter 9, article 5, section 86, as amended; Laws 2021, First Special Session chapter 7, article 13, sections 73, as amended; 75, subdivision 1, as amended.

May 17, 2026

The Honorable Bobby Joe Champion
President of the Senate

The Honorable Lisa M. Demuth
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 4476 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 4476 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CONTINUITY OF CARE

Section 1. **[256B.045] CONTINUITY OF CARE.**

Subdivision 1. **Definitions.** (a) For purposes of this section and section 256B.046, the following terms have the meanings given.

(b) "Administrative action" means an action undertaken by the commissioner to sanction a provider or obtain monetary recovery under section 256B.064, suspend or revoke a provider's license under section 245A.07, or initiate a payment withhold under section 245.095 or 256B.064.

(c) "Complex transition" means that a recipient, without intensive transition planning and coordination, is likely to experience or has experienced an avoidable hospitalization, institutionalization, serious clinical deterioration, or loss of housing as a result of an administrative action or serious operational event.

(d) "Lead agency" means the county, Tribe, or managed care organization responsible for administering medical assistance to a recipient.

(e) "Recipient" means an enrollee, participant, resident, or other individual receiving community residential services, family residential services, customized living, 24-hour customized living, integrated community supports, residential substance use disorder treatment services, or residential mental health treatment services under medical assistance.

(f) "Serious operational event" means insolvency, receivership, bankruptcy, abandonment, inability of a provider to safely operate, or any other circumstances disrupting a provider's ability to continue to provide services or operate a service setting.

Subd. 2. **Provider duties.** (a) If a medical assistance service provider determines it is unable to continue to provide services to a recipient due to a serious operational event, the provider must:

(1) notify each recipient; each recipient's responsible party, if applicable; the lead agency; and the commissioner as soon as possible but no later than 30 days before terminating services to each recipient;

(2) fully cooperate with the commissioner and lead agency in supporting each recipient in transitioning to another provider of each recipient's choice; and

(3) provide each recipient with a copy of the relevant recipient bill of rights or recipient protections, if applicable, as soon as possible but no later than 30 days before terminating services.

(b) Nothing in this section absolves a provider of its obligations under chapters 144A, 144G, 245A, 245D, 245I, and 245G with respect to service suspensions, service terminations, contract terminations, and coordinated moves. The commissioner of health, the commissioner of human services, or both, may impose any sanctions available under law for violations of state statute or a licensing requirement even if the provider complies with this section and section 256B.046.

Subd. 3. **Lead agency duties.** (a) When a provider is subject to an administrative action or serious operational event, the lead agency must:

(1) inform the appropriate ombudsperson's office for each recipient currently receiving services, if applicable, that the recipient's service provider is subject to an administrative action or is experiencing a serious operational event; and

(2) directly notify each recipient who receives services from the provider that the recipient's service provider is subject to an administrative action or is experiencing a serious operational event.

(b) When a service provider provides notice under subdivision 2 that it is unable to continue to provide services to a recipient due to an administrative action or serious operational event, the lead agency must assist the provider in developing a continuity of care plan to facilitate the recipient's transition to another provider of the recipient's choice. The continuity of care plan must be developed through a person-centered process and include alternative service options, settings, and service providers with known service capacity. The lead agency must complete and receive approval from the recipient of the continuity of care plan no later than 14 days following the notification under subdivision 2.

(c) When a lead agency identifies a recipient's transition as a complex transition under section 256B.046, the lead agency must develop a complex transition plan and cooperate with and provide information to the commissioner as requested so that the commissioner can ensure each recipient receives continuity of medically necessary services and supports through a safe and orderly transition to an appropriate alternative service provider.

(d) Nothing in this section prohibits the lead agency from contacting the commissioner or continuity of care team established in subdivision 4 to request support in ensuring continuity of care.

Subd. 4. **Commissioner's duties.** (a) When the commissioner takes an administrative action against a provider, the commissioner must endeavor to contact the lead agency administering services for potentially affected recipients as soon as practicable and no later than 30 days prior to the administrative action becoming effective. The commissioner must ensure that the lead agency is taking appropriate steps to ensure continuity of care and that the affected recipients will:

(1) continue to receive needed medically necessary services and supports;

(2) be given free choice of service, service setting, and service provider if the recipient transfers to another service, service setting, or service provider; and

(3) secure safe and stable housing.

(b) The commissioner must establish and maintain a continuity of care team to support continuity of care efforts by lead agencies and providers. The continuity of care team must include personnel from across the Department of Human Services with roles in monitoring and supporting providers and lead agencies, establishing standards for continuity of care, supporting transition planning processes for individuals with a complex transition designation, and overseeing licensing and program integrity efforts. The commissioner may include personnel from other state agencies and housing support providers necessary to effectively carry out the duties of the continuity of care team.

(c) The continuity of care team must provide support, oversight, and direction to lead agencies and providers when a recipient's transition is identified as a complex transition under section 256B.046.

(d) Nothing in this section prohibits the continuity of care team from providing support to lead agencies, providers, and recipients on continuity of care efforts not covered by this section or section 256B.046.

Sec. 2. **[256B.046] COMPLEX TRANSITIONS.**

Subdivision 1. **Complex transition identification.** (a) The lead agency must work with the provider and commissioner to identify each recipient whose transition is a complex transition. The lead agency and provider must submit to the commissioner a complex transition plan as described in subdivision 2 for each recipient identified under this paragraph.

(b) The commissioner may establish objective thresholds to create a presumption of complex transition based on the number of recipients affected by a serious operational event or administrative action, recipient acuity, service type, or unresolved discharge or placement barriers.

Subd. 2. **Complex transition plan.** (a) The commissioner must develop guidance on effective complex transition planning and make a complex transition plan template available to providers and lead agencies. The plan template must include data fields to collect at least the following information:

(1) recipient's name and acuity level;

(2) stabilization actions to be taken to prevent gaps in care and housing;

(3) names, contact information, and known capacity of alternative providers;

(4) transition timelines, transportation, and handoff procedures;

(5) a communication plan for each recipient, the recipient's family, and the recipient's guardian, if applicable, including language access; and

(6) steps to be taken to coordinate with lead agencies, case managers, and ombudsperson offices, when applicable.

(b) Providers and lead agencies must use the plan template described in paragraph (a) to develop a complex transition plan for each recipient whose transition is identified as a complex transition.

Subd. 3. **Complex transition planning.** (a) A lead agency that receives notice from a provider of a serious operational event must assist a recipient with an identified complex transition to develop a complex transition plan through a person-centered process. The complex transition plan must include alternative service options, service settings, service providers with known service capacity, and safe and stable housing options. Within 14 days of receiving notice from a provider of a serious operational event, the lead agency must ensure completion and approval of the complex transition plan by the recipient or the recipient's representative.

(b) A lead agency that receives notice from the commissioner of an administrative action must assist a recipient with an identified complex transition to develop a complex transition plan through

a person-centered process. The complex transition plan must include alternative service options, service settings, service providers with known service capacity, and safe and stable housing options. Within 14 days of receiving notice from the commissioner of an administrative action, other than notice of actions necessary to protect the health and safety of a recipient, the lead agency must ensure completion and approval of the complex transition plan by the recipient or the recipient's representative. For any administrative action necessary to protect the health and safety of a recipient, the lead agency must immediately take all necessary actions to ensure the health and safety of the recipient.

(c) Lead agencies must, as soon as possible, convene a meeting of representatives of the recipient; the recipient's representative, if appropriate; the lead agency; the provider, if the commissioner determines the provider's participation is appropriate; and the commissioner to discuss implementation of the complex transition plan.

(d) While a complex transition plan is active, lead agencies must convene every 14 days for a status meeting to provide a progress report to the commissioner on implementation of the complex transition plan.

Subd. 4. **No alternative services notification.** (a) If the lead agency does not identify an alternative service option, service setting, service provider, or safe and stable housing option, the lead agency must notify the commissioner and the commissioner of health, if applicable.

(b) Upon receiving a notification from the lead agency that the lead agency has failed to arrange for an alternative service option, service setting, service provider, or safe and stable housing option as required under the complex transition plan, the commissioner must determine if:

(1) there exists a good cause under Code of Federal Regulations, title 42, section 455.23(e) or (f), to not suspend payments under section 256B.064, subdivision 2;

(2) a delay in the implementation date of an administrative action is needed to support complex transition planning under this section; or

(3) there is cause to petition the district court in Ramsey County under section 245A.13 to be appointed receiver to operate a residential program.

Subd. 5. **Publishing data on continuity of care planning and complex transitions.** (a) The commissioner must maintain on the Department of Human Services' website a dashboard sharing data on the:

(1) number of active continuity of care plans;

(2) number of recipients included in an active continuity of care plan;

(3) average time between approval of a continuity of care plan and closure of that plan;

(4) number of active complex transition plans;

(5) number of complex transition plans completed before the provider ceases providing services or closes a setting, on an annual basis;

(6) number of complex transition plans completed after the provider ceases providing services or closes a setting, on an annual basis;

(7) number of complex transition plans that were not successfully completed, on an annual basis;

(8) number of notifications received by lead agencies under subdivision 3, paragraph (a); and

(9) number of notifications received by lead agencies under subdivision 3, paragraph (b).

(b) The commissioner must include functionality within the dashboard to filter data by region or county, provided the filtering functionalities comply with federal or state laws regarding the protection of personal health information and personally identifiable information.

Sec. 3. Minnesota Statutes 2024, section 256B.0651, subdivision 17, is amended to read:

Subd. 17. **Recipient protection.** ~~(a)~~ Providers of home care services must ~~provide each recipient with a copy of the home care bill of rights under section 144A.44 at least 30 days prior to terminating services to a recipient, if the termination results from provider sanctions under section 256B.064, such as a payment withhold, a suspension of participation, or a termination of participation. If a home care provider determines it is unable to continue providing services to a recipient, the provider must notify the recipient, the recipient's responsible party, and the commissioner 30 days prior to terminating services to the recipient because of an action under section 256B.064, and must assist the commissioner and lead agency in supporting the recipient in transitioning to another home care provider of the recipient's choice~~ meet the recipient protection requirements under section 256B.045 when subject to an administrative action or a serious operational event as defined in section 256B.045, subdivision 1.

~~(b) In the event of a payment withhold from a home care provider, a suspension of participation, or a termination of participation of a home care provider under section 256B.064, the commissioner may inform the Office of Ombudsman for Long-Term Care and the lead agencies for all recipients with active service agreements with the provider. At the commissioner's request, the lead agencies must contact recipients to ensure that the recipients are continuing to receive needed care, and that the recipients have been given free choice of provider if they transfer to another home care provider. In addition, the commissioner or the commissioner's delegate may directly notify recipients who receive care from the provider that payments have been or will be withheld or that the provider's participation in medical assistance has been or will be suspended or terminated, if the commissioner determines that notification is necessary to protect the welfare of the recipients. For purposes of this subdivision, "lead agencies" means counties, tribes, and managed care organizations.~~

Sec. 4. Minnesota Statutes 2024, section 256B.69, is amended by adding a subdivision to read:

Subd. 38. **Duties when a provider is no longer able to provide services.** When a provider is subject to a serious operational event or administrative action under section 256B.045, managed care and county-based purchasing plans must:

(1) follow the continuity of care planning and complex transition planning requirements under sections 256B.045 and 256B.046;

(2) honor existing services authorizations when clinically appropriate for continuity and safe transfer of services; and

(3) ensure timely contracting or single-case arrangements to prevent services gaps.

Sec. 5. Minnesota Statutes 2024, section 256B.85, subdivision 23a, is amended to read:

Subd. 23a. **Sanctions; information for participants upon termination of services.** (a) The commissioner may withhold payment from the provider or suspend or terminate the provider enrollment number if the provider fails to comply fully with applicable laws or rules. The provider has the right to appeal the decision of the commissioner under section 256B.064.

(b) Notwithstanding subdivision 13, paragraph (e), if a participant employer fails to comply fully with applicable laws or rules, the commissioner may disenroll the participant from the budget model. A participant may appeal in writing to the department under section 256.045, subdivision 3, to contest the department's decision to disenroll the participant from the budget model.

(c) Agency-providers of CFSS services or FMS providers must ~~provide each participant with a copy of participant protections in subdivision 20c at least 30 days prior to terminating services to a participant, if the termination results from sanctions under this subdivision or section 256B.064, such as a payment withhold or a suspension or termination of the provider enrollment number. If a CFSS agency-provider, FMS provider, or consultation services provider determines it is unable to continue providing services to a participant because of an action under this subdivision or section 256B.064, the agency-provider, FMS provider, or consultation services provider must notify the participant, the participant's representative, and the commissioner 30 days prior to terminating services to the participant, and must assist the commissioner and lead agency in supporting the participant in transitioning to another CFSS agency-provider, FMS provider, or consultation services provider of the participant's choice~~ meet the recipient protection requirements under section 256B.045 when subject to an administrative action or a serious operational event as defined in section 256B.045, subdivision 1.

~~(d) In the event the commissioner withholds payment from a CFSS agency-provider, FMS provider, or consultation services provider, or suspends or terminates a provider enrollment number of a CFSS agency-provider, FMS provider, or consultation services provider under this subdivision or section 256B.064, the commissioner may inform the Office of Ombudsman for Long-Term Care and the lead agencies for all participants with active service agreements with the agency-provider, FMS provider, or consultation services provider. At the commissioner's request, the lead agencies must contact participants to ensure that the participants are continuing to receive needed care, and that the participants have been given free choice of agency-provider, FMS provider, or consultation services provider if they transfer to another CFSS agency-provider, FMS provider, or consultation services provider. In addition, the commissioner or the commissioner's delegate may directly notify participants who receive care from the agency-provider, FMS provider, or consultation services provider that payments have been or will be withheld or that the provider's participation in medical assistance has been or will be suspended or terminated, if the commissioner determines that the notification is necessary to protect the welfare of the participants.~~

Sec. 6. **HOUSING SUPPORT CAPACITY-BUILDING GRANTS.**

(a) The commissioner of human services must establish capacity-building grants for housing support providers assisting recipients of medical assistance home and community-based services, including but not limited to integrated community supports, to prevent homelessness and institutionalization. The commissioner must award at least one grant to a qualified grant recipient located outside of the seven-county metropolitan area. The commissioner must include in the grant contract that the money awarded under the grant must not be used for any purpose other than the purposes specified in paragraph (c).

(b) Eligible recipients include housing support providers operating in accordance with Minnesota Statutes, section 256I.04.

(c) Capacity-building grants may be used for:

(1) administrative expenses;

(2) the assessment of eligible housing assistance benefits;

(3) housing transition assistance, including supports required due to a change in an individual's medical assistance services or provider; and

(4) the development of regional or collaborative housing support models that enable housing support providers to better support individual choice and access to community-integrated housing options.

(d) Grant recipients must report data and results to the commissioner, in a format determined by the commissioner, including:

(1) the percent increase in provider capacity;

(2) the number of referrals received and accepted, by medical assistance home and community-based service type;

(3) reasons for a referral;

(4) housing status for all accepted referrals at six months and one year, including the number of individuals residing in community-based settings; and

(5) additional outcomes as necessary to evaluate the effectiveness of the programs and use of funding for the people served.

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

Sec. 7. **DIRECTION TO COMMISSIONER; CONTINUITY OF CARE POLICIES AND PROCEDURES.**

The commissioner of human services must develop policies and procedures lead agencies must follow when developing, implementing, monitoring, and closing a complex transition plan under Minnesota Statutes, section 256B.046. The policies and procedures must include timelines, checklists, and mandatory follow-up with all parties involved in the development and implementation of the plan. The policies and procedures must include documentation requirements sufficient to demonstrate

that the planning process and implementation was person-centered and prioritized the needs and informed choice of the service recipient.

ARTICLE 2

LONG-TERM CARE FACILITY

Section 1. Minnesota Statutes 2024, section 144.1503, subdivision 7, is amended to read:

Subd. 7. **Selection process.** The commissioner shall determine a maximum award for grants and loan forgiveness, and shall make selections based on the information provided in the grant application, including the demonstrated need for an applicant provider to enhance the education of its workforce, the proposed employee scholarship or loan forgiveness selection process, the applicant's proposed budget, and other criteria as determined by the commissioner. Notwithstanding any law or rule to the contrary, amounts appropriated for purposes of this section do not cancel and are available until expended~~, except that at the end of each biennium, any remaining amount that is not committed by contract and not needed to fulfill existing commitments shall cancel to the general fund~~.

Sec. 2. Minnesota Statutes 2024, section 144A.291, subdivision 2, is amended to read:

Subd. 2. **Amounts.** (a) Fees may not exceed the following amounts but may be adjusted lower by board direction and are for the exclusive use of the board as required to sustain board operations. The maximum amounts of fees are:

(1) application for licensure, $200;

(2) for a prospective applicant for a review of education and experience advisory to the license application, $100, to be applied to the fee for application for licensure if the latter is submitted within one year of the request for review of education and experience;

(3) state examination, $125;

(4) initial license, $250 ~~if issued between July 1 and December 31, $100 if issued between January 1 and June 30~~;

(5) ~~acting~~ permit, $400;

(6) renewal license or certificate, $250;

(7) duplicate license, permit, or certificate, $50;

(8) reinstatement fee, $250;

~~(9) health services executive initial license, $250;~~

~~(10) health services executive renewal license, $250;~~

~~(11)~~ (9) reciprocity verification fee, $50;

~~(12) second~~ (10) application for shared assignment certificate, $250;

~~(13)~~ (11) continuing education fees:

(i) greater than six hours, $50; and

(ii) seven hours or more, $75;

~~(14)~~ (12) education review, $100;

~~(15)~~ (13) fee to a sponsor for review of individual continuing education seminars, institutes, workshops, or home study courses:

(i) for less than seven clock hours, $30; and

(ii) for seven or more clock hours, $50;

~~(16)~~ (14) fee to a licensee for review of continuing education seminars, institutes, workshops, or home study courses not previously approved for a sponsor and submitted with an application for license renewal:

(i) for less than seven clock hours total, $30; and

(ii) for seven or more clock hours total, $50;

~~(17)~~ (15) late renewal fee, $75;

~~(18)~~ (16) fee to a licensee for verification of licensure status and examination scores, $30;

~~(19)~~ (17) registration as a registered continuing education sponsor, $1,000;

~~(20) mail~~ (18) mailing list labels, $75; and

~~(21)~~ (19) annual assisted living program education provider fee, $2,500.

(b) The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Sec. 3. Minnesota Statutes 2024, section 144A.471, subdivision 8, is amended to read:

Subd. 8. **Exemptions from home care services licensure.** (a) Except as otherwise provided in this chapter, home care services that are provided by the state, counties, or other units of government must be licensed under this chapter.

(b) An exemption under this subdivision does not excuse the exempted individual or organization from complying with applicable provisions of the home care bill of rights in section 144A.44. The following individuals or organizations are exempt from the requirement to obtain a home care provider license:

(1) an individual or organization that offers, provides, or arranges for personal care assistance services under the medical assistance program as authorized under sections 256B.0625, subdivision 19a, and 256B.0659;

(2) a provider that is licensed by the commissioner of human services to provide semi-independent living services for persons with developmental disabilities under section 252.275 and Minnesota Rules, parts 9525.0900 to 9525.1020;

(3) a provider that is licensed by the commissioner of human services to provide home and community-based services for persons with developmental disabilities under section 256B.092 and Minnesota Rules, parts 9525.1800 to 9525.1930;

(4) an individual or organization that provides only home management services, if the individual or organization is registered under section 144A.482; ~~or~~

(5) an individual who is licensed in this state as a nurse, dietitian, social worker, occupational therapist, physical therapist, or speech-language pathologist who provides health care services in the home independently and not through any contractual or employment relationship with a home care provider or other organization; or

(6) a federally qualified health center as defined in section 145.9269, when providing nursing services described in United States Code, title 42, section 1395x(aa)(1)(C).

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

Sec. 4. Minnesota Statutes 2024, section 144G.15, is amended to read:

144G.15 CONSIDERATION OF APPLICATIONS.

Subdivision 1. **Consideration.** (a) Before issuing a provisional license or license or renewing a license, the commissioner shall consider an applicant's compliance history in providing care in this state or any other state in a facility that provides care to children, the elderly, ill individuals, or individuals with disabilities.

(b) The applicant's compliance history shall include repeat violation, rule violations, and any license or certification involuntarily suspended or terminated during an enforcement process.

(c) Before issuing a provisional license for an assisted living facility with a licensed resident capacity of six or fewer, the commissioner shall also consider the population, size, land use plan, availability of community services, and the number and size of existing licensed assisted living facilities in the town, municipality, or county in which the applicant seeks to operate an assisted living facility.

Subd. 2. **Colocation of certain home and community-based residential settings.** The commissioner must not grant a provisional license for an assisted living facility with a licensed resident capacity of six or fewer until the commissioner of human services determines that the proposed location of the assisted living facility meets the standard described in section 245A.042, subdivision 7. This paragraph applies regardless of the services to be provided in the proposed

assisted living facility and regardless of whether any residents of the facility will receive publicly funded services.

Subd. 3. **Grounds for licensing action.** ~~(c)~~ The commissioner may deny, revoke, suspend, restrict, or refuse to renew the license or impose conditions if:

(1) the applicant fails to provide complete and accurate information on the application and the commissioner concludes that the missing or corrected information is needed to determine if a license shall be granted;

(2) the applicant, knowingly or with reason to know, made a false statement of a material fact in an application for the license or any data attached to the application or in any matter under investigation by the department;

(3) the applicant refused to allow agents of the commissioner to inspect its books, records, and files related to the license application, or any portion of the premises;

(4) the applicant willfully prevented, interfered with, or attempted to impede in any way: (i) the work of any authorized representative of the commissioner, the ombudsman for long-term care, or the ombudsman for mental health and developmental disabilities; or (ii) the duties of the commissioner, local law enforcement, city or county attorneys, adult protection, county case managers, or other local government personnel;

(5) the applicant, owner, controlling individual, managerial official, or assisted living director for the facility has a history of noncompliance with federal or state regulations that were detrimental to the health, welfare, or safety of a resident or a client; or

(6) the applicant violates any requirement in this chapter.

~~(d) If a license is denied, the applicant has the reconsideration rights available under section 144G.16, subdivision 4.~~

Sec. 5. Minnesota Statutes 2024, section 144G.16, is amended by adding a subdivision to read:

Subd. 8. **Notice to affected municipality.** (a) No later than five days, excluding weekends and holidays, after issuing a provisional license to an assisted living facility with a licensed resident capacity of six or fewer, the commissioner must provide the following information about the provisional licensee and the facility to the affected municipality or other political subdivision:

(1) business name of the provisional licensee;

(2) street address of the facility;

(3) license category;

(4) licensed resident capacity; and

(5) contact information for an authorized agent of the provisional licensee.

(b) The commissioner may provide notice through electronic communication or by submitting a written document to the official address of the municipality or other political subdivision.

EFFECTIVE DATE. This section is effective July 1, 2026, and applies to provisional licenses issued on or after that date.

Sec. 6. Minnesota Statutes 2024, section 144G.195, subdivision 1, is amended to read:

Subdivision 1. **New license not required.** (a) ~~Beginning March 15, 2025,~~ An assisted living facility with a licensed resident capacity of five residents or fewer may operate under the licensee's current license if the facility is relocated with the approval of the commissioner of health during the period the current license is valid.

(b) A licensee is not required to apply for a new license solely because the licensee receives approval to relocate a facility. The licensee's license for the relocated facility remains valid until the expiration date specified on the existing license. The commissioner of health must apply the licensing and survey cycle previously established for the facility's prior location to the facility's new location.

(c) A licensee must notify the commissioner of health, on a form developed by the commissioner, of the licensee's intent to relocate the licensee's facility and submit a nonrefundable relocation fee of $3,905. The commissioner must deposit all relocation fees in the state treasury to be credited to the state government special revenue fund.

(d) The licensee must obtain plan review approval for the building to which the licensee intends to relocate the facility and a certificate of occupancy from the commissioner of labor and industry or the commissioner of labor and industry's delegated authority for the building. Upon issuance of a certificate of occupancy, the commissioner of health must review and inspect the building to which the licensee intends to relocate the facility ~~and approve or deny the license relocation within 30 calendar days~~ and must request from the commissioner of human services a determination of whether the location to which the licensee intends to relocate complies with the standards described in section 245A.042, subdivision 7. The commissioner of health must approve or deny the license relocation within 30 calendar days after inspecting the building and receiving a determination from the commissioner of human services.

(e) A licensee ~~may only relocate a facility within the geographic boundaries of the municipality in which the facility is currently located or within the geographic boundaries of a contiguous municipality~~ located in the seven-county metropolitan area may not relocate outside of the seven-county metropolitan area. A licensee located outside of the seven-county metropolitan area may not relocate more than two hours or 120 miles from the licensee's previous location nor relocate within the seven-county metropolitan area.

(f) A licensee may only relocate one time in any three-year period, except that the commissioner may approve an additional relocation within a three-year period upon a licensee's demonstration of an extenuating circumstance, including but not limited to the criteria outlined in section 256B.49, subdivision 28a, paragraph (c).

(g) A licensee that receives approval from the commissioner to relocate a facility must provide each resident with a new assisted living contract and comply with the coordinated move requirements under section 144G.55.

(h) A licensee denied approval by the commissioner of health to relocate a facility may continue to operate the facility in its current location, follow the requirements in section 144G.57 and close the facility, or notify the commissioner of health of the licensee's intent to relocate the facility to an alternative new location. If the licensee notifies the commissioner of the licensee's intent to relocate the facility to an alternative new location, ~~paragraph (c) applies, including~~ all provisions of this section apply, including paragraph (c) and the timelines for approving or denying the license relocation for the alternative new location.

(i) If the commissioner of health approves a relocation under this subdivision, the commissioner must comply with the provisions of section 144G.16, subdivision 8.

Sec. 7. Minnesota Statutes 2024, section 144G.45, subdivision 3, is amended to read:

Subd. 3. **Local laws apply; delegating inspection authority.** (a) Assisted living facilities shall comply with all applicable state and local governing laws, regulations, standards, ordinances, and codes for fire safety, building, and zoning requirements, except a facility with a licensed resident capacity of six or fewer is exempt from rental licensing regulations imposed by any town, municipality, or county.

(b) At the request of a county or local unit of government, the commissioner may delegate to a county agency or local unit of government the commissioner's authority to inspect an existing assisted living facility with a licensed resident capacity of six or fewer that is in the jurisdiction of the county or local unit of government for compliance with applicable physical plant licensing requirements and zoning ordinances. If the commissioner delegates the commissioner's authority to a county agency or local unit of government under this subdivision, the commissioner must execute a formal delegation of authority that clearly specifies what authority is being delegated to the county agency or local unit of government, that the commissioner is responsible for any costs incurred by the county agency or local unit of government for conducting inspections under delegated authority, and that the county agency or local unit of government must not assess any additional fees for conducting an inspection under delegated authority. When conducting an inspection under delegated authority, the county agency or local unit of government must provide the subject of the inspection with a copy of the delegation of authority.

(c) When a county agency or local unit of government is conducting an inspection under delegated authority as provided in paragraph (b), the county agency or local unit of government and the commissioner must coordinate their inspections to minimize visits to and disruptions of the facility. A county agency or local unit of government conducting an inspection must notify the commissioner of any violations or concerns within ten working days of the inspection. A county agency or local unit of government that conducts inspections under this subdivision must not inspect an assisted living facility more frequently than annually, except a follow-up inspection is permitted before the next annual inspection to verify correction of a violation discovered during the most recent inspection.

(d) The commissioner must ensure that laws, rules, and codes are uniformly enforced throughout the state by reviewing at least every four years each county agency and local unit of government

conducting inspections under this subdivision for compliance with this subdivision and other applicable laws and rules. The commissioner must ensure that a county agency or local unit of government to which the commissioner has delegated the commissioner's authority under this subdivision has at all times sufficient expertise to conduct delegated inspections competently, and if the county agency or local unit of government does not, the commissioner must immediately revoke the delegation of authority.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 8. **DIRECTION TO COMMISSIONER OF HEALTH; SMALL ASSISTED LIVING FACILITY LICENSURE.**

(a) The commissioner of health must convene a group of interested parties to examine the licensing requirements under Minnesota Statutes, chapter 144G, for assisted living facilities with a licensed resident capacity of five residents or fewer. The group must develop a new licensing category applicable to such facilities to account for health and safety requirements and practical realities of operating small assisted living facilities that predominantly serve individuals receiving customized living services under the federally approved brain injury, community access for disability inclusion, and elderly waiver plans.

(b) The commissioner must develop draft legislative language to establish a new assisted living license category for facilities with a licensed resident capacity of five residents or fewer.

(c) The commissioner must submit the draft legislation to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by January 1, 2028.

ARTICLE 3

HEALTH CARE

Section 1. Minnesota Statutes 2025 Supplement, section 15.013, is amended by adding a subdivision to read:

Subd. 7. **Exemption.** Nothing in this section modifies, supersedes, limits, or expands the authority of the commissioner of human services to impose sanctions under section 256B.064.

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

Sec. 2. Minnesota Statutes 2024, section 245.095, is amended by adding a subdivision to read:

Subd. 7. **Exemption.** Nothing in this section modifies, supersedes, limits, or expands the commissioner's authority to impose sanctions under section 256B.064.

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

Sec. 3. Minnesota Statutes 2024, section 245.462, is amended by adding a subdivision to read:

Subd. 2a. **Case management contact.** "Case management contact" means interactive communication conducted in person, by interactive video that meets the requirements of section

256B.0625, subdivision 20b, or by telephone with the client; client's parent; legal guardian, guardian ad litem, or attorney for clients that are children or youth under 19 years of age; or client's attorney for clients that are adults 19 years of age or older.

Sec. 4. Minnesota Statutes 2024, section 245.4711, subdivision 5, is amended to read:

Subd. 5. **Coordination between case manager and community support services.** (a) The county board must establish procedures that ensure ongoing contact and coordination between the case manager and the community support services program as well as other mental health services.

(b) The case manager must have at least one case management contact in every calendar month with a documented core service component, as defined by the commissioner, to claim reimbursement for adult mental health targeted case management. Adult mental health case managers must not conduct the case management contact by telephone with the adult client or the adult client's legal representative for more than two consecutive calendar months.

Sec. 5. Minnesota Statutes 2024, section 245.4881, subdivision 5, is amended to read:

Subd. 5. **Coordination between case manager and family community support services.** (a) The county board must establish procedures that ensure ongoing contact and coordination between the case manager and the family community support services as well as other mental health services for each child.

(b) The case manager must have at least one case management contact in every calendar month with the child, the child's parents, or the child's legal representative.

Sec. 6. Minnesota Statutes 2024, section 245A.02, subdivision 5a, is amended to read:

Subd. 5a. **Controlling individual.** (a) "Controlling individual" means an owner of a program or service provider licensed under this chapter and the following individuals, if applicable:

(1) each officer of the organization, including the chief executive officer and chief financial officer;

(2) the individual designated as the authorized agent under section 245A.04, subdivision 1, paragraph (b);

(3) the individual designated as the compliance officer under section ~~256B.04, subdivision 21, paragraph (g)~~ 256B.044, subdivision 8, paragraph (b);

(4) each managerial official whose responsibilities include the direction of the management or policies of a program; and

(5) the president and treasurer of the board of directors of a nonprofit corporation.

(b) Controlling individual does not include:

(1) a bank, savings bank, trust company, savings association, credit union, industrial loan and thrift company, investment banking firm, or insurance company unless the entity operates a program directly or through a subsidiary;

(2) an individual who is a state or federal official, or state or federal employee, or a member or employee of the governing body of a political subdivision of the state or federal government that operates one or more programs, unless the individual is also an officer, owner, or managerial official of the program, receives remuneration from the program, or owns any of the beneficial interests not excluded in this subdivision;

(3) an individual who owns less than five percent of the outstanding common shares of a corporation:

(i) whose securities are exempt under section 80A.45, clause (6); or

(ii) whose transactions are exempt under section 80A.46, clause (2);

(4) an individual who is a member of an organization exempt from taxation under section 290.05, unless the individual is also an officer, owner, or managerial official of the program or owns any of the beneficial interests not excluded in this subdivision. This clause does not exclude from the definition of controlling individual an organization that is exempt from taxation; or

(5) an employee stock ownership plan trust, or a participant or board member of an employee stock ownership plan, unless the participant or board member is a controlling individual according to paragraph (a).

(c) For purposes of this subdivision, "managerial official" means an individual who has the decision-making authority related to the operation of the program, and the responsibility for the ongoing management of or direction of the policies, services, or employees of the program. A site director who has no ownership interest in the program is not considered to be a managerial official for purposes of this definition.

Sec. 7. Minnesota Statutes 2025 Supplement, section 245A.04, subdivision 1, as amended by Laws 2026, chapter 88, article 1, section 101, is amended to read:

Subdivision 1. **Application for licensure.** (a) An individual, organization, or government entity that is subject to licensure under section 245A.03 must apply for a license. The application must be made on the forms and in the manner prescribed by the commissioner. The commissioner shall provide the applicant with instruction in completing the application and provide information about the rules and requirements of other state agencies that affect the applicant. An applicant seeking licensure in Minnesota with headquarters outside of Minnesota must have a program office located within 30 miles of the Minnesota border. An applicant who intends to buy or otherwise acquire a program or services licensed under this chapter that is owned by another license holder must apply for a license under this chapter and comply with the application procedures in this section and section 245A.043. A license issued pursuant to a change of ownership under section 245A.043 is not subject to any moratorium imposed under section 245A.03, subdivision 7 or 7a, provided the change of ownership does not result in an increase in licensed capacity or service scope.

The commissioner shall act on the application within 90 working days after a complete application and any required reports have been received from other state agencies or departments, counties, municipalities, or other political subdivisions. The commissioner shall not consider an application to be complete until the commissioner receives all of the required information. If the applicant or a controlling individual is the subject of a pending administrative, civil, or criminal investigation, the

application is not complete until the investigation has closed or the related legal proceedings are complete.

When the commissioner receives an application for initial licensure that is incomplete because the applicant failed to submit required documents or that is substantially deficient because the documents submitted do not meet licensing requirements, the commissioner shall provide the applicant written notice that the application is incomplete or substantially deficient. In the written notice to the applicant the commissioner shall identify documents that are missing or deficient and give the applicant 45 days to resubmit a second application that is substantially complete. An applicant's failure to submit a substantially complete application after receiving notice from the commissioner is a basis for license denial under section 245A.05.

(b) An application for licensure must identify all controlling individuals as defined in section 245A.02, subdivision 5a, and must designate one individual to be the authorized agent. The application must be signed by the authorized agent and must include the authorized agent's first, middle, and last name; mailing address; and email address. By submitting an application for licensure, the authorized agent consents to electronic communication with the commissioner throughout the application process. The authorized agent must be authorized to accept service on behalf of all of the controlling individuals. A government entity that holds multiple licenses under this chapter may designate one authorized agent for all licenses issued under this chapter or may designate a different authorized agent for each license. Service on the authorized agent is service on all of the controlling individuals. It is not a defense to any action arising under this chapter that service was not made on each controlling individual. The designation of a controlling individual as the authorized agent under this paragraph does not affect the legal responsibility of any other controlling individual under this chapter.

(c) An applicant or license holder must have a policy that prohibits license holders, employees, subcontractors, and volunteers, when directly responsible for persons served by the program, from abusing prescription medication or being in any manner under the influence of a chemical that impairs the individual's ability to provide services or care. The license holder must train employees, subcontractors, and volunteers about the program's drug and alcohol policy before the employee, subcontractor, or volunteer has direct contact, as defined in section 245C.02, subdivision 11, with a person served by the program.

(d) An applicant and license holder must have a program grievance procedure that permits persons served by the program and their authorized representatives to bring a grievance to the highest level of authority in the program.

(e) The commissioner may limit communication during the application process to the authorized agent or the controlling individuals identified on the license application and for whom a background study was initiated under chapter 245C. Upon implementation of the provider licensing and reporting hub, applicants and license holders must use the hub in the manner prescribed by the commissioner. The commissioner may require the applicant, except for child foster care, to demonstrate competence in the applicable licensing requirements by successfully completing a written examination. The commissioner may develop a prescribed written examination format.

(f) When an applicant is an individual, the applicant must provide:

(1) the applicant's taxpayer identification numbers including the Social Security number or Minnesota tax identification number, and federal employer identification number if the applicant has employees;

(2) at the request of the commissioner, a copy of the most recent filing with the secretary of state that includes the complete business name, if any;

(3) if doing business under a different name, the doing business as (DBA) name, as registered with the secretary of state;

(4) if applicable, the applicant's National Provider Identifier (NPI) number and Unique Minnesota Provider Identifier (UMPI) number; and

(5) at the request of the commissioner, the notarized signature of the applicant or authorized agent.

(g) When an applicant is an organization, the applicant must provide:

(1) the applicant's taxpayer identification numbers including the Minnesota tax identification number and federal employer identification number;

(2) at the request of the commissioner, a copy of the most recent filing with the secretary of state that includes the complete business name, and if doing business under a different name, the doing business as (DBA) name, as registered with the secretary of state;

(3) the first, middle, and last name, and address for all individuals who will be controlling individuals, including all officers, owners, and managerial officials as defined in section 245A.02, subdivision 5a, and the date that the background study was initiated by the applicant for each controlling individual;

(4) if applicable, the applicant's NPI number and UMPI number;

(5) the documents that created the organization and that determine the organization's internal governance and the relations among the persons that own the organization, have an interest in the organization, or are members of the organization, in each case as provided or authorized by the organization's governing statute, which may include a partnership agreement, bylaws, articles of organization, organizational chart, and operating agreement, or comparable documents as provided in the organization's governing statute; and

(6) the notarized signature of the applicant or authorized agent.

(h) When the applicant is a government entity, the applicant must provide:

(1) the name of the government agency, political subdivision, or other unit of government seeking the license and the name of the program or services that will be licensed;

(2) the applicant's taxpayer identification numbers including the Minnesota tax identification number and federal employer identification number;

(3) a letter signed by the manager, administrator, or other executive of the government entity authorizing the submission of the license application; and

(4) if applicable, the applicant's NPI number and UMPI number.

(i) At the time of application for licensure or renewal of a license under this chapter, the applicant or license holder must acknowledge on the form provided by the commissioner if the applicant or license holder elects to receive any public funding reimbursement from the commissioner for services provided under the license that:

(1) the applicant's or license holder's compliance with the provider enrollment agreement or registration requirements for receipt of public funding may be monitored by the commissioner as part of a licensing investigation or licensing inspection; and

(2) noncompliance with the provider enrollment agreement or registration requirements for receipt of public funding that is identified through a licensing investigation or licensing inspection, or noncompliance with a licensing requirement that is a basis of enrollment for reimbursement for a service, may result in:

(i) a correction order or a conditional license under section 245A.06, or sanctions under section 245A.07;

(ii) nonpayment of claims submitted by the license holder for public program reimbursement;

(iii) recovery of payments made for the service;

(iv) disenrollment in the public payment program; or

(v) other administrative, civil, or criminal penalties as provided by law.

(j) An applicant or license holder who acknowledges under paragraph (i) that the applicant or license holder elects to receive any publicly funded reimbursement from the commissioner for services provided under the license that are designated by the commissioner as high-risk under section 256B.044, subdivision 1, must provide an attestation with the notarized signature of the applicant or authorized agent stating whether the applicant or authorized agent received from an unaffiliated business or consultant any assistance preparing:

(1) the licensure application;

(2) the renewal application;

(3) any documentation or written policies submitted with the licensure application;

(4) any documentation or written policies submitted with the renewal application; or

(5) any documentation or written policies maintained as a requirement of licensure or enrollment as a medical assistance provider.

Sec. 8. Minnesota Statutes 2025 Supplement, section 245A.04, subdivision 7, is amended to read:

Subd. 7. **Grant of license; license extension.** (a) If the commissioner determines that the program complies with all applicable rules and laws, the commissioner shall issue a license consistent with this section or, if applicable, a temporary change of ownership license under section 245A.043. At minimum, the license shall state:

(1) the name of the license holder;

(2) the address of the program;

(3) the effective date and expiration date of the license;

(4) the type of license and the specific service the license holder is licensed to provide;

(5) the maximum number and ages of persons that may receive services from the program; and

(6) any special conditions of licensure.

(b) The commissioner may issue a license for a period not to exceed two years if:

(1) the commissioner is unable to conduct the observation required by subdivision 4, paragraph (a), clause (3), because the program is not yet operational;

(2) certain records and documents are not available because persons are not yet receiving services from the program; and

(3) the applicant complies with applicable laws and rules in all other respects.

(c) A decision by the commissioner to issue a license does not guarantee that any person or persons will be placed or cared for in the licensed program.

(d) Except as provided in paragraphs (i) and (j), the commissioner shall not issue a license if the applicant, license holder, or an affiliated controlling individual has:

(1) been disqualified and the disqualification was not set aside and no variance has been granted;

(2) been denied a license under this chapter or chapter 142B within the past two years;

(3) had a license issued under this chapter or chapter 142B revoked within the past five years; or

(4) failed to submit the information required of an applicant under subdivision 1, paragraph (f), (g), ~~or~~ (h), or (j), after being requested by the commissioner.

When a license issued under this chapter or chapter 142B is revoked, the license holder and each affiliated controlling individual with a revoked license may not hold any license under chapter 245A for five years following the revocation, and other licenses held by the applicant or license holder or licenses affiliated with each controlling individual shall also be revoked.

(e) Notwithstanding paragraph (d), the commissioner may elect not to revoke a license affiliated with a license holder or controlling individual that had a license revoked within the past five years if the commissioner determines that (1) the license holder or controlling individual is operating the

program in substantial compliance with applicable laws and rules and (2) the program's continued operation is in the best interests of the community being served.

(f) Notwithstanding paragraph (d), the commissioner may issue a new license in response to an application that is affiliated with an applicant, license holder, or controlling individual that had an application denied within the past two years or a license revoked within the past five years if the commissioner determines that (1) the applicant or controlling individual has operated one or more programs in substantial compliance with applicable laws and rules and (2) the program's operation would be in the best interests of the community to be served.

(g) In determining whether a program's operation would be in the best interests of the community to be served, the commissioner shall consider factors such as the number of persons served, the availability of alternative services available in the surrounding community, the management structure of the program, whether the program provides culturally specific services, and other relevant factors.

(h) The commissioner shall not issue or reissue a license under this chapter if an individual living in the household where the services will be provided as specified under section 245C.03, subdivision 1, has been disqualified and the disqualification has not been set aside and no variance has been granted.

(i) Pursuant to section 245A.07, subdivision 1, paragraph (b), when a license issued under this chapter has been suspended or revoked and the suspension or revocation is under appeal, the program may continue to operate pending a final order from the commissioner. If the license under suspension or revocation will expire before a final order is issued, a temporary provisional license may be issued provided any applicable license fee is paid before the temporary provisional license is issued.

(j) Notwithstanding paragraph (i), when a revocation is based on the disqualification of a controlling individual or license holder, and the controlling individual or license holder is ordered under section 245C.17 to be immediately removed from direct contact with persons receiving services or is ordered to be under continuous, direct supervision when providing direct contact services, the program may continue to operate only if the program complies with the order and submits documentation demonstrating compliance with the order. If the disqualified individual fails to submit a timely request for reconsideration, or if the disqualification is not set aside and no variance is granted, the order to immediately remove the individual from direct contact or to be under continuous, direct supervision remains in effect pending the outcome of a hearing and final order from the commissioner.

(k) Unless otherwise specified by statute, all licenses issued under this chapter expire at 12:01 a.m. on the day after the expiration date stated on the license. A license holder must comply with the requirements in section 245A.10 and be reissued a new license to operate the program or the program must not be operated after the expiration date. Adult foster care, family adult day services, child foster residence setting, and community residential services license holders must apply for and be granted a new license to operate the program or the program must not be operated after the expiration date. Upon implementation of the provider licensing and reporting hub, licenses may be issued each calendar year.

(l) The commissioner shall not issue or reissue a license under this chapter if it has been determined that a Tribal licensing authority has established jurisdiction to license the program or service.

(m) The commissioner of human services may coordinate and share data with the commissioner of children, youth, and families to enforce this section.

(n) For substance use disorder treatment programs, for the purposes of paragraph (a), clause (5), the maximum number of persons who may receive services from the program includes persons served at satellite locations.

Sec. 9. Minnesota Statutes 2024, section 245A.042, is amended by adding a subdivision to read:

Subd. 7. **Department of Human Services home and community-based services early and often licensor and compliance team.** (a) The commissioner must establish and maintain a home and community-based services early and often licensor and compliance team to deliver proactive and coordinated support to applicants through the application process and to license holders during the first year of operation of the licensed home and community-based program. The commissioner must ensure that the home and community-based services early and often licensor and compliance team has sufficient staff and resources to perform the functions required under this subdivision. The commissioner must ensure that the licensor and compliance team has members with expertise in licensing requirements and members with expertise in medical assistance enrollment requirements, medical assistance service delivery requirements, and medical assistance billing requirements.

(b) The home and community-based services early and often licensor and compliance team must provide technical assistance to applicants regarding completing and submitting license applications under this chapter and chapter 256D and medical assistance provider enrollment applications under section 256B.04, subdivision 21.

(c) The home and community-based services early and often licensor and compliance team must conduct an initial scheduled technical assistance visit three months after the effective date of an initial license for the purpose of providing technical assistance to the license holder. The team must provide technical assistance related to achieving and maintaining compliance with the applicable laws, rules, and regulations governing the provision of and reimbursement for home and community-based services under this chapter and chapters 245D, 256B, and 256S and waiver plans.

(d) The home and community-based services early and often licensor and compliance team must conduct three unscheduled visits after the beginning of the sixth calendar month following the effective date of an initial license and before the end of the eighteenth month following the effective date of an initial license.

(e) If during the technical assistance visit or during the following three unannounced visits, the team finds that the license holder has failed to achieve compliance with an applicable law, rule, or regulation, and the failure does not imminently endanger the health, safety, or rights of persons served by the program, the team may issue a licensing and compliance review report with recommendations for achieving and maintaining compliance.

(f) Nothing in this subdivision shall be construed to limit the commissioner's authority to:

(1) suspend or revoke a license or issue a fine at any time under section 245A.07 or issue correction orders and make a license conditional for failure to comply with applicable laws, rules, or regulations under section 245A.06 based on the nature, chronicity, or severity of the violation of a law, rule, or regulation and the effect of the violation on the health, safety, or rights of persons served by the program; or

(2) impose a sanction under section 256B.064 based on the nature, chronicity, or severity of the violation of law, rule, or regulation.

Sec. 10. Minnesota Statutes 2025 Supplement, section 245A.05, is amended to read:

245A.05 DENIAL OF APPLICATION.

(a) The commissioner may deny a license if an applicant or controlling individual:

(1) fails to submit a substantially complete application after receiving notice from the commissioner under section 245A.04, subdivision 1;

(2) fails to comply with applicable laws or rules;

(3) knowingly withholds relevant information from or gives false or misleading information to the commissioner in connection with an application for a license or during an investigation;

(4) has a disqualification that has not been set aside under section 245C.22 and no variance has been granted;

(5) has an individual living in the household who received a background study under section 245C.03, subdivision 1, paragraph (a), clause (2), who has a disqualification that has not been set aside under section 245C.22, and no variance has been granted;

(6) is associated with an individual who received a background study under section 245C.03, subdivision 1, paragraph (a), clause (6), who may have unsupervised access to children or vulnerable adults, and who has a disqualification that has not been set aside under section 245C.22, and no variance has been granted;

(7) fails to comply with section 245A.04, subdivision 1, paragraph (f) ~~or~~, (g), or (j);

(8) fails to demonstrate competent knowledge as required by section 245A.04, subdivision 6;

(9) has a history of noncompliance as a license holder or controlling individual with applicable laws or rules, including but not limited to this chapter and chapters 142E and 245C;

(10) is prohibited from holding a license according to section 245.095; or

(11) is the subject of a pending administrative, civil, or criminal investigation.

(b) An applicant whose application has been denied by the commissioner must be given notice of the denial, which must state the reasons for the denial in plain language. Notice must be given by certified mail, by personal service, or through the provider licensing and reporting hub. The notice must state the reasons the application was denied and must inform the applicant of the right

to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The applicant may appeal the denial by notifying the commissioner in writing by certified mail, by personal service, or through the provider licensing and reporting hub. If mailed, the appeal must be postmarked and sent to the commissioner within 20 calendar days after the applicant received the notice of denial. If an appeal request is made by personal service, it must be received by the commissioner within 20 calendar days after the applicant received the notice of denial. If the order is issued through the provider hub, the appeal must be received by the commissioner within 20 calendar days from the date the commissioner issued the order through the hub. Section 245A.08 applies to hearings held to appeal the commissioner's denial of an application.

Sec. 11. Minnesota Statutes 2024, section 245D.081, subdivision 3, is amended to read:

Subd. 3. **Program management and oversight.** (a) The license holder must designate a managerial staff person or persons to provide program management and oversight of the services provided by the license holder. The designated manager is responsible for the following:

(1) maintaining a current understanding of the licensing requirements sufficient to ensure compliance throughout the program as identified in section 245A.04, subdivision 1, paragraph (e), and when applicable, as identified in section ~~256B.04, subdivision 21, paragraph (g)~~ 256B.044, subdivision 8;

(2) ensuring the duties of the designated coordinator are fulfilled according to the requirements in subdivision 2;

(3) ensuring the program implements corrective action identified as necessary by the program following review of incident and emergency reports according to the requirements in section 245D.11, subdivision 2, clause (7). An internal review of incident reports of alleged or suspected maltreatment must be conducted according to the requirements in section 245A.65, subdivision 1, paragraph (b);

(4) evaluation of satisfaction of persons served by the program, the person's legal representative, if any, and the case manager, with the service delivery and progress toward accomplishing outcomes identified in sections 245D.07 and 245D.071, and ensuring and protecting each person's rights as identified in section 245D.04;

(5) ensuring staff competency requirements are met according to the requirements in section 245D.09, subdivision 3, and ensuring staff orientation and training is provided according to the requirements in section 245D.09, subdivisions 4, 4a, and 5;

(6) ensuring corrective action is taken when ordered by the commissioner and that the terms and conditions of the license and any variances are met; and

(7) evaluating the information identified in clauses (1) to (6) to develop, document, and implement ongoing program improvements.

(b) The designated manager must be competent to perform the duties as required and must minimally meet the education and training requirements identified in subdivision 2, paragraph (b), and have a minimum of three years of supervisory level experience in a program that provides care or education to vulnerable adults or children.

Sec. 12. Minnesota Statutes 2025 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. **Specific powers.** Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall carry out the specific duties in paragraphs (a) through (z):

(a) Administer and supervise the forms of public assistance provided for by state law and other welfare activities or services that are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(1) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(2) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(3) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(4) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(5) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(6) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(7) enter into contractual agreements with federally recognized Indian Tribes with a reservation in Minnesota to the extent necessary for the Tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and Tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

The commissioner shall work in conjunction with the commissioner of children, youth, and families to carry out the duties of this paragraph when necessary and feasible.

(b) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(c) Administer and supervise all noninstitutional service to persons with disabilities, including persons who have vision impairments, and persons who are deaf, deafblind, and hard-of-hearing or with other disabilities. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals operated by the executive board when it is not feasible to provide the service in state hospitals operated by the executive board.

(d) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(e) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(f) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(g) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as developmentally disabled.

(h) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(i) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(j) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(k) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(1) the United States Secretary of Health and Human Services has agreed, for the same project, to waive state plan requirements relative to statewide uniformity; and

(2) a comprehensive plan, including estimated project costs, shall be approved by the Legislative Advisory Commission and filed with the commissioner of administration.

(l) According to federal requirements and in coordination with the commissioner of children, youth, and families, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(m) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for medical assistance in the following manner:

(1) one-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. Disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for medical assistance. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due; and

(2) notwithstanding the provisions of clause (1), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in clause (1), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to clause (1).

(n) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches $1,000,000. When the balance in the account exceeds $1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(o) Have the authority to establish and enforce the following county reporting requirements:

(1) the commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced;

(2) the county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid

jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner;

(3) if the required reports are not received by the deadlines established in clause (2), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received;

(4) a county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance;

(5) the final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period;

(6) the commissioner may not delay payments, withhold funds, or require repayment under clause (3) or (5) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under clause (3) or (5), the county board may appeal the action according to sections 14.57 to 14.69; and

(7) counties subject to withholding of funds under clause (3) or forfeiture or repayment of funds under clause (5) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under clause (3) or (5).

(p) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample in direct proportion to each county's claim for that period.

(q) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department, including but not limited to a preenrollment risk assessment. A preenrollment risk assessment under this paragraph must be conducted in accordance with the procedures and criteria established in section 256B.0437.

(r) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(s) Have the authority to administer the federal drug rebate program for drugs purchased under the medical assistance program as allowed by section 1927 of title XIX of the Social Security Act and according to the terms and conditions of section 1927. Rebates shall be collected for all drugs

that have been dispensed or administered in an outpatient setting and that are from manufacturers who have signed a rebate agreement with the United States Department of Health and Human Services.

(t) Have the authority to administer a supplemental drug rebate program for drugs purchased under the medical assistance program. The commissioner may enter into supplemental rebate contracts with pharmaceutical manufacturers and may require prior authorization for drugs that are from manufacturers that have not signed a supplemental rebate contract. Prior authorization of drugs shall be subject to the provisions of section 256B.0625, subdivision 13.

(u) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(v) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(w) Designate community information and referral call centers and incorporate cost reimbursement claims from the designated community information and referral call centers into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Existing information and referral centers provided by Greater Twin Cities United Way or existing call centers for which Greater Twin Cities United Way has legal authority to represent, shall be included in these designations upon review by the commissioner and assurance that these services are accredited and in compliance with national standards. Any reimbursement is appropriated to the commissioner and all designated information and referral centers shall receive payments according to normal department schedules established by the commissioner upon final approval of allocation methodologies from the United States Department of Health and Human Services Division of Cost Allocation or other appropriate authorities.

(x) Develop recommended standards for adult foster care homes that address the components of specialized therapeutic services to be provided by adult foster care homes with those services.

(y) Authorize the method of payment to or from the department as part of the human services programs administered by the department. This authorization includes the receipt or disbursement of funds held by the department in a fiduciary capacity as part of the human services programs administered by the department.

(z) Designate the agencies that operate the Senior LinkAge Line under section 256.975, subdivision 7, and the Disability Hub under subdivision 24 as the state of Minnesota Aging and Disability Resource Center under United States Code, title 42, section 3001, the Older Americans Act Amendments of 2006, and incorporate cost reimbursement claims from the designated centers into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement must be appropriated to the commissioner and treated consistent with section 256.011. All Aging and Disability Resource Center designated agencies shall receive payments of grant funding that supports the activity and generates the federal financial participation according to Board on Aging administrative granting mechanisms.

Sec. 13. Minnesota Statutes 2024, section 256.01, is amended by adding a subdivision to read:

Subd. 46. **Department of Human Services home and community-based services provider support and technical assistance team.** The commissioner must establish and maintain a home and community-based services provider support and technical assistance team to deliver proactive and coordinated support to home and community-based services providers. The commissioner must ensure that the home and community-based services provider support and technical assistance team has sufficient staff and resources to perform the functions required under this subdivision. The home and community-based services provider support and technical assistance team must:

(1) serve as a provider liaison and help desk for providers' technical, regulatory, and operational questions;

(2) develop training and onboarding materials for home and community-based services providers;

(3) collect data on home and community-based provider challenges;

(4) coordinate the functions of the department, including information technology, licensing, provider enrollment, service delivery oversight, and program integrity oversight to clarify program requirements, provider requirements, and service requirements and to support providers with compliance and prevention of fraud; and

(5) make recommendations to the commissioner regarding changes to the operations of the department or to the design and implementation of home and community-based services that would improve the delivery of services and improve program integrity.

Sec. 14. Minnesota Statutes 2024, section 256B.04, subdivision 5, is amended to read:

Subd. 5. **Annual report required.** The state agency within 60 days after the close of each fiscal year, shall prepare and print for the fiscal year a report that includes: a full account of the operations and expenditure of funds under this chapter~~,~~; a full account of the activities undertaken in accordance with subdivision 10~~,~~; adequate and complete statistics divided by counties about all medical assistance provided in accordance with this chapter~~,~~; a full account of all pre-enrollment, postenrollment, and

unannounced site visits to providers under section 256B.044, subdivision 5; and any other information it may deem advisable.

Sec. 15. Minnesota Statutes 2025 Supplement, section 256B.04, subdivision 21, as amended by Laws 2026, chapter 95, article 4, section 12, is amended to read:

Subd. 21. **Provider enrollment.** ~~(a)~~ The commissioner shall enroll providers and conduct screening activities as required by Code of Federal Regulations, title 42, section 455, subpart E, and sections 256B.044 to 256B.0448. ~~A provider must enroll each provider-controlled location where direct services are provided. The commissioner may deny a provider's incomplete application if a provider fails to respond to the commissioner's request for additional information within 60 days of the request. The commissioner must conduct a background study under chapter 245C, including a review of databases in section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5), for a provider described in this paragraph. The background study requirement may be satisfied if the commissioner conducted a fingerprint-based background study on the provider that includes a review of databases in section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5).~~

~~(b) The commissioner shall revalidate:~~

~~(1) each provider under this subdivision at least once every five years;~~

~~(2) each personal care assistance agency, CFSS provider-agency, and CFSS financial management services provider under this subdivision at least once every three years;~~

~~(3) each EIDBI agency under this subdivision at least once every three years; and~~

~~(4) at the commissioner's discretion, any medical-assistance-only provider type the commissioner deems "high-risk" under this subdivision.~~

~~(c) The commissioner shall conduct revalidation as follows:~~

~~(1) provide 30-day notice of the revalidation due date including instructions for revalidation and a list of materials the provider must submit;~~

~~(2) if a provider fails to submit all required materials by the due date, notify the provider of the deficiency within 30 days after the due date and allow the provider an additional 30 days from the notification date to comply; and~~

~~(3) if a provider fails to remedy a deficiency within the 30-day time period, give 60-day notice of termination and immediately suspend the provider's ability to bill. The provider does not have the right to appeal suspension of ability to bill.~~

~~(d) If a provider fails to comply with any individual provider requirement or condition of participation, the commissioner may suspend the provider's ability to bill until the provider comes into compliance. The commissioner's decision to suspend the provider is not subject to an administrative appeal.~~

~~(e) Correspondence and notifications, including notifications of termination and other actions, may be delivered electronically to a provider's MN-ITS mailbox. This paragraph does not apply to correspondences and notifications related to background studies.~~

~~(f) If the commissioner or the Centers for Medicare and Medicaid Services determines that a provider is designated "high-risk," the commissioner may withhold payment from providers within that category upon initial enrollment for a 90-day period. The withholding for each provider must begin on the date of the first submission of a claim.~~

~~(g) An enrolled provider that is also licensed by the commissioner under chapter 245A, is licensed as a home care provider by the Department of Health under chapter 144A, or is licensed as an assisted living facility under chapter 144G and has a home and community-based services designation on the home care license under section 144A.484, must designate an individual as the entity's compliance officer. The compliance officer must:~~

~~(1) develop policies and procedures to assure adherence to medical assistance laws and regulations and to prevent inappropriate claims submissions;~~

~~(2) train the employees of the provider entity, and any agents or subcontractors of the provider entity including billers, on the policies and procedures under clause (1);~~

~~(3) respond to allegations of improper conduct related to the provision or billing of medical assistance services, and implement action to remediate any resulting problems;~~

~~(4) use evaluation techniques to monitor compliance with medical assistance laws and regulations;~~

~~(5) promptly report to the commissioner any identified violations of medical assistance laws or regulations; and~~

~~(6) within 60 days of discovery by the provider of a medical assistance reimbursement overpayment, report the overpayment to the commissioner and make arrangements with the commissioner for the commissioner's recovery of the overpayment.~~

~~The commissioner may require, as a condition of enrollment in medical assistance, that a provider within a particular industry sector or category establish a compliance program that contains the core elements established by the Centers for Medicare and Medicaid Services.~~

~~(h) The commissioner may revoke the enrollment of an ordering or rendering provider for a period of not more than one year, if the provider fails to maintain and, upon request from the commissioner, provide access to documentation relating to written orders or requests for payment for durable medical equipment, certifications for home health services, or referrals for other items or services written or ordered by such provider, when the commissioner has identified a pattern of a lack of documentation. A pattern means a failure to maintain documentation or provide access to documentation on more than one occasion. Nothing in this paragraph limits the authority of the commissioner to sanction a provider under the provisions of section 256B.064.~~

~~(i) The commissioner shall terminate or deny the enrollment of any individual or entity if the individual or entity has been terminated from participation in Medicare or under the Medicaid program or Children's Health Insurance Program of any other state. The commissioner may exempt a rehabilitation agency from termination or denial that would otherwise be required under this paragraph, if the agency:~~

~~(1) is unable to retain Medicare certification and enrollment solely due to a lack of billing to the Medicare program;~~

~~(2) meets all other applicable Medicare certification requirements based on an on-site review completed by the commissioner of health; and~~

~~(3) serves primarily a pediatric population.~~

~~(j) As a condition of enrollment in medical assistance, the commissioner shall require that a provider designated "moderate" or "high-risk" by the Centers for Medicare and Medicaid Services or the commissioner permit the Centers for Medicare and Medicaid Services, its agents, or its designated contractors and the state agency, its agents, or its designated contractors to conduct unannounced on-site inspections of any provider location. The commissioner shall publish in the Minnesota Health Care Program Provider Manual a list of provider types designated "limited," "moderate," or "high-risk," based on the criteria and standards used to designate Medicare providers in Code of Federal Regulations, title 42, section 424.518. The list and criteria are not subject to the requirements of chapter 14. The commissioner's designations are not subject to administrative appeal.~~

~~(k) As a condition of enrollment in medical assistance, the commissioner shall require that a high-risk provider, or a person with a direct or indirect ownership interest in the provider of five percent or higher, consent to criminal background checks, including fingerprinting, when required to do so under state law or by a determination by the commissioner or the Centers for Medicare and Medicaid Services that a provider is designated high-risk for fraud, waste, or abuse.~~

~~(l)(1) Upon initial enrollment, reenrollment, and notification of revalidation, all durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) medical suppliers meeting the durable medical equipment provider and supplier definition in clause (3), operating in Minnesota and receiving Medicaid funds must purchase a surety bond that is annually renewed and designates the Minnesota Department of Human Services as the obligee, and must be submitted in a form approved by the commissioner. For purposes of this clause, the following medical suppliers are not required to obtain a surety bond: a federally qualified health center, a home health agency, the Indian Health Service, a pharmacy, and a rural health clinic.~~

~~(2) At the time of initial enrollment or reenrollment, durable medical equipment providers and suppliers defined in clause (3) must purchase a surety bond of $50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064.~~

~~(3) "Durable medical equipment provider or supplier" means a medical supplier that can purchase medical equipment or supplies for sale or rental to the general public and is able to perform or arrange for necessary repairs to and maintenance of equipment offered for sale or rental.~~

~~(m) The Department of Human Services may require a provider to purchase a surety bond as a condition of initial enrollment, reenrollment, reinstatement, or continued enrollment if: (1) the~~

~~provider fails to demonstrate financial viability, (2) the department determines there is significant evidence of or potential for fraud and abuse by the provider, or (3) the provider or category of providers is designated high-risk pursuant to paragraph (f) and as per Code of Federal Regulations, title 42, section 455.450. The surety bond must be in an amount of $100,000 or ten percent of the provider's payments from Medicaid during the immediately preceding 12 months, whichever is greater. The surety bond must name the Department of Human Services as an obligee and must allow for recovery of costs and fees in pursuing a claim on the bond. This paragraph does not apply if the provider currently maintains a surety bond under the requirements in section 256B.0659, 256B.0701, or 256B.85.~~

Sec. 16. Minnesota Statutes 2024, section 256B.04, is amended by adding a subdivision to read:

Subd. 28. **Medical assistance education program.** (a) The commissioner must provide information to all medical assistance enrollees on the following topics:

(1) an enrollee's benefits, rights, and responsibilities under medical assistance;

(2) how to appropriately access and receive services under medical assistance;

(3) an enrollee's right to file complaints, grievances, and appeals;

(4) general information about preventing fraud and abuse in the medical assistance program; and

(5) how to report concerns to the department and managed care organizations about fraud and abuse in the medical assistance program.

(b) The commissioner must ensure that the information provided under this subdivision:

(1) is in plain language;

(2) is culturally and linguistically appropriate; and

(3) complies with applicable federal Medicaid requirements for communicating with enrollees.

(c) When an enrollee's use of medical assistance results in abusive or fraudulent billing, the commissioner must notify the enrollee about the availability of the information under this subdivision and may provide additional educational information targeted to the event that resulted in abusive or fraudulent billing.

(d) The commissioner may require entities participating in medical assistance, including but not limited to managed care organizations, providers, lead agencies, and Tribal agencies, to assist in delivering the information required under this subdivision.

(e) For enrollees who receive case management services or have a support plan developed under section 256B.0911, the information required under this subdivision must be tailored to their service needs and may be delivered through the support planning process by the lead agency or managed care organization, as appropriate.

Sec. 17. **[256B.0437] PREENROLLMENT ASSESSMENT.**

(a) Before enrolling a provider or agency, the commissioner may complete a preenrollment risk assessment of the provider or agency seeking to enroll to confirm the provider or agency's eligibility and the provider or agency's ability to meet the requirements of this chapter. The commissioner must utilize a risk-score framework as a component of the assessment that identifies service-specific fraud risk indicators, including but not limited to organizational readiness, financial stability, compliance history, and addressing service necessity.

(b) Based on the assessment of fraud risk indicators described in paragraph (a), the commissioner may deem the applicant ineligible and deny or rescind enrollment. The decision to deny or rescind enrollment must be made in writing and sent using a signature-verified confirmed delivery method. An applicant may request reconsideration of the decision regarding the applicant's eligibility in writing within 30 business days after the date the notice was issued. The commissioner must notify each applicant of the commissioner's final decision regarding the applicant's eligibility.

(c) A provider enrolled before July 1, 2026, that billed for services on or after January 1, 2025, must receive a positive preenrollment risk assessment no later than July 1, 2027, to remain eligible. A provider or agency enrolled before July 1, 2026, that has not billed for services on or after January 1, 2025, must receive a positive preenrollment risk assessment no later than July 1, 2026, to remain eligible. A provider that becomes ineligible under this paragraph regains eligibility after receiving a positive assessment under this section if the provider remains otherwise eligible.

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

Sec. 18. **[256B.044] PROVIDER ENROLLMENT.**

Subdivision 1. **Designating categorical risk levels.** (a) The commissioner must designate provider types as "limited-risk," "moderate-risk," or "high-risk" based on the criteria and standards used to designate Medicare providers in Code of Federal Regulations, title 42, section 424.518. The commissioner must publish a list of provider types and designated categorical risk levels in the Minnesota Health Care Program Provider Manual.

(b) The list and criteria are not subject to the requirements under chapter 14 and section 14.386 does not apply.

(c) The commissioner's designations are not subject to administrative appeal.

Subd. 2. **Required verifications and checks.** The commissioner must perform the following verifications and checks prior to making an enrollment determination and periodically thereafter:

(1) verify that the provider meets applicable federal and state requirements for the provider type;

(2) conduct license verifications, as applicable, including verification of current licensure in Minnesota and in any other state in which the provider is or was previously licensed, in accordance with Code of Federal Regulations, title 42, section 455.412;

(3) conduct database checks on a pre-enrollment and postenrollment basis to ensure that the provider continues to meet the enrollment criteria for the provider type, in accordance with Code of Federal Regulations, title 42, section 455.436;

(4) confirm that the provider and any disclosed owners, managing employees, or controlling individuals are not excluded from participation in any state's Medicaid program, Medicare, or any other federal health care program;

(5) verify the provider's National Provider Identifier and, as applicable, Medicare enrollment status;

(6) verify the provider's tax identification number and business registration status;

(7) verify the provider's ownership and control disclosures as required under federal law; and

(8) conduct any additional screenings, verifications, or reviews that are necessary to protect the integrity of the medical assistance program or that are required under federal law.

Subd. 3. **Required background studies.** (a) The commissioner must conduct a background study under chapter 245C for a provider applying for enrollment. The background study must include a review of databases in section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5), and any other databases required under federal law.

(b) The commissioner must conduct a background study under this subdivision for each individual with an ownership or control interest in, or who is an officer, director, agent, managing employee, or other person with operational or managerial control of, the provider.

(c) Fingerprint-based studies are required when mandated by federal law or when a provider is designated moderate-risk or high-risk under subdivision 1.

(d) The commissioner may conduct background studies postenrollment as necessary.

(e) A provider's failure to submit to the commissioner the information required for a background study under this subdivision is grounds for denial or termination of enrollment in medical assistance.

(f) A provider's enrollment must be denied or terminated if a provider or individual subject to a background study under this subdivision is disqualified under chapter 245C or is excluded from participating in any federal health care programs.

Subd. 4. **Service location enrollment.** (a) A provider must enroll each provider-controlled location where direct services are provided. "Provider-controlled location" means a physical site owned, leased, operated, or otherwise controlled by the provider.

(b) Separate enrollment is not required for services provided in a recipient's home or community setting, telehealth services delivered from an enrolled site, compliant mobile services, or other federally permissible exemptions.

(c) A provider's failure to enroll each provider-controlled location where direct services are provided is grounds for sanctions under section 256B.064.

Subd. 5. **Required on-site inspections.** (a) As a condition of enrollment in medical assistance, the commissioner shall require that a provider designated as moderate-risk or high-risk by CMS or the commissioner permit CMS, CMS's agents, or CMS's designated contractors and the state agency,

the state agency's agents, or the state agency's designated contractors to conduct unannounced on-site inspections of any provider location.

(b) Consistent with the commissioner's authority under Code of Federal Regulations, title 42, section 455.452, prior to enrolling, prior to reenrolling, and prior to revalidating a provider designated as moderate-risk or high-risk, the commissioner must conduct unannounced on-site inspections of all provider locations.

Subd. 6. **Surety bonds.** (a) The commissioner must require a provider to purchase a surety bond as a condition of initial enrollment, reenrollment, revalidation, reinstatement, or continued enrollment. Upon new enrollment, or if the provider's medical assistance revenue in the previous calendar year is less than or equal to $300,000, the provider must purchase a surety bond of $50,000. If the provider's medical assistance revenue in the previous calendar year is greater than $300,000, the provider must purchase a surety bond of $100,000. The surety bond must name the Department of Human Services as an obligee, must be purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064.

(b) This subdivision does not apply if the provider currently maintains a surety bond under the requirements under section 256B.0659, 256B.0701, or 256B.85.

Subd. 7. **Financial capacity.** As a condition of enrolling in medical assistance, the commissioner must require, in a form and manner prescribed by the commissioner, that a provider attest to sufficient financial capacity to operate.

Subd. 8. **Compliance programs.** (a) The commissioner may require, as a condition of enrollment in medical assistance, that a provider in a particular industry, of a particular provider type, or with a particular risk categorization under subdivision 1, establish and maintain a compliance program consistent with federal program integrity guidance issued by CMS or the United States Department of Health and Human Services Office of Inspector General.

(b) If an enrolled provider is required by the commissioner or by federal or state law to designate an individual as the provider's compliance officer, the provider must appoint an individual responsible for implementing and overseeing the compliance program.

(c) At a minimum, the compliance program must include policies and procedures designed to:

(1) ensure adherence to federal and state laws and program requirements governing medical assistance and prevent the submission of improper claims;

(2) train employees, agents, contractors, and subcontractors, including billing personnel, on applicable federal and state laws and program requirements;

(3) establish procedures for receiving, investigating, and responding to allegations of improper conduct and for implementing corrective actions;

(4) use auditing, monitoring, or other evaluation techniques to assess ongoing compliance;

(5) promptly report to the commissioner any credible evidence of violations of federal and state laws or regulations governing medical assistance; and

(6) report and return identified medical assistance overpayments within 60 days after discovery or by the date any corresponding cost report is due, whichever is later, in accordance with federal law.

Subd. 9. **Incomplete provider enrollment applications.** The commissioner may deny a provider's incomplete enrollment application if a provider fails to respond to the commissioner's request for additional information within 60 days of the request.

Subd. 10. **Correspondence and notification.** The commissioner may deliver correspondence and notifications, including notifications of termination and other actions, electronically to a provider's MN-ITS mailbox. This subdivision does not apply to correspondence and notifications related to background studies.

Sec. 19. **[256B.0441] PROVIDER REVALIDATION.**

Subdivision 1. **Requirement.** The commissioner must revalidate each enrolled provider according to this section.

Subd. 2. **Schedule.** (a) The commissioner shall revalidate:

(1) each provider at least once every five years;

(2) each personal care assistance agency, community first services and supports (CFSS) provider-agency, and CFSS financial management services provider at least once every three years;

(3) each EIDBI agency at least once every three years; and

(4) each medical-assistance-only provider type the commissioner deems high-risk under section 256B.044, subdivision 1, at least every three years.

(b) The commissioner must conduct revalidation of a provider more frequently when required under federal law or when necessary to protect program integrity.

Subd. 3. **Procedures.** (a) The commissioner shall conduct revalidation as follows:

(1) provide 30 days' notice to the provider of the provider's revalidation due date, including instructions for revalidation, a list of materials the provider must submit, and a notice about the possibility of an unannounced site visit as required under paragraph (b);

(2) if a provider fails to submit all required materials or satisfy the requirements of paragraph (b) by the due date, notify the provider of the deficiency within 14 days after the due date and allow the provider an additional 14 days from the notification date to comply; and

(3) if a provider fails to remedy a deficiency within the additional 28-day time period, give 15 days' notice of termination and immediately suspend the provider's ability to bill. The commissioner's decision to suspend the provider's ability to bill is not subject to an administrative appeal.

(b) For a provider designated moderate-risk or high-risk, the commissioner must conduct unannounced site visits at each of the provider's enrolled locations under section 256B.044, subdivision 4, no more than 30 days prior to the provider's revalidation due date.

(c) A provider must demonstrate financial capacity, as described under section 256B.044, subdivision 7, as a requirement of revalidation under this subdivision.

Sec. 20. **[256B.0442] PROVIDER ENROLLMENT SUSPENSIONS AND TERMINATIONS.**

Subdivision 1. **Suspension of billing privileges.** (a) If a provider fails to comply with any individual provider requirement or condition of participation, the commissioner may suspend the provider's ability to bill until the provider comes into compliance.

(b) Notwithstanding any law to the contrary, the commissioner may immediately impose a suspension under this subdivision when necessary to protect public funds or ensure program integrity.

(c) A suspension under this subdivision does not limit the authority of the commissioner to issue any other sanction authorized under federal or state law.

(d) The commissioner's decision to suspend a provider's ability to bill is not subject to an administrative appeal.

Subd. 2. **Revocation for lack of documentation.** (a) The commissioner may revoke the enrollment of an ordering or rendering provider for a period of not more than one year if the provider fails to maintain and, upon request from the commissioner, provide access to documentation relating to written orders or requests for payment for durable medical equipment, certifications for home health services, or referrals for other items or services written or ordered by the provider when the commissioner has identified a pattern of a lack of documentation. A pattern means a failure to maintain documentation or provide access to documentation on more than one occasion.

(b) Nothing in this subdivision limits the authority of the commissioner to sanction a provider under section 256B.064.

Subd. 3. **Mandatory denial or termination of enrollment.** (a) The commissioner must terminate or deny the enrollment of a provider when:

(1) an individual with a five percent or greater direct or indirect ownership interest in the provider does not submit timely and accurate information and cooperate with the screening methods required under section 256B.044;

(2) an individual with a five percent or greater direct or indirect ownership interest in the provider has been convicted of a criminal offense related to the individual's involvement in Medicare, Medicaid, or the Children's Health Insurance Program in the last ten years, unless the commissioner determines that denial or termination of enrollment is not in the best interests of the medical assistance program and the commissioner documents that determination in writing;

(3) the provider, or an individual with a five percent or greater direct or indirect ownership interest in the provider, was terminated from participation in Medicare on or after January 1, 2011, or under a Medicaid program or Children's Health Insurance Program of any other state, and is

currently included in the termination database under Code of Federal Regulations, title 42, section 455.417, except as provided in paragraph (b);

(4) the provider, or an individual with a five percent or greater direct or indirect ownership interest in the provider, fails to submit timely or accurate information, unless the commissioner determines that termination or denial of enrollment is not in the best interests of the medical assistance program and the commissioner documents that determination in writing;

(5) the provider, or an individual with a five percent or greater direct or indirect ownership interest in the provider, fails to submit sets of fingerprints in a form and manner determined by the commissioner within 30 days of a request from the Centers for Medicare and Medicaid Services (CMS) or the commissioner, unless the commissioner determines that termination or denial of enrollment is not in the best interests of the medical assistance program and the commissioner documents that determination in writing;

(6) the provider fails to permit access to provider locations for any site visits under section 256B.044, subdivision 5, unless the commissioner determines that termination or denial of enrollment is not in the best interests of the medical assistance program and the commissioner documents that determination in writing; or

(7) CMS or the commissioner determines that the provider has falsified any information provided on the application or cannot verify the identity of any provider applicant.

(b) The commissioner may exempt a rehabilitation agency from termination or denial that would otherwise be required under paragraph (a), clause (3), if the agency:

(1) is unable to retain Medicare certification and enrollment solely due to a lack of billing to the Medicare program;

(2) meets all other applicable Medicare certification requirements based on an on-site review completed by the commissioner of health; and

(3) serves primarily a pediatric population.

Subd. 4. **Termination for lack of submitted claims.** The commissioner may terminate the enrollment of an individual provider or an entity provider if the individual provider or entity provider has not submitted any claims in the previous 12 consecutive calendar months.

Sec. 21. **[256B.0443] PROVIDER PAYMENT WITHHOLDS.**

(a) If the commissioner or the Centers for Medicare and Medicaid Services designates a provider type as high-risk under section 256B.044, subdivision 1, the commissioner may withhold payment from providers within that category upon initial enrollment for a 90-day period.

(b) The withholding for each provider must begin on the date of the first submission of a claim.

Sec. 22. **[256B.0444] ENROLLMENT MORATORIUM FOR HIGH-RISK PROVIDERS.**

Subdivision 1. **Provider enrollment moratorium.** (a) If the commissioner or the Centers for Medicare and Medicaid Services (CMS) designates a provider type as high-risk under section

256B.044, subdivision 1, the commissioner may issue a statewide or regional enrollment moratorium and stop accepting and processing applications from providers within that category within 30 days of the date of the designation or upon federal approval of the moratorium, whichever is later. A moratorium issued under this section is effective for a period of up to 24 months from the date the moratorium is issued.

(b) Before ending the moratorium under this section, the commissioner must revalidate the enrollment of each provider within the affected category in accordance with the revalidation procedures under section 256B.0441, subdivision 3.

Subd. 2. **Moratorium exceptions.** The commissioner may grant exceptions to a moratorium issued under subdivision 1 and must make publicly available the processes and criteria the commissioner will use to grant exceptions. The commissioner may grant an exception if a county or Tribal agency submits a request for an exception to the commissioner.

Subd. 3. **Continued enrollment of new clients.** Nothing in this section prohibits an enrolled provider subject to a moratorium under this section from enrolling new clients or beneficiaries during the period of the enrollment moratorium.

Subd. 4. **Notice.** (a) At least ten days prior to issuing an enrollment moratorium under this section, the commissioner must notify enrolled providers within the affected category and the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services about the actions the commissioner plans to take under this section. The notice must:

(1) include a list of provider types to which the moratorium applies;

(2) provide a general explanation for the basis of the high-risk designation; and

(3) identify the start dates and anticipated durations of the enrollment moratorium.

(b) Within 60 days of ending an enrollment moratorium under this section, the commissioner must notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services about the results of the moratorium.

Sec. 23. **[256B.0445] ADDITIONAL PROVIDER ENROLLMENT REQUIREMENTS FOR SPECIFIC PROVIDER TYPES.**

Subdivision 1. **Durable medical equipment provider or supplier.** (a) For the purposes of this subdivision, "durable medical equipment provider or supplier" means a medical supplier that can purchase medical equipment or supplies for sale or rent to the general public and is able to perform or arrange for necessary repairs to and maintenance of equipment offered for sale or rent.

(b) Upon initial enrollment, reenrollment, and notification of revalidation, all durable medical equipment, prosthetics, orthotics, and supplies medical suppliers meeting the durable medical equipment provider or supplier definition in paragraph (a), operating in Minnesota, and receiving medical assistance money must purchase a surety bond that is annually renewed, designates the state agency as the obligee, and is submitted in a form approved by the commissioner. For purposes of this paragraph, the following medical suppliers are not required to obtain a surety bond: a federally

qualified health center, a home health agency, the Indian Health Service, a pharmacy, and a rural health clinic.

(c) At the time of initial enrollment or reenrollment, durable medical equipment providers or suppliers as defined in paragraph (a) must purchase a surety bond of $50,000. If a revalidating provider's medical assistance revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If a revalidating provider's medical assistance revenue in the previous calendar year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be purchased new annually and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064.

Subd. 2. **Providers licensed by the commissioner of human services.** An enrolled provider that is licensed by the commissioner under chapter 245A must designate an individual as the licensee's compliance officer under section 256B.044, subdivision 8, paragraph (b).

Subd. 3. **Providers licensed by the commissioner of health.** An enrolled provider that is licensed by the commissioner of health as a home care provider under chapter 144A with a home and community-based services designation under section 144A.484 on the home care license, or as an assisted living facility under chapter 144G, must designate an individual as the licensee's compliance officer under section 256B.044, subdivision 8, paragraph (b).

Sec. 24. **[256B.0446] ADDITIONAL PROVIDER ENROLLMENT TRAINING REQUIREMENTS FOR HIGH-RISK PROVIDERS.**

Subdivision 1. **Applicability.** This section applies to any agency that provides a service designated by the commissioner as high-risk under section 256B.044, subdivision 1. For purposes of this section, "agency" means the legal entity that is applying to be or is enrolled with Minnesota health care programs as a medical assistance provider according to Minnesota Rules, part 9505.0195.

Subd. 2. **Mandatory compliance training.** (a) Effective January 1, 2027, before applying for enrollment or reenrollment as a medical assistance provider, an agency applying to provide services designated by the commissioner as high-risk under section 256B.044, subdivision 1, must require all owners of the agency who are active in the day-to-day management and operations of the agency and all managerial and supervisory employees to complete compliance training. All individuals required to complete training under this subdivision must repeat the training prior to the agency's revalidation as a medical assistance provider.

(b) New owners active in day-to-day management and operations of the agency and new managerial and supervisory employees of the agency must complete compliance training under this subdivision within 30 calendar days of becoming an owner of or beginning employment with the agency and prior to conducting any management or operations activities for the agency. If an individual moves to another agency providing the same service and serves in a similar ownership or employment capacity, the individual is not required to repeat the training required under this subdivision. If the individual does not repeat the compliance training, the individual must provide documentation to the agency that proves that the individual completed the compliance training

within the provider revalidation schedule for the relevant provider type as determined by the commissioner under section 256B.0441, subdivisions 2 and 3.

(c) The commissioner must determine the format and content of the compliance training. The training must include the following topics, adapted as necessary for each provider type subject to the requirements of this subdivision:

(1) state and federal program billing, documentation, and service delivery requirements;

(2) enrollment requirements;

(3) provider program integrity, including fraud prevention, detection, and penalties;

(4) fair labor standards;

(5) workplace safety requirements; and

(6) recent changes in service requirements.

Sec. 25. **[256B.0447] ENHANCED PREPAYMENT REVIEW.**

Subdivision 1. **Purpose and authority.** The commissioner must conduct enhanced prepayment review of submitted fee-for-service medical assistance claims to ensure compliance with state and federal law and prevent improper payments.

Subd. 2. **Review requirement.** Beginning April 1, 2027, the commissioner must conduct enhanced prepayment review under this section of at least 65 percent of all fee-for-service claims.

Subd. 3. **Notice.** (a) Except as provided in paragraph (b), the commissioner must provide written notice to a provider placed under enhanced prepayment review at least 15 days before the review is implemented. The notice must include:

(1) the basis for the review;

(2) the effective date of the review; and

(3) the standards the commissioner will use to determine when the provider, covered service, or claims will no longer be subject to enhanced prepayment review.

(b) The commissioner may delay, limit, or withhold notice to a provider if providing notice would compromise program integrity, prejudice an audit or investigation, or conflict with federal law or federal guidance.

Subd. 4. **Continued enrollment of new clients.** Nothing in this section prohibits an enrolled provider that is subject to enhanced prepayment review from enrolling new clients or beneficiaries during the period of review unless otherwise prohibited by law or by a separate action of the commissioner.

Subd. 5. **Timely claims processing.** The commissioner must administer enhanced prepayment review in a manner consistent with Code of Federal Regulations, title 42, section 447.45.

Subd. 6. **Relationship to other actions.** Enhanced prepayment review under this section does not preclude the commissioner from conducting a preliminary investigation, full investigation, payment suspension, postpayment review, audit, overpayment recovery, sanction, or referral to law enforcement under this chapter or under applicable federal law.

Subd. 7. **Information on website.** At least annually, the commissioner must publish information on enhanced prepayment review on the Department of Human Services website. The information must include, at minimum, the list of covered services subject to review and aggregate outcomes, including claim denials, payments delayed, and referrals for further action.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 26. **[256B.0448] POSTPAYMENT REVIEW.**

Subdivision 1. **Purpose and authority.** The commissioner may conduct postpayment review of claims, encounters, cost reports, rate submissions, and other billings submitted for payment or reimbursement under this chapter to identify improper payments and recover payments made in violation of state or federal law or program requirements.

Subd. 2. **Scope of review.** The commissioner may conduct postpayment review on a claim-by-claim basis or through other review methods authorized by state or federal law.

Subd. 3. **Provider obligations.** (a) A provider subject to postpayment review must maintain documentation necessary to support claims, encounters, cost reports, rate submissions, other billings submitted for payment or reimbursement under this chapter, and compliance with program requirements.

(b) The commissioner may require a provider to submit records or supporting documentation relevant to a postpayment review.

(c) A provider's failure to provide requested records or supporting documentation to the commissioner according to the timeline specified by the commissioner may result in recovery of payments or sanctions under section 256B.064 and other applicable laws.

Subd. 4. **Recovery and sanctions.** If postpayment review identifies an overpayment or other noncompliance with medical assistance payment requirements, the commissioner may recover payments and impose sanctions in accordance with section 256B.064 and other applicable laws.

Subd. 5. **Relationship to other actions.** Conducting postpayment review of a provider under this section does not preclude the commissioner from conducting a preliminary investigation, full investigation, enhanced prepayment review, payment suspension, audit, overpayment recovery, sanction, or referral to law enforcement under this chapter or applicable federal law.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 27. Minnesota Statutes 2025 Supplement, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health

care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural. This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

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

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

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

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

(4) public transportation, within the meaning of "public transportation" as defined in section 174.22, subdivision 7; or

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

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

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

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

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

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

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

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

(1) adhere to the policies defined by the commissioner;

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

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

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services. This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

(g) Effective ~~July 1, 2026, for medical fee-for-service and January 1, 2027, for prepaid medical assistance,~~ upon implementation of the administrator under subdivision 18i, the administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner;

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

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

(h) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph (n), clauses (4), (5), (6), and (7). This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

(i) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, physician assistant, or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs, child seats, or stretchers in the vehicle.

(j) Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency. This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

(k) Effective ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance,~~ upon implementation of the administrator under subdivision 18i, nonemergency medical transportation providers must take clients to the health care provider using the most direct route and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the administrator.

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

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

(n) The covered modes of transportation are:

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

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

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

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

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

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

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

(o) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (n) according to paragraphs (r) to (t) when the commissioner has developed, made available, and funded the web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government. This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

(p) The commissioner shall:

(1) verify that the mode and use of nonemergency medical transportation is appropriate;

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

(3) investigate all complaints and appeals.

(q) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245. This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

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

(1) $0.22 per mile for client reimbursement;

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

(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $12.10 for the base rate and $1.43 per mile when provided by a nonemergency medical transportation provider;

(4) $14.30 for the base rate and $1.43 per mile for assisted transport;

(5) $19.80 for the base rate and $1.70 per mile for lift-equipped/ramp transport;

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

(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary. This paragraph expires ~~July 1, 2026, for medical assistance~~

~~fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

(s) Effective ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027,~~ upon implementation of the administrator under subdivision 18i, for prepaid medical assistance, payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph (m), not the type of vehicle used to provide the service.

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

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

(2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph (r), clauses (1) to (7). This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

(u) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs (r) to (t), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies. This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

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

(w) Effective for the first day of each calendar quarter in which the price of gasoline as posted publicly by the United States Energy Information Administration exceeds $3.00 per gallon, the commissioner shall adjust the rate paid per mile in paragraph (r) by one percent up or down for every increase or decrease of ten cents for the price of gasoline. The increase or decrease must be calculated using a base gasoline price of $3.00. The percentage increase or decrease must be calculated using the average of the most recently available price of all grades of gasoline for Minnesota as posted publicly by the United States Energy Information Administration. This paragraph expires ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under subdivision 18i.

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

Sec. 28. Minnesota Statutes 2025 Supplement, section 256B.0625, subdivision 18i, is amended to read:

Subd. 18i. **Administration of nonemergency medical transportation.** (a) Effective July 1, 2026, ~~for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance,~~ the commissioner must contract either statewide or regionally for the administration of the

nonemergency medical transportation program in compliance with the provisions of this chapter. The contract must include the administration of the nonemergency medical transportation benefit for those enrolled in managed care as described in section 256B.69.

(b) The commissioner must provide six months notice to counties, managed care organizations, and county-based purchasing organizations before implementing the administrator required under this subdivision.

(c) The commissioner must notify the revisor of statutes when the administrator under this subdivision is implemented.

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

Sec. 29. Minnesota Statutes 2025 Supplement, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with serious mental illness. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) ~~Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with serious mental illness when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.~~ To be eligible for medical assistance reimbursement, an entity must document:

(1) face-to-face contacts between the case manager and the recipient;

(2) telephone contacts between the case manager and the recipient; the recipient's mental health provider or other service providers; the recipient's family members, legal representative, or primary caregiver; or other interested persons;

(3) face-to-face contacts between the case manager and the recipient's mental health provider or other service providers; the recipient's family members, legal representative, or primary caregiver; or other interested persons;

(4) contacts between the case manager and the case manager's clinical supervisor about the recipient;

(5) individual community support plan and assessment development, review, and revision required under section 245.4711, subdivision 4, for an adult, or section 245.4881, subdivision 4, for a child;

(6) travel time spent by the case manager to meet face-to-face with the recipient who resides outside of the county of financial responsibility; and

(7) travel time spent by the case manager within the county of financial responsibility to meet face-to-face with the recipient or the recipient's family, legal representative, or primary caregiver.

(c) For purposes of paragraph (b), clauses (6) and (7), if a case manager arrives on time for a scheduled face-to-face appointment with a recipient or the recipient's family member, legal representative, or primary caregiver and the person fails to keep the appointment, the time spent by the case manager traveling to and from the site of the scheduled appointment is eligible for medical assistance payment. Provider entities must meet all program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, and Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, subpart 9.

~~(c)~~ (d) Medical assistance and MinnesotaCare payment for mental health case management ~~shall~~ must be made ~~on a monthly basis~~ in accordance with section 256B.076, subdivisions 1, 2, 5, and 6. ~~In order to receive payment for an eligible child, the provider must document at least a face-to-face contact either in person or by interactive video that meets the requirements of subdivision 20b with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:~~

~~(1) at least a face-to-face contact with the adult or the adult's legal representative either in person or by interactive video that meets the requirements of subdivision 20b; or~~

~~(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact either in person or by interactive video that meets the requirements of subdivision 20b with the adult or the adult's legal representative within the preceding two months.~~

~~(d)~~ (e) Payment for mental health case management provided by county or state staff ~~shall~~ must be based on the ~~monthly~~ rate methodology under section ~~256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults~~ 256B.076, subdivisions 5 and 7.

~~(e)~~ (f) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

~~(f)~~ (g) Payment for mental health case management provided by vendors who contract with a county must be calculated in accordance with section 256B.076, subdivision 2. Payment for mental health case management provided by vendors who contract with a Tribe must be based on a monthly rate negotiated by the Tribe. The rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

~~(g)~~ (h) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

~~(h)~~ (i) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the recipient's county of responsibility.

~~(i)~~ (j) Notwithstanding any administrative rule to the contrary, prepaid medical assistance and MinnesotaCare include mental health case management. When the service is provided through prepaid capitation, the nonfederal share is paid by the state and the county pays no share.

~~(j)~~ (k) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the ~~reporting or other~~ requirements of this section or section 245.4711, 245.4881, 256B.0924, 256B.094, or 256F.10. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

~~(k)~~ (l) The commissioner shall set aside a portion of the federal funds earned for county expenditures under this section to repay the special revenue maximization account under section 256.01, subdivision 2, paragraph (n). The repayment is limited to:

(1) the costs of developing and implementing this section; and

(2) programming the information systems.

~~(l)~~ (m) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the state. Payments to county-contracted vendors shall include the federal earnings, the state share, and the county share.

~~(m)~~ (n) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

~~(n)~~ (o) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

~~(o)~~ (p) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

~~(p)~~ (q) If the recipient is receiving care in a hospital, nursing facility, or residential setting licensed under chapter 245A or 245D that is staffed 24 hours a day, seven days a week, mental

health targeted case management services must actively support identification of community alternatives for the recipient and discharge planning.

(r) Counties may receive payment for up to 12 15-minute units for use at case initiation and case closing to facilitate the recipient's needs assessments, individualized plan development, referrals, or case documentation without needing to meet the contact requirements specified under sections 245.4711, 245.4881, 256B.0924, 256B.094, and 256F.10.

Sec. 30. Minnesota Statutes 2024, section 256B.064, subdivision 1b, is amended to read:

Subd. 1b. **Sanctions available.** (a) The commissioner may impose the following sanctions for the conduct described in subdivision 1a: ~~suspension or withholding of payments to an individual or entity and suspending or terminating participation in the program, or imposition of a fine under subdivision 2, paragraph (g).~~

(1) suspending payments to an individual or entity;

(2) temporarily withholding payments to an individual or entity;

(3) suspending participation in the program;

(4) terminating participation in the program; or

(5) imposing a fine under subdivision 2a.

(b) When imposing sanctions under this section, the commissioner ~~shall~~ must consider the nature, chronicity, or severity of the conduct and the effect of the conduct on the health and safety of persons served by the individual or entity.

(c) The commissioner ~~shall~~ must suspend an individual's or entity's participation in the program for a minimum of five years if the individual or entity is convicted of a crime, received a stay of adjudication, or entered a court-ordered diversion program for an offense related to a provision of a health service under medical assistance, including a federally approved waiver, or health care fraud.

(d) Regardless of imposition of sanctions, the commissioner may make a referral to the appropriate state licensing board.

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

Sec. 31. Minnesota Statutes 2024, section 256B.064, subdivision 1c, is amended to read:

Subd. 1c. **Grounds for and methods of monetary recovery.** (a) The commissioner may obtain monetary recovery from an individual or entity that has been improperly paid by the department either as a result of conduct described in subdivision 1a or as a result of an error by the individual or entity submitting the claim or by the department, regardless of whether the error was intentional. Patterns need not be proven as a precondition to monetary recovery of erroneous or false claims, duplicate claims, claims for services not medically necessary, or claims based on false statements.

(b) The commissioner may obtain monetary recovery using methods including but not limited to the following: assessing and recovering money improperly paid and debiting from future payments any money improperly paid. The commissioner ~~shall~~ must charge interest on money to be recovered if the recovery is to be made by installment payments or debits, except when the monetary recovery is of an overpayment that resulted from a department error. The interest charged ~~shall~~ must be the rate established by the commissioner of revenue under section 270C.40.

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

Sec. 32. Minnesota Statutes 2024, section 256B.064, subdivision 1d, is amended to read:

Subd. 1d. **Investigative costs.** (a) The commissioner may seek recovery of investigative costs from any individual or entity that willfully submits a claim for reimbursement for services that the individual or entity knows, or reasonably should have known, is a false representation and that results in the payment of public funds for which the individual or entity is ineligible.

(b) Billing errors that result in unintentional overcharges ~~shall~~ are not ~~be~~ grounds for investigative cost recoupment.

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

Sec. 33. Minnesota Statutes 2024, section 256B.064, subdivision 2, is amended to read:

Subd. 2. **Imposition of monetary recovery and sanctions; generally.** (a) The commissioner ~~shall~~ must determine any monetary amounts to be recovered and sanctions to be imposed upon an individual or entity under this section. Except as provided in ~~paragraphs (b) and (d), neither~~ subdivision 2c, the commissioner must not obtain a monetary recovery ~~nor~~ or impose a sanction ~~will be imposed by the commissioner~~ without prior notice and an opportunity for a hearing, according to chapter 14, on the commissioner's proposed action, provided that the commissioner may suspend or reduce payment to an individual or entity, except a nursing home or convalescent care facility, after notice and prior to the hearing if in the commissioner's opinion that action is necessary to protect the public welfare and the interests of the program.

~~(b) Except when the commissioner finds good cause not to suspend payments under Code of Federal Regulations, title 42, section 455.23(e) or (f), the commissioner shall withhold or reduce payments to an individual or entity without providing advance notice of such withholding or reduction if either of the following occurs:~~

~~(1) the individual or entity is convicted of a crime involving the conduct described in subdivision 1a; or~~

~~(2) the commissioner determines there is a credible allegation of fraud for which an investigation is pending under the program. Allegations are considered credible when they have an indicium of reliability and the state agency has reviewed all allegations, facts, and evidence carefully and acts judiciously on a case-by-case basis. A credible allegation of fraud is an allegation which has been verified by the state, from any source, including but not limited to:~~

~~(i) fraud hotline complaints;~~

~~(ii) claims data mining; and~~

~~(iii) patterns identified through provider audits, civil false claims cases, and law enforcement investigations.~~

~~(c) The commissioner must send notice of the withholding or reduction of payments under paragraph (b) within five days of taking such action unless requested in writing by a law enforcement agency to temporarily withhold the notice. The notice must:~~

~~(1) state that payments are being withheld according to paragraph (b);~~

~~(2) set forth the general allegations as to the nature of the withholding action, but need not disclose any specific information concerning an ongoing investigation;~~

~~(3) except in the case of a conviction for conduct described in subdivision 1a, state that the withholding is for a temporary period and cite the circumstances under which withholding will be terminated;~~

~~(4) identify the types of claims to which the withholding applies; and~~

~~(5) inform the individual or entity of the right to submit written evidence for consideration by the commissioner.~~

~~(d) The withholding or reduction of payments will not continue after the commissioner determines there is insufficient evidence of fraud by the individual or entity, or after legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice of intention to impose monetary recovery or sanctions under paragraph (a). Upon conviction for a crime related to the provision, management, or administration of a health service under medical assistance, a payment held pursuant to this section by the commissioner or a managed care organization that contracts with the commissioner under section 256B.035 is forfeited to the commissioner or managed care organization, regardless of the amount charged in the criminal complaint or the amount of criminal restitution ordered.~~

~~(e) The commissioner shall suspend or terminate an individual's or entity's participation in the program without providing advance notice and an opportunity for a hearing when the suspension or termination is required because of the individual's or entity's exclusion from participation in Medicare. Within five days of taking such action, the commissioner must send notice of the suspension or termination. The notice must:~~

~~(1) state that suspension or termination is the result of the individual's or entity's exclusion from Medicare;~~

~~(2) identify the effective date of the suspension or termination; and~~

~~(3) inform the individual or entity of the need to be reinstated to Medicare before reapplying for participation in the program.~~

~~(f)~~ (b) Upon receipt of a notice under paragraph (a) that a monetary recovery or sanction is to be imposed, an individual or entity may request a contested case, as defined in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal request must

be received by the commissioner no later than 30 days after the date the notification of monetary recovery or sanction was mailed to the individual or entity. The appeal request must specify:

(1) each disputed item, the reason for the dispute, and an estimate of the dollar amount involved for each disputed item;

(2) the computation that the individual or entity believes is correct;

(3) the authority in statute or rule upon which the individual or entity relies for each disputed item;

(4) the name and address of the person or entity with whom contacts may be made regarding the appeal; and

(5) other information required by the commissioner.

~~(g) The commissioner may order an individual or entity to forfeit a fine for failure to fully document services according to standards in this chapter and Minnesota Rules, chapter 9505. The commissioner may assess fines if specific required components of documentation are missing. The fine for incomplete documentation shall equal 20 percent of the amount paid on the claims for reimbursement submitted by the individual or entity, or up to $5,000, whichever is less. If the commissioner determines that an individual or entity repeatedly violated this chapter, chapter 254B or 245G, or Minnesota Rules, chapter 9505, related to the provision of services to program recipients and the submission of claims for payment, the commissioner may order an individual or entity to forfeit a fine based on the nature, severity, and chronicity of the violations, in an amount of up to $5,000 or 20 percent of the value of the claims, whichever is greater.~~

~~(h) The individual or entity shall pay the fine assessed on or before the payment date specified. If the individual or entity fails to pay the fine, the commissioner may withhold or reduce payments and recover the amount of the fine. A timely appeal shall stay payment of the fine until the commissioner issues a final order.~~

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

Sec. 34. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2a. **Imposition of fines.** (a) The commissioner may order an individual or entity to forfeit a fine for failure to fully document services according to standards in this chapter and Minnesota Rules, chapter 9505. The commissioner may assess fines if specific required components of documentation are missing. The fine for incomplete documentation equals 20 percent of the amount paid on the claims for reimbursement submitted by the individual or entity, or up to $5,000, whichever is less.

(b) If the commissioner determines that an individual or entity repeatedly violated this chapter, chapter 245G or 254B, or Minnesota Rules, chapter 9505, related to the provision of services to program recipients and the submission of claims for payment, the commissioner may order an individual or entity to forfeit a fine based on the nature, severity, and chronicity of the violations, in an amount of up to $5,000 or 20 percent of the value of the claims, whichever is greater.

(c) The individual or entity must pay the fine assessed on or before the payment date specified by the commissioner. If the individual or entity fails to pay the fine, the commissioner may withhold or reduce payments and recover the amount of the fine.

(d) A timely appeal stays payment of the fine until the commissioner issues a final order.

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

Sec. 35. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2b. **Mandatory suspension or termination after exclusion from participation in Medicare.** (a) The commissioner must suspend or terminate an individual's or entity's participation in the program without providing advance notice and an opportunity for a hearing when the suspension or termination is required because of the individual's or entity's exclusion from participation in Medicare.

(b) Within five days of taking an action under paragraph (a), the commissioner must send notice of the suspension or termination to the individual or entity. The notice must:

(1) state that the suspension or termination is the result of the individual's or entity's exclusion from Medicare;

(2) identify the effective date of the suspension or termination; and

(3) inform the individual or entity of the need to be reinstated to Medicare before reapplying for participation in the program.

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

Sec. 36. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2c. **Imposition of withholding or reduction of payments without prior notice.** (a) Except when the commissioner finds good cause not to suspend payments under Code of Federal Regulations, title 42, section 455.23(e) or (f), the commissioner must temporarily withhold or reduce payments to an individual or entity without providing advance notice of the withholding or reduction if either of the following occurs:

(1) the individual or entity is convicted of a crime involving the conduct described in subdivision 1a; or

(2) the commissioner determines there is a credible allegation of fraud for which an investigation is pending under the program. Allegations are considered credible when the allegations have indicia of reliability and the commissioner has reviewed all allegations, facts, and evidence carefully and acts judiciously on a case-by-case basis.

(b) A credible allegation of fraud is an allegation that has been verified by the state from any source, including but not limited to:

(1) fraud hotline complaints;

(2) claims data mining;

(3) patterns identified through provider audits, civil false claims cases, and law enforcement investigations; and

(4) court filings and other legal documents, including but not limited to police reports, complaints, indictments, informations, affidavits, declarations, and search warrants.

(c) The commissioner must send notice of the withholding or reduction of payments under paragraph (a) within five days of withholding or reducing payments unless requested in writing by a law enforcement agency to temporarily withhold the notice. The notice must:

(1) state that payments are being withheld or reduced according to paragraph (a);

(2) set forth the allegations as to the nature of the withholding or reduction in a manner reasonably calculated to provide notice, which must include but is not limited to date ranges of suspected claims, locations of suspected service delivery, and general nature of individual or entity conduct, but need not disclose specific information that the commissioner determines is likely to jeopardize an ongoing investigation;

(3) except in the case of a conviction for conduct described in subdivision 1a, state that the withholding or reduction is for a temporary period and cite the circumstances under which withholding or reduction will be terminated;

(4) identify the types of claims to which the withholding or reduction applies; and

(5) inform the individual or entity of the right to submit written evidence for consideration by the commissioner.

(d) The commissioner must immediately cease to withhold or reduce payments under this subdivision and must release the withheld or reduced payments no later than ten days following the earlier of the commissioner's determination that there is insufficient evidence of fraud by the individual or entity, or legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice of intention to impose monetary recovery or sanctions.

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

Sec. 37. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2d. **Administrative review of temporary payment withhold or reduction.** (a) Upon receipt of a notice under subdivision 2c, paragraph (c), that a payment withhold or reduction is imposed, an individual or entity may request a review under paragraph (c) by filing with the commissioner a written request for an administrative review. The review request must be received by the commissioner no later than 30 days after the date the notification of the payment withhold or reduction was mailed to the individual or entity. The review request must specify the reason the payment withholding or reduction decision is in error and clearly request a review. The commissioner

must refer the review request to the Court of Administrative Hearings within ten business days of receiving the review request.

(b) The costs for the review under paragraph (c) must be borne equally by both parties.

(c) The burden of proof upon review of a temporary withhold or reduction is limited to whether the commissioner can establish that there is a credible allegation of fraud as provided in subdivision 2c, paragraph (a), clause (2). The administrative law judge's recommendation to the commissioner must not make findings on the veracity of the underlying allegations of fraud, as the underlying investigation remains ongoing and underlying facts may be litigated in future administrative, civil, or criminal proceedings after the commissioner issues a final decision.

(d) To protect the integrity of the ongoing investigation, the commissioner must submit evidence to support the action to the administrative law judge under seal. The individual or entity may submit evidence to the administrative law judge that supports the position of the individual or entity that the payment withholding or reduction decision is in error. The administrative law judge must review the evidence in camera. The commissioner must not be subject to discovery by the individual or entity during the proceedings.

(e) The commissioner must provide notice to the individual or entity within ten business days of the administrative law judge's completed recommendation. The notice must state that the review process under this subdivision is complete and must include whether the administrative law judge found that the commissioner established there was a credible allegation of fraud.

(f) The administrative law judge's findings of facts, conclusions of law, and recommendation as to whether there is a credible allegation of fraud must not be used or considered for any other purpose, including impeachment, in any civil, criminal, administrative, or contractual proceeding. The administrative law judge's findings of facts, conclusions of law, and recommendation must not be held conclusive or binding or used as evidence in any separate or subsequent action in any other forum, be it contractual, administrative, or judicial, regardless of whether the action involves the same or related parties or involves the same facts.

Sec. 38. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2e. **Withholding or reduction of payments; review.** If a payment withhold or reduction under subdivision 2c remains in effect after 90 days, the commissioner must submit evidence to an administrative law judge under seal for the administrative law judge to determine whether the commissioner or a law enforcement agency is actively pursuing an investigation under this section. The administrative law judge must review the evidence in camera and provide a recommendation to the commissioner regarding continuing the withholding or reduction. The recommendation of the administrative law judge is advisory and the commissioner's decision to continue a withholding is final and not subject to appeal or reduction. The review under this subdivision must occur every 90 days for each payment withhold or reduction that is in effect. The commissioner must provide a notice to the individual or entity subject to the payment withhold or reduction within ten business days of the completion of each review under this subdivision. The notice must include the administrative law judge's recommendation.

Sec. 39. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2f. **Judicial review.** The administrative law judge's findings of facts, conclusions of law, and recommendations under subdivisions 2d and 2e are not subject to judicial review.

Sec. 40. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2g. **Forfeiture of withheld payments upon criminal conviction.** Upon conviction of a crime related to the provision, management, or administration of a health service under medical assistance, a payment withheld pursuant to this section by the commissioner or a managed care organization that contracts with the commissioner under section 256B.035 is forfeited to the commissioner or managed care organization, regardless of the amount charged in the criminal complaint or the amount of criminal restitution ordered.

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

Sec. 41. Minnesota Statutes 2024, section 256B.064, subdivision 3, is amended to read:

Subd. 3. **Mandates on prohibited payments.** (a) The commissioner ~~shall~~ must maintain and publish a list of each excluded individual and entity that was convicted of a crime related to the provision, management, or administration of a medical assistance health service, or suspended or terminated under ~~subdivision 2~~ this section. Medical assistance payments cannot be made by an individual or entity for items or services furnished either directly or indirectly by an excluded individual or entity, or at the direction of excluded individuals or entities.

(b) The entity must check the exclusion list on a monthly basis and document the date and time the exclusion list was checked and the name and title of the person who checked the exclusion list. The entity must immediately terminate payments to an individual or entity on the exclusion list.

(c) An entity's requirement to check the exclusion list and to terminate payments to individuals or entities on the exclusion list applies to each individual or entity on the exclusion list, even if the named individual or entity is not responsible for direct patient care or direct submission of a claim to medical assistance.

(d) An entity that pays medical assistance program funds to an individual or entity on the exclusion list must refund any payment related to either items or services rendered by an individual or entity on the exclusion list from the date the individual or entity is first paid or the date the individual or entity is placed on the exclusion list, whichever is later, and an entity may be subject to:

(1) sanctions under ~~subdivision 2~~ this section;

(2) a civil monetary penalty of up to $25,000 for each determination by the department that the vendor employed or contracted with an individual or entity on the exclusion list; and

(3) other fines or penalties allowed by law.

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

Sec. 42. Minnesota Statutes 2024, section 256B.064, subdivision 4, is amended to read:

Subd. 4. **Notice.** (a) The department ~~shall~~ must serve the notice required under ~~subdivision 2~~ this section using a signature-verified confirmed delivery method to the address submitted to the department by the individual or entity. Service is complete upon mailing.

(b) The department ~~shall~~ must give notice in writing to a recipient placed in the Minnesota restricted recipient program under section 256B.0646 and Minnesota Rules, part 9505.2200. The department ~~shall~~ must send the notice by first class mail to the recipient's current address on file with the department. A recipient placed in the Minnesota restricted recipient program may contest the placement by submitting a written request for a hearing to the department within 90 days of the notice being mailed.

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

Sec. 43. Minnesota Statutes 2024, section 256B.064, subdivision 5, is amended to read:

Subd. 5. **Immunity; good faith reporters.** (a) A person who makes a good faith report is immune from any civil or criminal liability that might otherwise arise from reporting or participating in the investigation. Nothing in this subdivision affects an individual's or entity's responsibility for an overpayment established under this subdivision.

(b) A person employed by a lead investigative agency who is conducting or supervising an investigation or enforcing the law according to the applicable law or rule is immune from any civil or criminal liability that might otherwise arise from the person's actions, if the person is acting in good faith and exercising due care.

(c) For purposes of this subdivision, "person" includes a natural person or any form of a business or legal entity.

(d) After an investigation is complete, the reporter's name must be kept confidential. The subject of the report may compel disclosure of the reporter's name only with the consent of the reporter or upon a written finding by a district court that the report was false and there is evidence that the report was made in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the Rules of Criminal Procedure, except that when the identity of the reporter is relevant to a criminal prosecution the district court ~~shall~~ must conduct an in-camera review before determining whether to order disclosure of the reporter's identity.

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

Sec. 44. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 6. **Application.** This section supersedes any inconsistent or contrary provision of law.

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

Sec. 45. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 8. **Coordination with law enforcement.** When a temporary withholding or reduction of payments under subdivision 2c involves potential criminal conduct, the commissioner must coordinate with appropriate law enforcement authorities, including the Minnesota attorney general's Medicaid Fraud Control Unit, and may consult with state or federal investigative agencies as necessary.

Sec. 46. **[256B.0647] REMITTANCE ADVICE MONETARY RECOVERY.**

(a) The commissioner may use the remittance advice process under Code of Federal Regulations, title 45, part 162.1601, as the notice to a vendor or provider when seeking monetary recovery using a department-administered information technology system for programmatically processed claims. The remittance advice must be delivered electronically and constitutes the sole notice to the provider. The commissioner must withhold the payments at issue when using the remittance advice as the notice.

(b) Providers may seek reconsideration of a remittance under this section by mailing a request to the commissioner. The reconsideration request must be received no later than 30 calendar days from the posting of the remittance advice. A request for reconsideration does not stay the withholding of payments. The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14. The request for reconsideration must include:

(1) each disputed item, the reason for the dispute, and an estimate of the dollar amount involved for each disputed item;

(2) the calculation that the individual or entity believes is correct;

(3) the authority in statute or rule upon which the individual or entity relies for each disputed item;

(4) the name and address of the person or entity with whom contacts may be made regarding the appeal; and

(5) other information required by the commissioner.

(c) The commissioner may not use the remittance advice process as notice required under section 256B.064.

Sec. 47. Minnesota Statutes 2025 Supplement, section 256B.0701, subdivision 9, as amended by Laws 2026, chapter 95, article 4, section 15, is amended to read:

Subd. 9. **Provider qualifications and duties.** A provider is eligible for reimbursement under this section only if the provider:

(1) is confirmed by the commissioner as an eligible provider after a pre-enrollment risk assessment under subdivision 10;

(2) is enrolled as a medical assistance Minnesota health care program provider and meets all applicable provider standards and requirements;

(3) demonstrates compliance with federal and state laws and policies for recuperative care services as determined by the commissioner;

(4) complies with background study requirements under chapter 245C and maintains documentation of background study requests and results;

(5) provides at the time of enrollment, reenrollment, and revalidation in a format determined by the commissioner, proof of surety bond coverage for each business location providing services. Upon new enrollment, or if the provider's medical assistance revenue in the previous calendar year is $300,000 or less, the provider agency must purchase a surety bond of $50,000. If the provider's medical assistance revenue in the previous year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be renewed annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(6) ensures all controlling individuals and employees of the agency complete annual vulnerable adult training;

(7) completes compliance training as required under section 256B.0446, subdivision ~~11~~ 2; and

(8) complies with the habitability inspection requirements in subdivision 13.

Sec. 48. Minnesota Statutes 2024, section 256B.076, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) It is the policy of this state to ensure that individuals on medical assistance receive cost-effective and coordinated care, including efforts to address the profound effects of housing instability, food insecurity, and other social determinants of health. Therefore, subject to federal approval, medical assistance covers targeted case management services as described in this section and sections 245.4711; 245.4881; 256B.0625, subdivisions 20 to 20b; 256B.0924; 256B.094; and 256F.10.

(b) The commissioner, in collaboration with Tribes, counties, providers, and individuals served, must propose further modifications to targeted case management services to ensure a program that complies with all federal requirements, delivers services in a cost-effective and efficient manner, creates uniform expectations for targeted case management services, addresses health disparities, and promotes person- and family-centered services.

(c) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the requirements of this section or section 245.4711; 245.4881; 256B.0625, subdivisions 20 and 20b; 256B.0924; 256B.094; or 256F.10. The county of financial responsibility, as determined under chapter 256G or, if applicable, the Tribal agency, is responsible for any federal disallowances. The county or Tribal agency may share the financial responsibility with the county's or Tribal agency's contracted vendors.

Sec. 49. Minnesota Statutes 2024, section 256B.076, is amended by adding a subdivision to read:

Subd. 5. **County-provided fee-for-service rate setting and reconciliation.** (a) Effective January 1 of the implementation year determined in the joint governance agreement under subdivision 6, or upon federal approval, whichever is later, the commissioner must pay targeted case management

services for which counties provide the nonfederal share of money and county staff provide the services on a fee-for-service basis according to the cost-based payment methodology in this subdivision and consistent with the federal regulations related to certified public expenditures. To receive federal reimbursement for these services, a county providing eligible targeted case management services must complete a federally approved cost report in accordance with section 256.01, subdivision 2, paragraph (o).

(b) The commissioner must reimburse submitted claims based on an interim rate and must determine a final rate on a calendar-year basis following completion of a cost report reconciliation. The commissioner must notify counties of the final rate and post final rates publicly.

(c) To appeal a final rate determined by the commissioner under paragraph (b), a county must submit a written appeal request to the commissioner within 60 days after the date the commissioner issued the final rate determination. The appeal request must specify the disputed items and the name and address of the person to contact regarding the appeal.

(d) The payment methodology under this section must only be used to reimburse allowable medical assistance costs. The county of financial responsibility, as determined under chapter 256G, is responsible for any federal disallowances.

(e) Upon implementation, the commissioner must base interim rates on data from the testing period. The commissioner must base subsequent interim rates for a calendar year on the most recently completed reconciliation. The commissioner must notify counties of the interim rate by June 30 each year and post interim rates publicly. If the commissioner is unable to notify the counties by June 30, the commissioner must notify each county in writing no later than June 30 that the new interim rate is delayed and must provide an estimate of when the new interim rate will be available.

(f) Payments to counties for targeted case management expenditures under this section must be made only from federal earnings from services provided under this section.

(g) Counties must submit all claims for targeted case management services described in this section using a 15-minute unit.

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

Sec. 50. Minnesota Statutes 2024, section 256B.076, is amended by adding a subdivision to read:

Subd. 6. **Testing and implementation.** The commissioners of human services and children, youth, and families; the Association of Minnesota Counties (AMC); and the Minnesota Association of County Social Service Administrators (MACSSA) must collaborate to establish a joint governance agreement. The joint governance agreement must:

(1) establish system functionality requirements to (i) meet the business needs of local agencies providing targeted case management services and (ii) comply with applicable state and federal regulations for the Social Services Information System (SSIS), SSIS's replacement, and adjacent systems and the targeted case management cost report under subdivision 5;

(2) establish a schedule for transition planning, including but not limited to fiscal impact assessment and training; and

(3) specify that the rate method established in subdivision 5 must not be implemented without both the completion of a required testing period of 12 calendar months and the express approval by the commissioners of human services and children, youth, and families; AMC; and MACSSA.

Sec. 51. Minnesota Statutes 2024, section 256B.076, is amended by adding a subdivision to read:

Subd. 7. **Managed care plan units and rates for mental health targeted case management.** The commissioner must ensure that the prepaid health plans providing covered health services for eligible persons pursuant to this chapter and section 256L.03, subdivisions 1a and 1b, reimburse counties at a rate that is at least equal to the fee-for-service rate described in subdivision 5 for targeted case management services provided to Minnesota health care program (MHCP) health plan enrollees covered by medical assistance. If, for any contract year, federal approval is not received for this subdivision, the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year to reflect the removal of this subdivision. Contracts between managed care plans and county-based purchasing plans and providers to whom this subdivision applies must allow recovery of payments from those providers if capitation rates are adjusted in accordance with this subdivision. Payment recoveries must not exceed the amount equal to any increase in rates that results from this subdivision. This subdivision expires if federal approval is not received for this subdivision at any time. This subdivision does not obligate MHCP health plans to contract with counties for the provision of targeted case management services.

Sec. 52. Minnesota Statutes 2024, section 256B.076, is amended by adding a subdivision to read:

Subd. 8. **Targeted case management gap funding.** (a) For purposes of this subdivision, "unacceptable loss" means when a county's finalized amount of targeted case management federal reimbursement following the commissioner's reconciliation for a calendar year for targeted case management under subdivision 5 is less than 90 percent of the average federal reimbursement received by that county during the base calendar years determined in paragraph (c).

(b) The commissioner must pay targeted case management gap funding in the amount and time frame specified in paragraph (c) to an individual county for calendar years in which the county experiences an unacceptable loss.

(c) The base calendar years are the three calendar years immediately before the testing period of 12 calendar months determined under subdivision 6. In consultation with the county that experienced the unacceptable loss, the commissioner must make appropriate adjustments to base year amounts as needed to prevent the base amounts from being unduly influenced by onetime events, anomalies, or small changes that appear large compared to a narrow historical base. The commissioner must not make adjustments to the eight county human services agencies that received the greatest amount of targeted case management federal reimbursement during the base calendar years. For agencies other than the eight county human services agencies that received the greatest amount, the total of all adjustments for a given calendar year must not exceed two percent of statewide federal targeted case management federal reimbursement that calendar year.

(d) The commissioner must pay targeted case management gap funding to the applicable county in an amount equaling the difference between the finalized amount of targeted case management federal reimbursement after reconciliation for that calendar year and 90 percent of the average federal reimbursement received by that county during the base calendar years, including any adjustments under paragraph (c). The commissioner must pay the county within 90 days of completing the reconciliation under subdivision 5.

(e) Targeted case management gap funding is a forecasted program under section 16A.11.

Sec. 53. Minnesota Statutes 2025 Supplement, section 256B.0924, subdivision 6, as amended by Laws 2026, chapter 88, article 1, section 126, and Laws 2026, chapter 95, article 4, section 21, is amended to read:

Subd. 6. **Payment for targeted case management.** (a) ~~Medical assistance and MinnesotaCare payment for targeted case management shall be made on a monthly basis. In order to receive payment for an eligible adult,~~ The provider must ~~document at least one contact per month and not more than two consecutive months without a face-to-face~~ meet the contact ~~either in person or~~ requirements under section 256B.094, subdivision 6. Contact by interactive video ~~that meets~~ must meet the requirements in section 256B.0625, subdivision 20b, with the adult or the adult's legal representative, family, primary caregiver, or other relevant ~~persons~~ person identified as necessary to the development or implementation of the goals of the personal service plan.

(b) Except as provided under paragraph (m), payment for targeted case management provided by county staff under this subdivision ~~shall~~ must be based on the ~~monthly~~ rate ~~methodology under section 256B.094, subdivision 6, paragraph (b), calculated as one combined average rate together with adult mental health case management under section 256B.0625, subdivision 20~~ established in section 256B.076, subdivisions 5 and 7. Billing and payment must identify the recipient's primary population group to allow tracking of revenues.

(c) Payment for targeted case management provided by county-contracted vendors shall be based on a monthly rate calculated in accordance with section 256B.076, subdivision 2. Payment for case management provided by vendors who contract with a Tribe must be made in accordance with Indian Health Service facility requirements. If a Tribe chooses to contract with a vendor receiving payment not through an Indian Health Service facility, the rate must be based on a monthly rate negotiated by the Tribe. The rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or Tribe, except to reimburse the county or Tribe for advance funding provided by the county or Tribe to the vendor.

(d) If the service is provided by a team that includes any combination of contracted vendors, county staff, and Tribal staff, the costs for county staff participation on the team shall be included in the rate for county-provided services. In this case, the contracted vendor and the county and Tribal case managers may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document the need for team targeted case management and a description of the different roles of staff.

(e) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for targeted case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a Tribal agency, the recipient's Tribe must provide the nonfederal share of costs, if any.

(f) The commissioner may suspend, reduce, or terminate reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or Tribe when applicable, is responsible for any federal disallowances. The county may share this responsibility with its contracted vendors.

(g) The commissioner shall set aside five percent of the federal funds received under this section for use in reimbursing the state for costs of developing and implementing this section.

(h) Payments to counties and Tribes for targeted case management expenditures under this section shall only be made from federal earnings from services provided under this section. Payments to contracted vendors shall include both the federal earnings and the county share.

(i) Notwithstanding section 256B.041, county or Tribal payments for the cost of case management services provided by county or Tribal staff shall not be made to the commissioner of management and budget. For the purposes of targeted case management services provided by county or Tribal staff under this section, the centralized disbursement of payments to counties or Tribes under section 256B.041 consists only of federal earnings from services provided under this section.

(j) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for targeted case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(k) Payment for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(l) Any growth in targeted case management services and cost increases under this section shall be the responsibility of the counties or Tribes.

(m) The commissioner may make payments for Tribes according to section 256B.0625, subdivision 34, or other relevant federally approved rate setting methodologies for vulnerable adult and developmental disability targeted case management provided by Indian health services and facilities operated by a Tribe or Tribal organization.

Sec. 54. Minnesota Statutes 2024, section 256B.094, subdivision 2, is amended to read:

Subd. 2. **Eligible services.** Services eligible for medical assistance reimbursement include:

(1) assessment of the recipient's need for case management services to gain access to <u>available</u> medical, social, educational, <u>economic support,</u> and other related services;

(2) development, completion, and regular review of a written individual service plan based on the assessment of need for case management services to ensure access to available medical, social, educational, economic support, and other related services;

(3) routine contact or other communication with the client, the client's family, primary caregiver, legal representative, substitute care provider, service providers, or other relevant persons identified as necessary to the development or implementation of the goals of the individual service plan, regarding the status of the client, the individual service plan, or the goals for the client, exclusive of transportation of the child;

(4) coordinating referrals for, and the provision of, case management services for the client with appropriate service providers, consistent with section 1902(a)(23) of the Social Security Act;

(5) coordinating and monitoring the overall service delivery to ensure quality of services;

(6) monitoring and evaluating services on a regular basis to ensure appropriateness and continued need based on the child's and family's or caregiver's current circumstances;

(7) completing and maintaining necessary documentation that supports and verifies the activities in this subdivision;

(8) traveling to conduct a visit with the client or other relevant person necessary to the development or implementation of the goals of the individual service plan; and

(9) coordinating with the medical assistance facility discharge planner in the 30-day period before the client's discharge into the community. This case management service provided to patients or residents in a medical assistance facility is limited to a maximum of two 30-day periods per calendar year.

Sec. 55. Minnesota Statutes 2024, section 256B.094, subdivision 3, is amended to read:

Subd. 3. **Coordination and provision of services.** (a) In a county or reservation where a ~~prepaid medical assistance provider~~ managed care organization (MCO) or county-based purchasing (CBP) plan has contracted under section 256B.69 to provide medical and mental health services, the case management provider shall coordinate with the ~~prepaid provider~~ MCO or CBP plan to ensure that all necessary medical and mental health services required under the contract are provided to recipients of case management services.

~~(b) When the case management provider determines that a prepaid provider is not providing mental health services as required under the contract, the case management provider shall assist the recipient to appeal the prepaid provider's denial pursuant to section 256.045, and may make other arrangements for provision of the covered services.~~

~~(c) The case management provider may bill the provider of prepaid health care services for any mental health services provided to a recipient of case management services which the county or tribal social services arranges for or provides and which are included in the prepaid provider's contract, and which were determined to be medically necessary as a result of an appeal pursuant to section 256.045. The prepaid provider must reimburse the mental health provider, at the prepaid provider's standard rate for that service, for any services delivered under this subdivision.~~

(b) Child welfare targeted case management is carved out of Minnesota health care programs managed care contracts. The case management provider must assist the recipient to ensure access to all medically necessary services listed in section 256B.0625, whether delivered on a fee-for-service basis or by a MCO or CBP plan.

~~(d)~~ (c) If the county or Tribal social services has not obtained prior authorization for this service, or an appeal results in a determination that the services were not medically necessary, the county or Tribal social services may not seek reimbursement from the prepaid provider.

Sec. 56. Minnesota Statutes 2024, section 256B.094, subdivision 6, is amended to read:

Subd. 6. **Medical assistance reimbursement of case management services.** (a) Medical assistance reimbursement for services under this section ~~shall~~ must be made ~~on a monthly basis~~ in accordance with section 256B.076. Payment is based on face-to-face contacts either in person or by interactive video, or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the following requirements:

(1) there must be a face-to-face contact either in person or by interactive video that meets the requirements of section 256B.0625, subdivision 20b, at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility, or a client served by Tribal social services placed outside the reservation, in an excluded time facility under section 256G.02, subdivision 6, or through the Interstate Compact for the Placement of Children, section 260.93, and the placement in either case is more than 60 miles beyond the county or reservation boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face, in-person contact.

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

~~(c)~~ (b) Payments for Tribes may be made according to section 256B.0625 or other relevant federally approved rate setting methodology for child welfare targeted case management provided by Indian health services and facilities operated by a Tribe or Tribal organization.

~~(d)~~ (c) Payment for case management provided by county contracted vendors must be calculated in accordance with section 256B.076, subdivision 2. Payment for case management provided by vendors who contract with a Tribe must be based on a monthly rate negotiated by the Tribe. The rate must not exceed the rate charged by the vendor for the same service to other payers. ~~If the service is provided by a team of contracted vendors, the team shall determine how to distribute the rate among its members.~~ No reimbursement received by contracted vendors shall be returned to the county or Tribal social services, except to reimburse the county or Tribal social services for advance funding provided by the county or Tribal social services to the vendor.

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

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

Sec. 57. Minnesota Statutes 2025 Supplement, section 256B.0949, subdivision 16, as amended by Laws 2026, chapter 95, article 4, section 24, is amended to read:

Subd. 16. **Agency duties.** (a) An agency delivering an EIDBI service under this section must:

(1) enroll as a medical assistance Minnesota health care program provider according to Minnesota Rules, part 9505.0195, and ~~section 256B.04, subdivision 21,~~ sections 256B.044 to 256B.0448 and meet all applicable provider standards and requirements;

(2) designate an individual as the agency's compliance officer who must perform the duties described in section ~~256B.04, subdivision 21, paragraph (g)~~ 256B.044, subdivision 8, paragraph (b);

(3) demonstrate compliance with federal and state laws for the delivery of and billing for EIDBI service;

(4) verify and maintain records of a service provided to the person or the person's legal representative as required under Minnesota Rules, parts 9505.2175 and 9505.2197;

(5) demonstrate that while enrolled or seeking enrollment as a Minnesota health care program provider the agency did not have a lead agency contract or provider agreement discontinued because of a conviction of fraud; or did not have an owner, board member, or manager fail a state or federal criminal background check or appear on the list of excluded individuals or entities maintained by the federal Department of Human Services Office of Inspector General;

(6) have established business practices including written policies and procedures, internal controls, and a system that demonstrates the organization's ability to deliver quality EIDBI services, appropriately submit claims, conduct required staff training, document staff qualifications, document service activities, and document service quality;

(7) have an office located in Minnesota or a border state;

(8) initiate a background study as required under subdivision 16a;

(9) report maltreatment according to section 626.557 and chapter 260E;

(10) comply with any data requests consistent with the Minnesota Government Data Practices Act, sections 256B.064 and 256B.27;

(11) provide training for all agency staff on the requirements and responsibilities listed in the Maltreatment of Minors Act, chapter 260E, and the Vulnerable Adult Protection Act, section 626.557, including mandated and voluntary reporting, nonretaliation, and the agency's policy for all staff on how to report suspected abuse and neglect;

(12) have a written policy to resolve issues collaboratively with the person and the person's legal representative when possible. The policy must include a timeline for when the person and the person's legal representative will be notified about issues that arise in the provision of services;

(13) provide the person's legal representative with prompt notification if the person is injured while being served by the agency. An incident report must be completed by the agency staff member in charge of the person. A copy of all incident and injury reports must remain on file at the agency for at least five years from the report of the incident;

(14) before starting a service, provide the person or the person's legal representative a description of the treatment modality that the person shall receive, including the staffing certification levels and training of the staff who shall provide a treatment;

(15) provide clinical supervision for a minimum of one hour for every 16 hours of direct treatment per person, unless otherwise authorized in the person's individual treatment plan; and

(16) provide the required EIDBI intervention observation and direction by a QSP at least once per month. Notwithstanding subdivision 13, paragraph (l), required EIDBI intervention observation and direction under this clause may be conducted via telehealth provided that no more than two consecutive monthly required EIDBI intervention observation and direction sessions under this clause are conducted via telehealth.

(b) Upon request of the commissioner, an agency delivering services under this section must:

(1) identify the agency's controlling individuals, as defined under section 245A.02, subdivision 5a;

(2) provide disclosures of the use of billing agencies and other consultants who do not provide EIDBI services; and

(3) provide copies of any contracts with consultants or independent contractors who do not provide EIDBI services, including hours contracted and responsibilities.

(c) When delivering the ITP, and annually thereafter, an agency must provide the person or the person's legal representative with:

(1) a written copy and a verbal explanation of the person's or person's legal representative's rights and the agency's responsibilities;

(2) documentation in the person's file the date that the person or the person's legal representative received a copy and explanation of the person's or person's legal representative's rights and the agency's responsibilities; and

(3) reasonable accommodations to provide the information in another format or language as needed to facilitate understanding of the person's or person's legal representative's rights and the agency's responsibilities.

Sec. 58. Minnesota Statutes 2024, section 256B.0949, subdivision 17, is amended to read:

Subd. 17. **Provider shortage; authority for exceptions.** (a) In consultation with the Early Intensive Developmental and Behavioral Intervention Advisory Council and stakeholders, including agencies, professionals, parents of people with ASD or a related condition, and advocacy organizations, the commissioner shall determine if a shortage of EIDBI providers exists. For the purposes of this subdivision, "shortage of EIDBI providers" means a lack of availability of providers who meet the EIDBI provider qualification requirements under subdivision 15 that results in the delay of access to timely services under this section, or that significantly impairs the ability of a provider agency to have sufficient providers to meet the requirements of this section. The commissioner shall consider geographic factors when determining the prevalence of a shortage. The commissioner may determine that a shortage exists only in a specific region of the state, multiple regions of the state, or statewide. The commissioner shall also consider the availability of various types of treatment modalities covered under this section.

(b) The commissioner, in consultation with the Early Intensive Developmental and Behavioral Intervention Advisory Council and stakeholders, must establish processes and criteria for granting an exception under this paragraph. The commissioner may grant an exception only if the exception would not compromise a person's safety and not diminish the effectiveness of the treatment. The commissioner may establish an expiration date for an exception granted under this paragraph. The commissioner may grant an exception for the following:

(1) EIDBI provider qualifications under this section;

(2) medical assistance provider enrollment requirements under ~~section 256B.04, subdivision 21~~ sections 256B.044 to 256B.0448; or

(3) EIDBI provider or agency standards or requirements.

(c) If the commissioner, in consultation with the Early Intensive Developmental and Behavioral Intervention Advisory Council and stakeholders, determines that a shortage no longer exists, the commissioner must submit a notice that a shortage no longer exists to the chairs and ranking minority members of the senate and the house of representatives committees with jurisdiction over health and human services. The commissioner must post the notice for public comment for 30 days. The commissioner shall consider public comments before submitting to the legislature a request to end the shortage declaration. The commissioner shall not declare the shortage of EIDBI providers ended without direction from the legislature to declare it ended.

Sec. 59. Minnesota Statutes 2024, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served, and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans:

(1) use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659 and community first services and supports under section 256B.85;

(2) by January 30 of each year that follows a rate increase for any aspect of services under section 256B.0659 or 256B.85, inform the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over rates determined under section 256B.851 of the amount of the rate increase that is paid to each personal care assistance provider agency with which the plan has a contract; ~~and~~

(3) use a six-month timely filing standard and provide an exemption to the timely filing timeliness for the resubmission of claims where there has been a denial, request for more information, or system issue.;

(4) have in place a prepayment review process for all claims that includes claims edit processing and policies consistent with the procedures under section 256B.0447; and

(5) publish metrics related to program integrity actions and outcomes on a publicly available website.

(e) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(f) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(g) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(h) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(i) The return of the withhold under paragraphs (e) and (f) is not subject to the requirements of paragraph (c).

(j) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment terms, scope, duration of the contract, and how the subcontractor services relate to state public health care programs. Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

(k) The commissioner has the right to recover from a managed care plan the full monetary amount of any claims identified as improperly paid during audits or investigations by the commissioner or the commissioner's contractors or the Centers for Medicare and Medicaid Services.

Sec. 60. Minnesota Statutes 2024, section 256B.69, is amended by adding a subdivision to read:

Subd. 10a. **Data sharing for program integrity.** If the commissioner receives a written report from a managed care plan that has reason to believe that a provider, vendor, managed care employee, subcontractor, or enrollee committed fraud under this chapter or chapter 256L, the commissioner must provide summary data, as defined in section 13.02, subdivision 19, from the report to other managed care plans contracted under this section within ten days of receiving the report. Nothing in this subdivision allows release of information that is nonpublic data pursuant to section 13.02, subdivision 9.

Sec. 61. Minnesota Statutes 2024, section 256B.69, subdivision 37, is amended to read:

Subd. 37. **Networks.** (a) The commissioner shall ensure that a managed care organization's network providers are enrolled with the commissioner as medical assistance providers, and that the providers comply with the provider disclosure, screening, and enrollment requirements in Code of Federal Regulations, part 42, section 455. A provider that has a network provider contract with the managed care organization is not required to provide services to a medical assistance or MinnesotaCare recipient who is receiving services through the fee-for-service system.

(b) A managed care organization may enter into a network provider contract with a provider that is not a medical assistance provider for a period of up to 120 days pending the outcome of the medical assistance provider enrollment process. A managed care organization must terminate the contract upon notification that the provider cannot be enrolled as a medical assistance provider or upon expiration of the 120-day period if notification has not been received within that period. The managed care organization must notify each affected enrollee of the provider contract termination.

(c) For purposes of this subdivision, "network provider" means any provider, group of providers, entity with a network provider agreement with the managed care organization, or subcontractor that receives payments from the managed care organization either directly or indirectly to provide services under a managed care contract between the commissioner and the managed care organization.

(d) A managed care organization is not required to include a provider in its network before approving the provider's credentials in accordance with section 62Q.097.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 62. Laws 2025, First Special Session chapter 3, article 8, section 43, the effective date, is amended to read:

EFFECTIVE DATE. Paragraph (b) is effective ~~July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance~~ upon implementation of the administrator under Minnesota Statutes, section 256B.0625, subdivision 18i. The commissioner of human services must notify the revisor of statutes when the administrator under Minnesota Statutes, section 256B.0625, subdivision 18i, is implemented. Paragraph (c) is effective on the latest of the following: (1) January 1, 2026; (2) federal approval of the medical assistance program changes in this section; (3) federal approval of the amendments in this act to Minnesota Statutes, section 256B.76, subdivision 6; (4) federal approval of the amendments in this act to Minnesota Statutes, section 256B.761; or (5) federal approval of all necessary federal waivers to implement the managed care organization assessment in Minnesota Statutes, section 295.525. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

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

Sec. 63. **MANDATORY COMPLIANCE TRAINING FOR CURRENTLY ENROLLED HIGH-RISK MEDICAL ASSISTANCE PROVIDERS.**

The owners and employees of any medical assistance provider agency subject to the requirements of Minnesota Statutes, section 256B.0446, subdivision 2, and enrolled before January 1, 2027, must complete initial compliance training by January 1, 2028.

Sec. 64. **REPEALER.**

Minnesota Statutes 2025 Supplement, section 256B.0701, subdivision 11, is repealed.

ARTICLE 4

DEPARTMENT OF HUMAN SERVICES OIG POLICY

Section 1. Minnesota Statutes 2024, section 245.095, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions have the meanings given.

(b) "Associated entity" means a provider or vendor owned or controlled by an excluded individual.

(c) "Associated individual" means an individual or entity that has a relationship with the business or its owners or controlling individuals, such that the individual or entity would have knowledge of the financial practices of the program in question.

(d) "Convicted" means a judgment of conviction has been entered by a federal, state, or local court, regardless of whether an appeal from the judgment is pending, and includes a stay of adjudication, a court-ordered diversion program, or a plea of guilty or nolo contendere.

(e) "Credible allegation of fraud" means an allegation that has been verified by the commissioner from any source, including but not limited to:

(1) fraud hotline complaints;

(2) claims data mining;

(3) patterns identified through provider audits, civil false claims cases, and law enforcement investigations;

(4) court filings and other legal documents, including but not limited to police reports, complaints, indictments, informations, affidavits, declarations, and search warrants; and

(5) information from the inspector general appointed under chapter 15E, including information listed on the inspector general's exclusion list under section 15E.25, subdivision 1, clause (11).

Allegations are credible when they have an indicium of reliability and the state agency has reviewed all allegations, facts, and evidence carefully and acts judiciously on a case-by-case basis.

~~(d)~~ (f) "Excluded" means removed under other authorities from a program administered by a Minnesota state or federal agency~~, including~~. Excluded includes but is not limited to:

(1) a final determination to stop payments~~.~~;

(2) a conclusive background study disqualification, except for a disqualification issued under section 245C.15, subdivision 4c, that has not been set aside or had a variance granted under section 245C.30; and

(3) a final agency decision regarding a denial of a license application.

(g) "Fraud" has the meaning given in section 256B.02, subdivision 20.

~~(e)~~ (h) "Individual" means a natural person providing products or services as a provider or vendor.

~~(f)~~ (i) "Provider" means any entity, individual, owner, controlling individual, license holder, director, or managerial official of an entity receiving payment from a program administered by a Minnesota state or federal agency.

Sec. 2. Minnesota Statutes 2024, section 245.095, subdivision 5, as amended by Laws 2026, chapter 92, article 2, section 12, is amended to read:

Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal law, the commissioner may withhold payments to a provider, vendor, individual, associated individual, or associated entity in any program administered by the commissioner if the commissioner determines:

(1) there is a credible allegation of fraud for which an investigation is pending for a program administered by a Minnesota state or federal agency~~.~~;

(2) the individual, the entity, or an associated individual or entity was convicted of a crime, in state or federal court, for an offense that involves fraud or theft against a program administered by the commissioner or another state or federal agency;

(3) the provider is operating after a state or federal agency orders the suspension, revocation, or decertification of the provider's license or certification, or if the provider is subject to a temporary immediate suspension, regardless of whether the action is under appeal; or

(4) the provider, vendor, individual, associated individual, or associated entity, including those receiving funds under any contract or registered program, has a background study disqualification under section 245C.15, subdivisions 1 to 4b, that has not been set aside and for which no variance has been issued.

~~(b) For purposes of this subdivision, "credible allegation of fraud" means an allegation that has been verified by the commissioner from any source, including but not limited to:~~

~~(1) fraud hotline complaints;~~

~~(2) claims data mining;~~

~~(3) patterns identified through provider audits, civil false claims cases, and law enforcement investigations;~~

~~(4) court filings and other legal documents, including but not limited to police reports, complaints, indictments, informations, affidavits, declarations, and search warrants; and~~

~~(5) information from the inspector general appointed under chapter 15E, including information listed on the inspector general's exclusion list under section 15E.25, subdivision 1, clause (11).~~

~~(c)~~ (b) The commissioner must send notice of the withholding of payments within five days of taking such action. The notice must:

(1) state that payments are being withheld according to this subdivision;

(2) set forth the general allegations related to the withholding action, except the notice need not disclose specific information concerning an ongoing investigation;

(3) state that the withholding is for a temporary period and cite the circumstances under which the withholding will be terminated; and

(4) inform the provider, vendor, individual, associated individual, or associated entity of the right to submit written evidence to contest the withholding action for consideration by the commissioner.

~~(d)~~ (c) If the commissioner withholds payments under this subdivision, the provider, vendor, individual, associated individual, or associated entity has a right to request administrative reconsideration. A request for administrative reconsideration must be made in writing, state with specificity the reasons the payment withholding decision is in error, and include documents to support the request. Within 60 days from receipt of the request, the commissioner shall judiciously review allegations, facts, evidence available to the commissioner, and information submitted by the provider, vendor, individual, associated individual, or associated entity to determine whether the payment withholding should remain in place.

~~(e)~~ (d) The commissioner shall stop withholding payments if the commissioner determines there is insufficient evidence of fraud by the provider, vendor, individual, associated individual, or associated entity or when legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice under subdivision 3 to the provider, vendor, individual, associated individual, or associated entity.

~~(f)~~ (e) The withholding of payments under this section is a temporary action and is not subject to appeal under section 256.045 or chapter 14.

(f) Section 15.013 does not apply to the commissioner taking action under this section.

Sec. 3. Minnesota Statutes 2024, section 245A.02, subdivision 13, is amended to read:

Subd. 13. **Individual who is related.** "Individual who is related" means a spouse, a parent, a birth or adopted child or stepchild, a stepparent, a stepbrother, a stepsister, a niece, a nephew, an

adoptive parent, a grandparent, a sibling, an aunt, an uncle, or a legal guardian. Individual who is related includes an individual who has a relationship named in this subdivision through marriage.

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

Sec. 4. Minnesota Statutes 2025 Supplement, section 245A.03, subdivision 2, is amended to read:

Subd. 2. **Exclusion from licensure.** (a) This chapter does not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not misuse substances or have a substance use disorder, a mental illness, a developmental disability, a functional impairment, or a physical disability;

(4) sheltered workshops or work activity programs that are certified by the commissioner of employment and economic development;

(5) programs operated by a public school for children 33 months or older;

(6) nonresidential programs primarily for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building as the nonresidential program or present within another building that is directly contiguous to the building in which the nonresidential program is located;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that do not provide children's residential services under Minnesota Rules, chapter 2960, mental health or substance use disorder treatment;

(9) programs licensed by the commissioner of corrections;

(10) recreation programs for children or adults that are operated or approved by a park and recreation board whose primary purpose is to provide social and recreational activities;

(11) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or a developmental disability;

(12) programs for children such as scouting, boys clubs, girls clubs, and sports and art programs, and nonresidential programs for children provided for a cumulative total of less than 30 days in any 12-month period;

(13) residential programs for persons with mental illness, that are located in hospitals;

(14) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(15) mental health outpatient services for adults with mental illness or children with mental illness;

(16) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules;

(17) community support services programs as defined in section 245.462, subdivision 6, and family community support services as defined in section 245.4871, subdivision 17;

(18) assisted living facilities licensed by the commissioner of health under chapter 144G;

(19) substance use disorder treatment activities of licensed professionals in private practice as defined in section 245G.01, subdivision 17;

(20) consumer-directed community support service funded under the Medicaid waiver for persons with developmental disabilities when the individual who provided the service is:

(i) the same individual who is the direct payee of these specific waiver funds or paid by a fiscal agent, fiscal intermediary, or employer of record; and

(ii) not otherwise under the control of a residential or nonresidential program that is required to be licensed under this chapter when providing the service;

(21) a county that is an eligible vendor under section 254B.0501 to provide care coordination and comprehensive assessment services;

(22) a recovery community organization that is an eligible vendor under section 254B.0501 to provide peer recovery support services; or

(23) programs licensed by the commissioner of children, youth, and families in chapter 142B.

(b) For purposes of paragraph (a), clause (6), a building is directly contiguous to a building in which a nonresidential program is located if it shares a common wall with the building in which the nonresidential program is located or is attached to that building by skyway, tunnel, atrium, or common roof.

(c) Except for the home and community-based services identified in section 245D.03, subdivision 1, nothing in this chapter shall be construed to require licensure for any services provided and funded according to an approved federal waiver plan where licensure is specifically identified as not being a condition for the services and funding.

(d) Notwithstanding section 245A.02, subdivision 13, programs initially licensed prior to July 1, 2026, may continue to operate under and must comply with the definition of related individual in Minnesota Statutes 2024, section 245A.02, subdivision 13, until the service recipient related to the license holder is no longer receiving services licensed under this chapter.

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

Sec. 5. Minnesota Statutes 2024, section 245A.043, subdivision 2, is amended to read:

Subd. 2. **Change in ownership.** ~~(a)~~ If the commissioner determines that there is a change in ownership, the commissioner shall require submission of a new license application. This subdivision does not apply to a licensed program or service located in a home where the license holder resides. A change in ownership occurs when:

(1) ~~except as provided in paragraph (b),~~ the license holder sells or transfers 100 percent of the property, stock, or assets;

(2) the license holder merges with another organization;

(3) the license holder consolidates with two or more organizations, resulting in the creation of a new organization;

(4) there is a change to the federal tax identification number associated with the license holder; or

(5) ~~except as provided in paragraph (b),~~ all controlling individuals for the original license have changed.

~~(b) For changes under paragraph (a), clause (1) or (5), no change in ownership has occurred and a new license application is not required if at least one controlling individual has been affiliated as a controlling individual for the license for at least the previous 12 months immediately preceding the change.~~

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

Sec. 6. Minnesota Statutes 2025 Supplement, section 245A.043, subdivision 2a, is amended to read:

Subd. 2a. **Review of change in ownership.** ~~(a)~~ After a change in ownership under subdivision 2, ~~paragraph (a),~~ the commissioner may complete a review for all new license holders within 12 months after the new license is issued.

~~(b) For all license holders subject to the exception in subdivision 2, paragraph (b), the license holder must notify the commissioner of the date of the change in controlling individuals pursuant to section 245A.04, subdivision 7a, and the commissioner may complete a review within 12 months following the change.~~

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

Sec. 7. Minnesota Statutes 2024, section 245A.07, subdivision 2a, is amended to read:

Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of receipt of the license holder's timely appeal, the commissioner shall request assignment of an administrative law judge. The request must include a proposed date, time, and place of a hearing. A hearing must be conducted by an administrative law judge within 30 calendar days of the request for assignment, unless an extension is requested by either party and granted by the administrative law judge for good cause. The commissioner shall issue a notice of hearing by certified mail or personal service

at least ten working days before the hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary immediate suspension should remain in effect pending the commissioner's final order under section 245A.08, regarding a licensing sanction issued under subdivision 3 following the immediate suspension. For suspensions under subdivision 2, paragraph (a), clause (1), the burden of proof in expedited hearings under this subdivision ~~shall be limited to~~ is met only if the ~~commissioner's demonstration~~ commissioner demonstrates that reasonable cause exists to believe that the license holder's or controlling individual's actions or failure to comply with applicable law or rule poses, or the actions of other individuals or conditions in the program poses an imminent risk of harm to the health, safety, or rights of persons served by the program. "Reasonable cause" means there exist specific articulable facts or circumstances which provide the commissioner with a reasonable suspicion that there is an imminent risk of harm to the health, safety, or rights of persons served by the program. When the commissioner has determined there is reasonable cause to order the temporary immediate suspension of a license based on a violation of safe sleep requirements, as defined in section 245A.1435, the commissioner is not required to demonstrate that an infant died or was injured as a result of the safe sleep violations. For suspensions under subdivision 2, paragraph (a), clause (2), the burden of proof in expedited hearings under this subdivision ~~shall be limited to~~ is met only if the ~~commissioner's demonstration~~ commissioner demonstrates by a preponderance of the evidence that, since the license was revoked, the license holder committed additional violations of law or rule which may adversely affect the health or safety of persons served by the program.

(b) The administrative law judge shall issue findings of fact, conclusions, and a recommendation within ten working days from the date of hearing. The parties shall have ten calendar days to submit exceptions to the administrative law judge's report. The record shall close at the end of the ten-day period for submission of exceptions. The commissioner's final order shall be issued within ten working days from the close of the record. When an appeal of a temporary immediate suspension is withdrawn or dismissed, the commissioner shall issue a final order affirming the temporary immediate suspension within ten calendar days of the commissioner's receipt of the withdrawal or dismissal. Within 90 calendar days after an immediate suspension has been issued and the license holder has not submitted a timely appeal under subdivision 2, paragraph (b), or within 90 calendar days after a final order affirming an immediate suspension, the commissioner shall determine:

(1) whether a final licensing sanction shall be issued under subdivision 3, paragraph (a), clauses (1) to ~~(6)~~ (5). The license holder shall continue to be prohibited from operation of the program during this 90-day period; ~~or~~

(2) whether the outcome of related, ongoing investigations or judicial proceedings are necessary to determine if a final licensing sanction under subdivision 3, paragraph (a), clauses (1) to ~~(6)~~ (5), will be issued and whether persons served by the program remain at an imminent risk of harm during the investigation period or proceedings. If so, the commissioner shall issue a suspension order under subdivision 3, paragraph (a), clause ~~(7).~~ (6); or

(3) whether the license holder or controlling individual remains the subject of a pending administrative, civil, or criminal investigation or subject to an administrative or civil action related to fraud against a program administered by a state or federal agency. If so, the commissioner shall issue a suspension order under subdivision 3, paragraph (a), clause (6).

(c) When the final order under paragraph (b) affirms an immediate suspension, or the license holder does not submit a timely appeal of the immediate suspension, and a final licensing sanction is issued under subdivision 3 and the license holder appeals that sanction, the license holder continues to be prohibited from operation of the program pending a final commissioner's order under section 245A.08, subdivision 5, regarding the final licensing sanction.

(d) The license holder shall continue to be prohibited from operation of the program while a suspension order issued under paragraph (b), clause (2) or (3), remains in effect.

(e) For suspensions under subdivision 2, paragraph (a), clause (3), the burden of proof in expedited hearings under this subdivision ~~shall be limited to~~ is met only if the ~~commissioner's demonstration~~ commissioner demonstrates by a preponderance of the evidence that a criminal complaint and warrant or summons was issued for the license holder or controlling individual that was not dismissed, and that the criminal charge is an offense that involves fraud or theft against a program administered by the commissioner.

(f) For suspensions under subdivision 2, paragraph (c), the burden of proof in expedited hearings under this subdivision is met only if the commissioner demonstrates by a preponderance of the evidence that the license holder or controlling individual is the subject of a pending administrative, civil, or criminal investigation or is subject to an administrative or civil action related to fraud against a program administered by a state or federal agency.

Sec. 8. Minnesota Statutes 2025 Supplement, section 245A.07, subdivision 3, is amended to read:

Subd. 3. **License suspension, revocation, or fine.** (a) The commissioner may suspend or revoke a license, or impose a fine if:

(1) a license holder fails to comply fully with applicable laws or rules including but not limited to the requirements of this chapter and chapter 245C;

(2) a license holder, a controlling individual, or an individual living in the household where the licensed services are provided or is otherwise subject to a background study has been disqualified and the disqualification was not set aside and no variance has been granted;

(3) a license holder knowingly withholds relevant information from or gives false or misleading information to the commissioner in connection with an application for a license, in connection with the background study status of an individual, during an investigation, or regarding compliance with applicable laws or rules;

(4) a license holder is excluded from any program administered by the commissioner under section 245.095;

(5) revocation is required under section 245A.04, subdivision 7, paragraph (d); or

(6) suspension is necessary under subdivision 2a, paragraph (b), clause (2) or (3).

A license holder who has had a license issued under this chapter suspended, revoked, or has been ordered to pay a fine must be given notice of the action by certified mail, by personal service,

or through the provider licensing and reporting hub. If mailed, the notice must be mailed to the address shown on the application or the last known address of the license holder. The notice must state in plain language the reasons the license was suspended or revoked, or a fine was ordered.

(b) If the license was suspended or revoked, the notice must inform the license holder of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking a license. The appeal of an order suspending or revoking a license must be made in writing by certified mail, by personal service, or through the provider licensing and reporting hub. If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar days after the license holder receives notice that the license has been suspended or revoked. If a request is made by personal service, it must be received by the commissioner within ten calendar days after the license holder received the order. If the order is issued through the provider hub, the appeal must be received by the commissioner within ten calendar days from the date the commissioner issued the order through the hub. Except as provided in subdivision 2a, paragraph (c), if a license holder submits a timely appeal of an order suspending or revoking a license, the license holder may continue to operate the program as provided in section 245A.04, subdivision 7, paragraphs (i) and (j), until the commissioner issues a final order on the suspension or revocation.

(c)(1) If the license holder was ordered to pay a fine, the notice must inform the license holder of the responsibility for payment of fines and the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The appeal of an order to pay a fine must be made in writing by certified mail, by personal service, or through the provider licensing and reporting hub. If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar days after the license holder receives notice that the fine has been ordered. If a request is made by personal service, it must be received by the commissioner within ten calendar days after the license holder received the order. If the order is issued through the provider hub, the appeal must be received by the commissioner within ten calendar days from the date the commissioner issued the order through the hub.

(2) The license holder shall pay the fines assessed on or before the payment date specified. If the license holder fails to fully comply with the order, the commissioner may issue a second fine or suspend the license until the license holder complies. If the license holder receives state funds, the state, county, or municipal agencies or departments responsible for administering the funds shall withhold payments and recover any payments made while the license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine until the commissioner issues a final order.

(3) A license holder shall promptly notify the commissioner of human services, in writing, when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the commissioner determines that a violation has not been corrected as indicated by the order to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify the license holder by certified mail, by personal service, or through the provider licensing and reporting hub that a second fine has been assessed. The license holder may appeal the second fine as provided under this subdivision.

(4) Fines shall be assessed as follows:

(i) the license holder shall forfeit $1,000 for each determination of maltreatment of a child under chapter 260E or the maltreatment of a vulnerable adult under section 626.557 for which the license

holder is determined responsible for the maltreatment under section 260E.30, subdivision 4, paragraphs (a) and (b), or 626.557, subdivision 9c, paragraph (c);

(ii) if the commissioner determines that a determination of maltreatment for which the license holder is responsible is the result of maltreatment that meets the definition of serious maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit $5,000;

(iii) the license holder shall forfeit $200 for each occurrence of a violation of law or rule governing matters of health, safety, or supervision, including but not limited to the provision of adequate staff-to-child or adult ratios, and failure to comply with background study requirements under chapter 245C; and

(iv) the license holder shall forfeit $100 for each occurrence of a violation of law or rule other than those subject to a $5,000, $1,000, or $200 fine in items (i) to (iii).

For purposes of this section, "occurrence" means each violation identified in the commissioner's fine order. Fines assessed against a license holder that holds a license to provide home and community-based services, as identified in section 245D.03, subdivision 1, and a community residential setting or day services facility license under chapter 245D where the services are provided, may be assessed against both licenses for the same occurrence, but the combined amount of the fines shall not exceed the amount specified in this clause for that occurrence.

(5) When a fine has been assessed, the license holder may not avoid payment by closing, selling, or otherwise transferring the licensed program to a third party. In such an event, the license holder will be personally liable for payment. In the case of a corporation, each controlling individual is personally and jointly liable for payment.

(d) Except for background study violations involving the failure to comply with an order to immediately remove an individual or an order to provide continuous, direct supervision, the commissioner shall not issue a fine under paragraph (c) relating to a background study violation to a license holder who self-corrects a background study violation before the commissioner discovers the violation. A license holder who has previously exercised the provisions of this paragraph to avoid a fine for a background study violation may not avoid a fine for a subsequent background study violation unless at least 365 days have passed since the license holder self-corrected the earlier background study violation.

Sec. 9. Minnesota Statutes 2025 Supplement, section 245A.10, subdivision 4, is amended to read:

Subd. 4. **License or certification fee for certain programs.** (a)(1) A program licensed to provide one or more of the home and community-based services and supports identified under chapter 245D to persons with disabilities or age 65 and older, ~~shall~~ must pay an annual nonrefundable license fee based on revenues derived from the provision of services that would require licensure under chapter 245D during the calendar year immediately preceding the year in which the license fee is paid, according to the following schedule:

License Holder Annual Revenue	License Fee
less than or equal to $10,000	$250

greater than $10,000 but less than or equal to $25,000	$375
greater than $25,000 but less than or equal to $50,000	$500
greater than $50,000 but less than or equal to $100,000	$625
greater than $100,000 but less than or equal to $150,000	$750
greater than $150,000 but less than or equal to $200,000	$1,000
greater than $200,000 but less than or equal to $250,000	$1,250
greater than $250,000 but less than or equal to $300,000	$1,500
greater than $300,000 but less than or equal to $350,000	$1,750
greater than $350,000 but less than or equal to $400,000	$2,000
greater than $400,000 but less than or equal to $450,000	$2,250
greater than $450,000 but less than or equal to $500,000	$2,500
greater than $500,000 but less than or equal to $600,000	$2,850
greater than $600,000 but less than or equal to $700,000	$3,200
greater than $700,000 but less than or equal to $800,000	$3,600
greater than $800,000 but less than or equal to $900,000	$3,900
greater than $900,000 but less than or equal to $1,000,000	$4,250
greater than $1,000,000 but less than or equal to $1,250,000	$4,550
greater than $1,250,000 but less than or equal to $1,500,000	$4,900
greater than $1,500,000 but less than or equal to $1,750,000	$5,200
greater than $1,750,000 but less than or equal to $2,000,000	$5,500
greater than $2,000,000 but less than or equal to $2,500,000	$5,900

greater than $2,500,000 but less than or equal to $3,000,000	$6,200
greater than $3,000,000 but less than or equal to $3,500,000	$6,500
greater than $3,500,000 but less than or equal to $4,000,000	$7,200
greater than $4,000,000 but less than or equal to $4,500,000	$7,800
greater than $4,500,000 but less than or equal to $5,000,000	$9,000
greater than $5,000,000 but less than or equal to $7,500,000	$10,000
greater than $7,500,000 but less than or equal to $10,000,000	$14,000
greater than $10,000,000 but less than or equal to $12,500,000	$18,000
greater than $12,500,000 but less than or equal to $15,000,000	$25,000
greater than $15,000,000 but less than or equal to $17,500,000	$28,000
greater than $17,500,000 but less than or equal to $20,000,000	$32,000
greater than $20,000,000 but less than or equal to $25,000,000	$36,000
greater than $25,000,000 but less than or equal to $30,000,000	$45,000
greater than $30,000,000 but less than or equal to $35,000,000	$55,000
greater than $35,000,000	$75,000

(2) If requested, the license holder ~~shall~~ must provide the commissioner information to verify the license holder's annual revenues or other information as needed, including copies of documents submitted to the Department of Revenue.

(3) At each annual renewal, a license holder may elect to pay the highest renewal fee, and not provide annual revenue information to the commissioner.

(4) A license holder that knowingly provides the commissioner incorrect revenue amounts for the purpose of paying a lower license fee ~~shall~~ must be subject to a civil penalty in the amount of double the fee the provider should have paid.

(b) A substance use disorder treatment program licensed under chapter 245G, to provide substance use disorder treatment ~~shall~~ must pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee

1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 to 74 persons	$5,000
75 to 99 persons	$10,000
100 to 199 persons	$15,000
200 or more persons	$20,000

(c) A detoxification program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, or a withdrawal management program licensed under chapter 245F ~~shall~~ must pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 or more persons	$5,000

A detoxification program that also operates a withdrawal management program at the same location ~~shall~~ must only pay one fee based upon the licensed capacity of the program with the higher overall capacity.

(d) A children's residential facility licensed under Minnesota Rules, chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$1,000
25 to 49 persons	$1,100
50 to 74 persons	$1,200
75 to 99 persons	$1,300
100 or more persons	$1,400

(e) A residential facility licensed under section 245I.23 or Minnesota Rules, parts 9520.0500 to 9520.0670, to serve persons with mental illness ~~shall~~ must pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 or more persons	$20,000

(f) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400, to serve persons with physical disabilities ~~shall~~ must pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$450
25 to 49 persons	$650
50 to 74 persons	$850

75 to 99 persons	$1,050
100 or more persons	$1,250

(g) A program licensed as an adult day care center licensed under Minnesota Rules, parts 9555.9600 to 9555.9730, ~~shall~~ must pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 to 74 persons	$5,000
75 to 99 persons	$10,000
100 to 199 persons	$15,000
200 or more persons	$20,000

(h) A program licensed to provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to 9515.3110, ~~shall~~ must pay an annual nonrefundable license fee of $20,000.

(i) A mental health clinic certified under section 245I.20 ~~shall~~ must pay an annual nonrefundable certification fee of $1,550. If the mental health clinic provides services at a primary location with satellite facilities, the satellite facilities ~~shall~~ must be certified with the primary location without an additional charge.

(j) If a program subject to annual fees under paragraph (b) provides services at a primary location with satellite facilities, the satellite facilities must be licensed with the primary location and must be subject to an additional $500 annual nonrefundable license fee per satellite facility.

Sec. 10. Minnesota Statutes 2025 Supplement, section 245A.142, subdivision 3, is amended to read:

Subd. 3. **Provisional license.** (a) Beginning January 1, 2026, the commissioner ~~shall~~ must begin issuing provisional licenses to agencies enrolled under chapter 256B to provide EIDBI services.

(b) Agencies enrolled before July 1, 2025, have until May 31, 2026, to submit an application for provisional licensure on the forms and in the manner prescribed by the commissioner.

(c) Beginning June 1, 2026, an agency must not operate if it has not submitted an application for provisional licensure under this section. The commissioner shall disenroll an agency from providing EIDBI services under chapter 256B if the agency fails to submit an application for provisional licensure by May 31, 2026.

(d) The commissioner must determine whether a provisional license applicant complies with all applicable rules and laws and either issue a provisional license to the applicant or deny the application by December 31, 2026.

(e) A provisional license is effective until comprehensive EIDBI agency licensure standards are in effect unless the provisional license is suspended or revoked.

(f) Initial provisional license applications are subject to the application fee under section 245A.10, subdivision 3, paragraph (a).

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

Sec. 11. Minnesota Statutes 2025 Supplement, section 245A.242, subdivision 2, is amended to read:

Subd. 2. **Emergency overdose treatment.** (a) A license holder must maintain a supply of opiate antagonists as defined in section 604A.04, subdivision 1, available for emergency treatment of opioid overdose ~~and~~. For administration via intramuscular injection, a license holder must have a written standing order protocol by a physician who is licensed under chapter 147, advanced practice registered nurse who is licensed under chapter 148, or physician assistant who is licensed under chapter 147A, that permits the license holder to maintain a supply of intramuscular injection opiate antagonists on site. A license holder must require staff to undergo training in the specific mode of administration used at the program, which may include intranasal administration, intramuscular injection, or both, before the staff has direct contact, as defined in section 245C.02, subdivision 11, with a person served by the program.

(b) Notwithstanding any requirements to the contrary in Minnesota Rules, chapters 2960 and 9530, and Minnesota Statutes, chapters 245F, 245G, and 245I:

(1) emergency opiate antagonist medications are not required to be stored in a locked area and staff and adult clients may carry this medication on them and store it in an unlocked location;

(2) staff persons who only administer emergency opiate antagonist medications only require the training required by paragraph (a), which any knowledgeable trainer may provide. The trainer is not required to be a registered nurse or part of an accredited educational institution; and

(3) nonresidential substance use disorder treatment programs that do not administer client medications beyond emergency opiate antagonist medications are not required to have the policies and procedures required in section 245G.08, subdivisions 5 and 6, and must instead describe the program's procedures for administering opiate antagonist medications in the license holder's description of health care services under section 245G.08, subdivision 1.

Sec. 12. Minnesota Statutes 2024, section 245C.02, subdivision 18, is amended to read:

Subd. 18. **Serious maltreatment.** (a) "Serious maltreatment" means sexual abuse, maltreatment resulting in death, neglect resulting in serious injury which reasonably requires the care of a physician, advanced practice registered nurse, or physician assistant whether or not the care of a physician, advanced practice registered nurse, or physician assistant was sought, ~~or~~ abuse resulting in serious injury, or financial exploitation of a vulnerable adult if the value of the funds or property is $1,000 or greater.

(b) For purposes of this definition, "care of a physician, advanced practice registered nurse, or physician assistant" is treatment received or ordered by a physician, physician assistant, or advanced practice registered nurse, but does not include:

(1) diagnostic testing, assessment, or observation;

(2) the application of, recommendation to use, or prescription solely for a remedy that is available over the counter without a prescription; or

(3) a prescription solely for a topical antibiotic to treat burns when there is no follow-up appointment.

(c) For purposes of this definition, "abuse resulting in serious injury" means: bruises, bites, skin laceration, or tissue damage; fractures; dislocations; evidence of internal injuries; head injuries with loss of consciousness; extensive second-degree or third-degree burns and other burns for which complications are present; extensive second-degree or third-degree frostbite and other frostbite for which complications are present; irreversible mobility or avulsion of teeth; injuries to the eyes; ingestion of foreign substances and objects that are harmful; near drowning; and heat exhaustion or sunstroke.

(d) Serious maltreatment includes neglect when it results in criminal sexual conduct against a child or vulnerable adult.

Sec. 13. Minnesota Statutes 2024, section 245C.03, subdivision 1, is amended to read:

Subdivision 1. **Programs licensed by the commissioner.** (a) The commissioner shall conduct a background study on:

(1) the person or persons applying for a license;

(2) an individual age 13 and over living in the household where the licensed program will be provided who is not receiving licensed services from the program;

(3) current or prospective employees of the applicant or license holder who will have direct contact with persons served by the facility, agency, or program;

(4) volunteers or student volunteers who will have direct contact with persons served by the program to provide program services if the contact is not under the continuous, direct supervision by an individual listed in clause (1) or (3);

(5) an individual age ten to 12 living in the household where the licensed services will be provided when the commissioner has reasonable cause as defined in section 245C.02, subdivision 15;

(6) an individual who, without providing direct contact services at a licensed program, may have unsupervised access to children or vulnerable adults receiving services from a program, when the commissioner has reasonable cause as defined in section 245C.02, subdivision 15; and

(7) all controlling individuals as defined in section 245A.02, subdivision 5a;

(8) notwithstanding clause (3), for children's residential facilities and foster residence settings, any adult working in the facility, whether or not the individual will have direct contact with persons served by the facility.

(b) For child foster care when the license holder resides in the home where foster care services are provided, a short-term substitute caregiver providing direct contact services for a child for less than 72 hours of continuous care is not required to receive a background study under this chapter.

(c) This subdivision applies to the following programs that must be licensed under chapter 245A:

(1) adult foster care;

(2) children's residential facilities;

(3) licensed home and community-based services under chapter 245D;

(4) residential mental health programs for adults;

(5) substance use disorder treatment programs under chapter 245G;

(6) withdrawal management programs under chapter 245F;

(7) adult day care centers;

(8) family adult day services;

(9) detoxification programs;

(10) community residential settings;

(11) intensive residential treatment services and residential crisis stabilization under chapter 245I; ~~and~~

(12) treatment programs for persons with sexual psychopathic personality or sexually dangerous persons, licensed under chapter 245A and according to Minnesota Rules, parts 9515.3000 to 9515.3110~~.~~; and

(13) children's foster residence settings.

EFFECTIVE DATE. This section is effective November 3, 2026.

Sec. 14. Minnesota Statutes 2024, section 245C.04, subdivision 1, is amended to read:

Subdivision 1. **Licensed programs; other child care programs.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at least upon application for initial license for all license types.

(b) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, including a child care background study subject as defined in section 245C.02, subdivision 6a, in a family child care program, licensed child care center, certified license-exempt child care center, or legal nonlicensed child care provider, on a schedule determined by the commissioner. Except as provided in section 245C.05, subdivision 5a, a child care background study must include submission of fingerprints for a national criminal history record check and a review of the information under section 245C.08. A background study for a child care program must be repeated within five years from the most recent study conducted under this paragraph.

(c) At reauthorization or when a new background study is needed under section 142E.16, subdivision 2, for a legal nonlicensed child care provider authorized under chapter 142E:

(1) for a background study affiliated with a legal nonlicensed child care provider, the individual shall provide information required under section 245C.05, subdivision 1, paragraphs (a), (b), and (d), to the commissioner and be fingerprinted and photographed under section 245C.05, subdivision 5; and

(2) the commissioner shall verify the information received under clause (1) and submit the request in NETStudy 2.0 to complete the background study.

(d) At reapplication for a family child care license:

(1) for a background study affiliated with a licensed family child care center, the individual shall provide information required under section 245C.05, subdivision 1, paragraphs (a), (b), and (d), to the county agency, and be fingerprinted and photographed under section 245C.05, subdivision 5;

(2) the county agency shall verify the information received under clause (1) and forward the information to the commissioner and submit the request in NETStudy 2.0 to complete the background study; and

(3) the background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08.

~~(e) The commissioner is not required to conduct a study of an individual at the time of reapplication for a license if the individual's background study was completed by the commissioner of human services and the following conditions are met:~~

~~(1) a study of the individual was conducted either at the time of initial licensure or when the individual became affiliated with the license holder;~~

~~(2) the individual has been continuously affiliated with the license holder since the last study was conducted; and~~

~~(3) the last study of the individual was conducted on or after October 1, 1995.~~

~~(f)~~ (e) The commissioner of human services shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated, or currently affiliated without a background study that was submitted through the electronic system known as NETStudy 2.0, with a child foster family setting license holder:

(1) the county or private agency shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5, when the child foster family setting applicant or license holder resides in the home where child foster care services are provided; and

(2) the background study conducted by the commissioner of human services under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, 3, and 4.

~~(g)~~ (f) The commissioner shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated, or currently affiliated without a background study that was submitted through the electronic system known as NETStudy 2.0, with an adult foster care or family adult day services and with a family child care license holder or a legal nonlicensed child care provider authorized under chapter 142E and:

(1) except as provided in section 245C.05, subdivision 5a, the county shall collect and forward to the commissioner the information required under section 245C.05, subdivision 1, paragraphs (a) and (b), and subdivision 5, paragraph (b), for background studies conducted by the commissioner for all family adult day services, for adult foster care when the adult foster care license holder resides in the adult foster care residence, and for family child care and legal nonlicensed child care authorized under chapter 142E;

(2) the license holder shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1, paragraphs (a) and (b); and 5, paragraphs (a) and (b), for background studies conducted by the commissioner for adult foster care when the license holder does not reside in the adult foster care residence; and

(3) the background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivision 1, paragraph (a), and subdivisions 3 and 4.

~~(h)~~ (g) Applicants for licensure, license holders, and other entities as provided in this chapter must submit completed background study requests to the commissioner using the electronic system known as NETStudy 2.0 before individuals specified in section 245C.03, subdivision 1, begin positions allowing direct contact in any licensed program.

~~(i)~~ (h) For an individual who is not on the entity's active roster, the entity must initiate a new background study through NETStudy when:

(1) an individual returns to a position requiring a background study following an absence of 120 or more consecutive days; or

(2) a program that discontinued providing licensed direct contact services for 120 or more consecutive days begins to provide direct contact licensed services again.

The license holder shall maintain a copy of the notification provided to the commissioner under this paragraph in the program's files. If the individual's disqualification was previously set aside for the license holder's program and the new background study results in no new information that indicates the individual may pose a risk of harm to persons receiving services from the license holder, the previous set-aside shall remain in effect.

~~(j)~~ (i) For purposes of this section, a physician licensed under chapter 147, advanced practice registered nurse licensed under chapter 148, or physician assistant licensed under chapter 147A is considered to be continuously affiliated upon the license holder's receipt from the commissioner of health or human services of the physician's, advanced practice registered nurse's, or physician assistant's background study results.

~~(k)~~ (j) For purposes of family child care, a substitute caregiver must receive repeat background studies at the time of each license renewal.

~~(l)~~ (k) A repeat background study at the time of license renewal is not required if the family child care substitute caregiver's background study was completed by the commissioner on or after October 1, 2017, and the substitute caregiver is on the license holder's active roster in NETStudy 2.0.

~~(m)~~ (l) Before and after school programs authorized under chapter 142E, are exempt from the background study requirements under section 123B.03, for an employee for whom a background study under this chapter has been completed.

Sec. 15. Minnesota Statutes 2025 Supplement, section 245C.07, is amended to read:

245C.07 STUDY SUBJECT AFFILIATED WITH MULTIPLE FACILITIES.

(a) Subject to the conditions in paragraph (d), when a license holder, applicant, or other entity owns multiple programs or services that are licensed by the Department of Human Services; Department of Children, Youth, and Families; Department of Health; or Department of Corrections, only one background study is required for an individual who provides direct contact services in one or more of the licensed programs or services if:

(1) the license holder designates one individual with one address and telephone number as the person to receive sensitive background study information for the multiple licensed programs or services that depend on the same background study; and

(2) the individual designated to receive the sensitive background study information is capable of determining, upon request of the department, whether a background study subject is providing direct contact services in one or more of the license holder's programs or services and, if so, at which location or locations.

(b) When a license holder maintains background study compliance for multiple licensed programs according to paragraph (a), and one or more of the licensed programs closes, the license holder shall immediately notify the commissioner which staff must be transferred to an active license so that the background studies can be electronically paired with the license holder's active program.

(c) When a background study is being initiated by a licensed program or service or a foster care provider that is also licensed under chapter 144G, a study subject affiliated with multiple licensed programs or services may attach to the background study form a cover letter indicating the additional names of the programs or services, addresses, and background study identification numbers.

When the commissioner receives a notice, the commissioner shall notify each program or service identified by the background study subject of the study results.

The background study notice the commissioner sends to the subsequent agencies shall satisfy those programs' or services' responsibilities for initiating a background study on that individual.

(d) ~~If a background study was conducted on an individual related to child foster care and the requirements under paragraph (a) are met, the background study is transferable across all licensed~~

~~programs.~~ If a background study was conducted on an individual under a license other than child foster care and the requirements under paragraph (a) are met, the background study is transferable to all licensed programs except child foster care.

(e) The provisions of this section that allow a single background study in one or more licensed programs or services do not apply to background studies submitted by adoption agencies, supplemental nursing services agencies, personnel pool agencies, educational programs, professional services agencies, temporary personnel agencies, and unlicensed personal care provider organizations.

(f) For an entity operating under NETStudy 2.0, the entity's active roster must be the system used to document when a background study subject is affiliated with multiple entities. For a background study to be transferable:

(1) the background study subject must be on and moving to a roster for which the person designated to receive sensitive background study information is the same; and

(2) the same entity must own or legally control both the roster from which the transfer is occurring and the roster to which the transfer is occurring. For an entity that holds or controls multiple licenses, or unlicensed personal care provider organizations, there must be a common highest level entity that has a legally identifiable structure that can be verified through records available from the secretary of state.

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

Sec. 16. Minnesota Statutes 2025 Supplement, section 245C.13, subdivision 2, is amended to read:

Subd. 2. **Activities pending completion of background study.** The subject of a background study may not perform any activity requiring a background study under paragraph (c) until the commissioner has issued one of the notices under paragraph (a).

(a) Notices from the commissioner required prior to activity under paragraph (c) include:

(1) a notice of the study results under section 245C.17 stating that:

(i) the individual is not disqualified; or

(ii) more time is needed to complete the study but the individual is not required to be removed from direct contact or access to people receiving services prior to completion of the study as provided under section 245C.17, subdivision 1, paragraph (b) or (c). The notice that more time is needed to complete the study must also indicate whether the individual is required to be under continuous direct supervision prior to completion of the background study. When more time is necessary to complete a background study of an individual affiliated with a Title IV-E eligible children's residential facility or foster residence setting, the individual may not work in the facility or setting regardless of whether or not the individual is supervised;

(2) a notice that a disqualification has been set aside under section 245C.23; or

(3) a notice that a variance has been granted related to the individual under section 245C.30.

(b) For a child care background study ~~affiliated with a licensed child care center or certified license-exempt child care center~~ subject required to submit fingerprints for a national criminal history check, except as provided in section 245C.05, subdivision 5a, the notice sent under paragraph (a), clause (1), item (ii), must not be issued until the commissioner receives a qualifying result for the individual for the fingerprint-based national criminal history record check or the fingerprint-based criminal history information from the Bureau of Criminal Apprehension. The notice must require the individual to be under continuous direct supervision prior to completion of the remainder of the background study except as permitted in subdivision 3.

(c) Activities prohibited prior to receipt of notice under paragraph (a) include:

(1) being issued a license;

(2) living in the household where the licensed program will be provided;

(3) providing direct contact services to persons served by a program unless the subject is under continuous direct supervision;

(4) having access to persons receiving services if the background study was completed under section 144.057, subdivision 1, or 245C.03, subdivision 1, paragraph (a), clause (2), (5), or (6), unless the subject is under continuous direct supervision;

(5) for ~~licensed child care centers and certified license-exempt child care centers~~ a child care background study subject, ~~providing direct contact services to persons served by the program~~ performing any act listed in section 245C.02, subdivision 6a, unless the study is being renewed under section 245C.04, subdivision 1, paragraph (b), and it has been less than five years since the child care background study subject was previously disqualified or provided notice under paragraph (a), clause (1), item (i);

(6) for children's residential facilities or foster residence settings, working in the facility or setting;

(7) for background studies affiliated with a personal care provider organization, except as provided in section 245C.03, subdivision 3b, before a personal care assistant provides services, the personal care assistance provider agency must initiate a background study of the personal care assistant under this chapter and the personal care assistance provider agency must have received a notice from the commissioner that the personal care assistant is:

(i) not disqualified under section 245C.14; or

(ii) disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22; or

(8) for background studies affiliated with an early intensive developmental and behavioral intervention provider, before an individual provides services, the early intensive developmental and behavioral intervention provider must initiate a background study for the individual under this chapter and the early intensive developmental and behavioral intervention provider must have received a notice from the commissioner that the individual is:

(i) not disqualified under section 245C.14; or

(ii) disqualified, but the individual has received a set-aside of the disqualification under section 245C.22.

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

Sec. 17. Minnesota Statutes 2024, section 245C.15, subdivision 2, is amended to read:

Subd. 2. **15-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than 15 years have passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a felony-level violation of any of the following offenses: sections 152.021, subdivision 1 or 2b, (aggravated controlled substance crime in the first degree; sale crimes); 152.022, subdivision 1 (controlled substance crime in the second degree; sale crimes); 152.023, subdivision 1 (controlled substance crime in the third degree; sale crimes); 152.024, subdivision 1 (controlled substance crime in the fourth degree; sale crimes); 256.98 (wrongfully obtaining assistance); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 518B.01, subdivision 14 (violation of an order for protection); 609.165 (felon ineligible to possess firearm); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.215 (suicide); 609.223 or 609.2231 (assault in the third or fourth degree); repeat offenses under 609.224 (assault in the fifth degree); 609.229 (crimes committed for benefit of a gang); 609.2325 (criminal abuse of a vulnerable adult); 609.2334 (violation of an order for protection against financial exploitation of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.235 (use of drugs to injure or facilitate crime); 609.24 (simple robbery); 609.247, subdivision 4 (carjacking in the third degree); 609.255 (false imprisonment); 609.2664 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn child in the commission of a crime); 609.27 (coercion); 609.275 (attempt to coerce); 609.466 (medical assistance fraud); 609.495 (aiding an offender); 609.498, subdivision 1 or 1b (aggravated first-degree or first-degree tampering with a witness); 609.52 (theft); 609.521 (possession of shoplifting gear); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.542 (illegal remunerations); 609.562 (arson in the second degree); 609.563 (arson in the third degree); 609.582 (burglary); 609.59 (possession of burglary tools); 609.611 (insurance fraud); 609.625 (aggravated forgery); 609.63 (forgery); 609.631 (check forgery; offering a forged check); 609.635 (obtaining signature by false pretense); 609.66 (dangerous weapons); 609.67 (machine guns and short-barreled shotguns); 609.687 (adulteration); 609.71 (riot); 609.713 (terroristic threats); 609.746 (interference with privacy); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; repeat offenses under 617.241 (obscene materials and performances; distribution and exhibition prohibited; penalty); or 624.713 (certain persons not to possess firearms).

(b) An individual is disqualified under section 245C.14 if less than 15 years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

(c) An individual is disqualified under section 245C.14 if less than 15 years has passed since the termination of the individual's parental rights under section 260C.301, subdivision 1, paragraph (b), or subdivision 3.

(d) An individual is disqualified under section 245C.14 if less than 15 years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of the offenses listed in paragraph (a) or since the termination of parental rights in any other state or country, the elements of which are substantially similar to the elements listed in paragraph (c).

(e) If the individual studied commits one of the offenses listed in paragraph (a), but the sentence or level of offense is a gross misdemeanor or misdemeanor, the individual is disqualified but the disqualification look-back period for the offense is the period applicable to the gross misdemeanor or misdemeanor disposition.

(f) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

Sec. 18. Minnesota Statutes 2024, section 245C.15, subdivision 3, is amended to read:

Subd. 3. **Ten-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than ten years have passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a gross misdemeanor-level violation of any of the following offenses: sections 256.98 (wrongfully obtaining assistance); 260B.425 (criminal jurisdiction for contributing to status as a juvenile petty offender or delinquency); 260C.425 (criminal jurisdiction for contributing to need for protection or services); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.221 or 609.222 (assault in the first or second degree); 609.223 or 609.2231 (assault in the third or fourth degree); 609.224 (assault in the fifth degree); 609.224, subdivision 2, paragraph (c) (assault in the fifth degree by a caregiver against a vulnerable adult); 609.2242 and 609.2243 (domestic assault); 609.23 (mistreatment of persons confined); 609.231 (mistreatment of residents or patients); 609.2325 (criminal abuse of a vulnerable adult); 609.233 (criminal neglect of a vulnerable adult); 609.2334 (violation of an order for protection against financial exploitation of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure to report maltreatment of a vulnerable adult); 609.265 (abduction); 609.275 (attempt to coerce); 609.324, subdivision 1a (other prohibited acts; minor engaged in prostitution); 609.33 (disorderly house); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); 609.466 (medical assistance fraud); 609.52 (theft); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.582 (burglary); 609.59 (possession of burglary tools); 609.611 (insurance fraud); 609.631 (check forgery; offering a forged check); 609.66 (dangerous weapons); 609.71 (riot); 609.72, subdivision 3 (disorderly conduct against a vulnerable adult); 609.746 (interference

with privacy); 609.749, subdivision 2 (harassment); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; 617.241 (obscene materials and performances); 617.243 (indecent literature, distribution); 617.293 (harmful materials; dissemination and display to minors prohibited); or Minnesota Statutes 2012, section 609.21; or violation of an order for protection under section 518B.01, subdivision 14.

(b) An individual is disqualified under section 245C.14 if less than ten years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

(c) An individual is disqualified under section 245C.14 if less than ten years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of any of the offenses listed in paragraph (a).

(d) If the individual studied commits one of the offenses listed in paragraph (a), but the sentence or level of offense is a misdemeanor disposition, the individual is disqualified but the disqualification lookback period for the offense is the period applicable to misdemeanors.

(e) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

Sec. 19. Minnesota Statutes 2024, section 245C.15, subdivision 4, is amended to read:

Subd. 4. **Seven-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than seven years has passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a misdemeanor-level violation of any of the following offenses: sections 256.98 (wrongfully obtaining assistance); 260B.425 (criminal jurisdiction for contributing to status as a juvenile petty offender or delinquency); 260C.425 (criminal jurisdiction for contributing to need for protection or services); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.221 (assault in the first degree); 609.222 (assault in the second degree); 609.223 (assault in the third degree); 609.2231 (assault in the fourth degree); 609.224 (assault in the fifth degree); 609.2242 (domestic assault); 609.2334 (violation of an order for protection against financial exploitation of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure to report maltreatment of a vulnerable adult); 609.2672 (assault of an unborn child in the third degree); 609.27 (coercion); violation of an order for protection under 609.3232 (protective order authorized; procedures; penalties); 609.466 (medical assistance fraud); 609.52 (theft); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.611 (insurance fraud); 609.66 (dangerous weapons); 609.665 (spring guns); 609.746 (interference with privacy); 609.79 (obscene or harassing telephone calls); 609.795 (letter, telegram, or package; opening; harassment); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure),

not involving a minor; 617.293 (harmful materials; dissemination and display to minors prohibited); or Minnesota Statutes 2012, section 609.21; or violation of an order for protection under section 518B.01 (Domestic Abuse Act).

(b) An individual is disqualified under section 245C.14 if less than seven years has passed since a determination or disposition of the individual's:

(1) failure to make required reports under section 260E.06 or 626.557, subdivision 3, for incidents in which: (i) the final disposition under section 626.557 or chapter 260E was substantiated maltreatment, and (ii) the maltreatment was recurring or serious; or

(2) substantiated serious or recurring maltreatment of a minor under chapter 260E, a vulnerable adult under section 626.557, or serious or recurring maltreatment in any other state, the elements of which are substantially similar to the elements of maltreatment under section 626.557 or chapter 260E for which: (i) there is a preponderance of evidence that the maltreatment occurred, and (ii) the subject was responsible for the maltreatment.

(c) An individual is disqualified under section 245C.14 if less than seven years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota Statutes.

(d) An individual is disqualified under section 245C.14 if less than seven years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of any of the offenses listed in paragraphs (a) and (b).

(e) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

(f) An individual is disqualified under section 245C.14 if less than seven years has passed since the individual was disqualified under section 256.98, subdivision 8.

Sec. 20. Minnesota Statutes 2025 Supplement, section 245C.15, subdivision 4a, is amended to read:

Subd. 4a. **Licensed family foster setting disqualifications.** (a) Notwithstanding subdivisions 1 to 4, 4b, and 4c, for a background study affiliated with a licensed family foster setting, regardless of how much time has passed, an individual is disqualified under section 245C.14 if the individual committed an act that resulted in a felony-level conviction for sections: 609.185 (murder in the first degree); 609.19 (murder in the second degree); 609.195 (murder in the third degree); 609.20 (manslaughter in the first degree); 609.205 (manslaughter in the second degree); 609.2112 (criminal vehicular homicide); 609.221 (assault in the first degree); 609.223, subdivision 2 (assault in the third degree, past pattern of child abuse); 609.223, subdivision 3 (assault in the third degree, victim

under four); a felony offense under sections 609.2242 and 609.2243 (domestic assault, spousal abuse, child abuse or neglect, or a crime against children); 609.2247 (domestic assault by strangulation); 609.2325 (criminal abuse of a vulnerable adult resulting in the death of a vulnerable adult); 609.245 (aggravated robbery); 609.247, subdivision 2 or 3 (carjacking in the first or second degree); 609.25 (kidnapping); 609.255 (false imprisonment); 609.2661 (murder of an unborn child in the first degree); 609.2662 (murder of an unborn child in the second degree); 609.2663 (murder of an unborn child in the third degree); 609.2664 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn child in the commission of a crime); 609.322, subdivision 1 (solicitation, inducement, and promotion of prostitution; sex trafficking in the first degree); 609.324, subdivision 1 (other prohibited acts; engaging in, hiring, or agreeing to hire minor to engage in prostitution); 609.342 (criminal sexual conduct in the first degree); 609.343 (criminal sexual conduct in the second degree); 609.344 (criminal sexual conduct in the third degree); 609.345 (criminal sexual conduct in the fourth degree); 609.3451 (criminal sexual conduct in the fifth degree); 609.3453 (criminal sexual predatory conduct); 609.3458 (sexual extortion); 609.352 (solicitation of children to engage in sexual conduct); 609.377 (malicious punishment of a child); 609.3775 (child torture); 609.378 (neglect or endangerment of a child); 609.561 (arson in the first degree); 609.582, subdivision 1 (burglary in the first degree); 609.746 (interference with privacy); 617.23 (indecent exposure); 617.246 (use of minors in sexual performance prohibited); or 617.247 (possession of child sexual abuse material).

(b) Notwithstanding subdivisions 1 to 4, 4b, and 4c, for the purposes of a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14, regardless of how much time has passed, if the individual:

(1) committed an action under paragraph (e) that resulted in death or involved sexual abuse, as defined in section 260E.03, subdivision 20;

(2) committed an act that resulted in a gross misdemeanor-level conviction for section 609.3451 (criminal sexual conduct in the fifth degree);

(3) committed an act against or involving a minor that resulted in a felony-level conviction for: section 609.222 (assault in the second degree); 609.223, subdivision 1 (assault in the third degree); 609.2231 (assault in the fourth degree); or 609.224 (assault in the fifth degree); or

(4) committed an act that resulted in a misdemeanor or gross misdemeanor-level conviction for section 617.293 (dissemination and display of harmful materials to minors).

(c) Notwithstanding subdivisions 1 to 4, 4b, and 4c, for a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14 if fewer than 20 years have passed since the termination of the individual's parental rights under section 260C.301, subdivision 1, paragraph (b), or if the individual consented to a termination of parental rights under section 260C.301, subdivision 1, paragraph (a), to settle a petition to involuntarily terminate parental rights. An individual is disqualified under section 245C.14 if fewer than 20 years have passed since the termination of the individual's parental rights in any other state or country, where the conditions for the individual's termination of parental rights are substantially similar to the conditions in section 260C.301, subdivision 1, paragraph (b).

(d) Notwithstanding subdivisions 1 to 4, 4b, and 4c, for a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14 if fewer than five years have passed since a felony-level violation for sections: 152.021 (controlled substance crime in the first degree); 152.022 (controlled substance crime in the second degree); 152.023 (controlled substance crime in the third degree); 152.024 (controlled substance crime in the fourth degree); 152.025 (controlled substance crime in the fifth degree); 152.0261 (importing controlled substances across state borders); 152.0262, subdivision 1, paragraph (b) (possession of substance with intent to manufacture methamphetamine); 152.027, subdivision 6, paragraph (c) (sale or possession of synthetic cannabinoids); 152.096 (conspiracies prohibited); 152.097 (simulated controlled substances); 152.136 (anhydrous ammonia; prohibited conduct; criminal penalties; civil liabilities); 152.137 (fentanyl- and methamphetamine-related crimes involving children or vulnerable adults); 169A.24 (felony first-degree driving while impaired); 243.166 (violation of predatory offender registration requirements); 609.2113 (criminal vehicular operation; bodily harm); 609.2114 (criminal vehicular operation; unborn child); 609.228 (great bodily harm caused by distribution of drugs); 609.2325 (criminal abuse of a vulnerable adult not resulting in the death of a vulnerable adult); 609.233 (criminal neglect); 609.235 (use of drugs to injure or facilitate a crime); 609.24 (simple robbery); 609.247, subdivision 4 (carjacking in the third degree); 609.322, subdivision 1a (solicitation, inducement, and promotion of prostitution; sex trafficking in the second degree); 609.498, subdivision 1 (tampering with a witness in the first degree); 609.498, subdivision 1b (aggravated first-degree witness tampering); 609.562 (arson in the second degree); 609.563 (arson in the third degree); 609.582, subdivision 2 (burglary in the second degree); 609.66 (felony dangerous weapons); 609.687 (adulteration); 609.713 (terroristic threats); 609.749, subdivision 3, 4, or 5 (felony-level harassment or stalking); 609.855, subdivision 5 (shooting at or in a public transit vehicle or facility); or 624.713 (certain people not to possess firearms).

(e) Notwithstanding subdivisions 1 to 4, 4b, and 4c, except as provided in paragraph (a), for a background study affiliated with a licensed family child foster care license, an individual is disqualified under section 245C.14 if fewer than five years have passed since:

(1) a felony-level violation for an act not against or involving a minor that constitutes: section 609.222 (assault in the second degree); 609.223, subdivision 1 (assault in the third degree); 609.2231 (assault in the fourth degree); or 609.224, subdivision 4 (assault in the fifth degree);

(2) a violation of an order for protection under section 518B.01, subdivision 14;

(3) a determination or disposition of the individual's failure to make required reports under section 260E.06 or 626.557, subdivision 3, for incidents in which the final disposition under chapter 260E or section 626.557 was substantiated maltreatment and the maltreatment was recurring or serious;

(4) a determination or disposition of the individual's substantiated serious or recurring maltreatment of a minor under chapter 260E, a vulnerable adult under section 626.557, or serious or recurring maltreatment in any other state, the elements of which are substantially similar to the elements of maltreatment under chapter 260E or section 626.557 and meet the definition of serious maltreatment or recurring maltreatment;

(5) a gross misdemeanor-level violation for sections: 609.224, subdivision 2 (assault in the fifth degree); 609.2242 and 609.2243 (domestic assault); 609.233 (criminal neglect); 609.377 (malicious

punishment of a child); 609.378 (neglect or endangerment of a child); 609.746 (interference with privacy); 609.749 (stalking); or 617.23 (indecent exposure); or

(6) committing an act against or involving a minor that resulted in a misdemeanor-level violation of section 609.224, subdivision 1 (assault in the fifth degree).

(f) For purposes of this subdivision, the disqualification begins from:

(1) the date of the alleged violation, if the individual was not convicted;

(2) the date of conviction, if the individual was convicted of the violation but not committed to the custody of the commissioner of corrections; or

(3) the date of release from prison, if the individual was convicted of the violation and committed to the custody of the commissioner of corrections.

Notwithstanding clause (3), if the individual is subsequently reincarcerated for a violation of the individual's supervised release, the disqualification begins from the date of release from the subsequent incarceration.

(g) An individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota Statutes, permanently disqualifies the individual under section 245C.14. An individual is disqualified under section 245C.14 if fewer than five years have passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (d) and (e).

(h) An individual's offense in any other state or country, where the elements of the offense are substantially similar to any of the offenses listed in paragraphs (a) and (b), permanently disqualifies the individual under section 245C.14. An individual is disqualified under section 245C.14 if fewer than five years have passed since an offense in any other state or country, the elements of which are substantially similar to the elements of any offense listed in paragraphs (d) and (e).

Sec. 21. Minnesota Statutes 2025 Supplement, section 245C.22, subdivision 5, is amended to read:

Subd. 5. **Scope of set-aside.** (a) If the commissioner sets aside a disqualification under this section, the disqualified individual remains disqualified, but may hold a license and have direct contact with or access to persons receiving services. Except as provided in paragraph (b), the commissioner's set-aside of a disqualification is limited solely to the licensed program, applicant, or agency specified in the set aside notice under section 245C.23. For personal care provider organizations, financial management services organizations, community first services and supports organizations, unlicensed home and community-based organizations, and consumer-directed community supports organizations, the commissioner's set-aside may further be limited to a specific individual who is receiving services. For new background studies required under section 245C.04, subdivision 1, paragraph ~~(h)~~ (g), if an individual's disqualification was previously set aside for the license holder's program and the new background study results in no new information that indicates the individual may pose a risk of harm to persons receiving services from the license holder, the previous set-aside shall remain in effect.

(b) If the commissioner has previously set aside an individual's disqualification for one or more programs or agencies, and the individual is the subject of a subsequent background study for a different program or agency, the commissioner shall determine whether the disqualification is set aside for the program or agency that initiated the subsequent background study. A notice of a set-aside under paragraph (c) shall be issued within 15 working days if all of the following criteria are met:

(1) the subsequent background study was initiated in connection with a program licensed or regulated under the same provisions of law and rule for at least one program for which the individual's disqualification was previously set aside by the commissioner;

(2) the individual is not disqualified for an offense specified in section 245C.15, subdivision 1 or 2;

(3) the commissioner has received no new information to indicate that the individual may pose a risk of harm to any person served by the program; and

(4) the previous set-aside was not limited to a specific person receiving services.

(c) Notwithstanding paragraph (b), clause (2), for an individual who is employed in the substance use disorder field, if the commissioner has previously set aside an individual's disqualification for one or more programs or agencies in the substance use disorder treatment field, and the individual is the subject of a subsequent background study for a different program or agency in the substance use disorder treatment field, the commissioner shall set aside the disqualification for the program or agency in the substance use disorder treatment field that initiated the subsequent background study when the criteria under paragraph (b), clauses (1), (3), and (4), are met and the individual is not disqualified for an offense specified in section 245C.15, subdivision 1. A notice of a set-aside under paragraph (d) shall be issued within 15 working days.

(d) When a disqualification is set aside under paragraph (b), the notice of background study results issued under section 245C.17, in addition to the requirements under section 245C.17, shall state that the disqualification is set aside for the program or agency that initiated the subsequent background study. The notice must inform the individual that the individual may request reconsideration of the disqualification under section 245C.21 on the basis that the information used to disqualify the individual is incorrect.

Sec. 22. Minnesota Statutes 2024, section 245C.24, subdivision 2, is amended to read:

Subd. 2. **Permanent bar to set aside a disqualification.** (a) Except as provided in paragraphs (b) to ~~(g)~~ (f), the commissioner may not set aside the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 1.

(b) For an individual in the substance use disorder or corrections field who was disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and whose disqualification was set aside prior to July 1, 2005, the commissioner must consider granting a variance pursuant to section 245C.30 for the license holder for a program dealing primarily with adults. A request for reconsideration evaluated under this paragraph must include a letter of recommendation from the license holder that was subject to the prior set-aside decision addressing the individual's quality of

care to children or vulnerable adults and the circumstances of the individual's departure from that service.

(c) If an individual who requires a background study for nonemergency medical transportation services under section 245C.03, subdivision 12, was disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and if more than 40 years have passed since the discharge of the sentence imposed, the commissioner may consider granting a set-aside pursuant to section 245C.22. A request for reconsideration evaluated under this paragraph must include a letter of recommendation from the employer. This paragraph does not apply to a person disqualified based on a violation of sections 243.166; 609.185 to 609.205; 609.25; 609.342 to 609.3453; 609.352; 617.23, subdivision 2, clause (1), or 3, clause (1); 617.246; or 617.247.

(d) When a licensed foster care provider adopts an individual who had received foster care services from the provider for over six months, and the adopted individual is required to receive a background study under section 245C.03, subdivision 1, paragraph (a), clause (2) or (6), the commissioner may grant a variance to the license holder under section 245C.30 to permit the adopted individual with a permanent disqualification to remain affiliated with the license holder under the conditions of the variance when the variance is recommended by the county of responsibility for each of the remaining individuals in placement in the home and the licensing agency for the home.

(e) For an individual 18 years of age or older affiliated with a licensed family foster setting, the commissioner must not set aside or grant a variance for the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 4a, paragraphs (a) and (b).

(f) In connection with a family foster setting license, the commissioner may grant a variance to the disqualification for an individual who is under 18 years of age at the time the background study is submitted.

~~(g) In connection with foster residence settings and children's residential facilities, the commissioner must not set aside or grant a variance for the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 4a, paragraph (a) or (b).~~

Sec. 23. Minnesota Statutes 2024, section 245D.04, subdivision 3, is amended to read:

Subd. 3. **Protection-related rights.** (a) A person's protection-related rights include the right to:

(1) have personal, financial, service, health, and medical information kept private, and be advised of disclosure of this information by the license holder;

(2) access records and recorded information about the person in accordance with applicable state and federal law, regulation, or rule;

(3) be free from maltreatment;

(4) be free from restraint, time out, seclusion, restrictive intervention, or other prohibited procedure identified in section 245D.06, subdivision 5, or successor provisions, except for: (i) emergency use of manual restraint to protect the person from imminent danger to self or others

according to the requirements in section 245D.061 or successor provisions; or (ii) the use of safety interventions as part of a positive support transition plan under section 245D.06, subdivision 8, or successor provisions;

(5) receive services in a clean and safe environment when the license holder is the owner, lessor, or tenant of the service site;

(6) be treated with courtesy and respect and receive respectful treatment of the person's property;

(7) reasonable observance of cultural and ethnic practice and religion;

(8) be free from bias and harassment regarding race, gender, age, disability, spirituality, and sexual orientation;

(9) be informed of and use the license holder's grievance policy and procedures, including knowing how to contact persons responsible for addressing problems and to appeal under section 256.045;

(10) know the name, telephone number, and the website, email, and street addresses of protection and advocacy services, including the appropriate state-appointed ombudsman, and a brief description of how to file a complaint with these offices;

(11) assert these rights personally, or have them asserted by the person's family, authorized representative, or legal representative, without retaliation;

(12) give or withhold written informed consent to participate in any research or experimental treatment;

(13) associate with other persons of the person's choice in the community;

(14) personal privacy, including the right to use the lock on the person's bedroom or unit door;

(15) engage in chosen activities; and

(16) access to the person's personal possessions at any time, including financial resources.

(b) For a person residing in a residential site licensed according to chapter 245A, or where the license holder is the owner, lessor, or tenant of the residential service site, protection-related rights also include the right to:

(1) have daily, private access to and use of a non-coin-operated telephone for local calls and long-distance calls made collect or paid for by the person;

(2) receive and send, without interference, uncensored, unopened mail or electronic correspondence or communication;

(3) have use of and free access to common areas in the residence and the freedom to come and go from the residence at will;

(4) choose the person's visitors and time of visits and have privacy for visits with the person's spouse, next of kin, legal counsel, religious adviser, or others, in accordance with section 363A.09 of the Human Rights Act, including privacy in the person's bedroom;

(5) have access to three nutritionally balanced meals and nutritious snacks between meals each day;

(6) have freedom and support to access food and potable water at any time;

(7) have the freedom to furnish and decorate the person's bedroom or living unit;

(8) a setting that is clean and free from accumulation of dirt, grease, garbage, peeling paint, mold, vermin, and insects;

(9) a setting that is free from hazards that threaten the person's health or safety; and

(10) a setting that meets the definition of a dwelling unit within a residential occupancy as defined in the State Fire Code.

(c) Restriction of a person's rights under paragraph (a), clauses (13) to (16), or paragraph (b), clauses (1) to (7), is allowed only if determined necessary to ensure the health, safety, and well-being of the person. Any restriction of those rights must be documented in the person's support plan or support plan addendum. The restriction must be implemented in the least restrictive alternative manner necessary to protect the person and provide support to reduce or eliminate the need for the restriction in the most integrated setting and inclusive manner. The documentation must include the following information:

(1) the justification for the restriction based on an assessment of the person's vulnerability related to exercising the right without restriction;

(2) the objective measures set as conditions for ending the restriction;

(3) a schedule for reviewing the need for the restriction based on the conditions for ending the restriction to occur semiannually from the date of initial approval, at a minimum, or more frequently if requested by the person, the person's legal representative, if any, and case manager; and

(4) signed and dated approval for the restriction from the person, or the person's legal representative, if any. A restriction may be implemented only when the required approval has been obtained. Approval may be withdrawn at any time. If approval is withdrawn, the right must be immediately and fully restored.

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

Sec. 24. Minnesota Statutes 2024, section 245D.10, subdivision 4, is amended to read:

Subd. 4. **Availability of current written policies and procedures.** (a) The license holder must review and update, as needed, the written policies and procedures required under this chapter.

(b)(1) The license holder must inform the person, the person's legal representative, and the person's case manager of the policies and procedures affecting a person's rights under section

245D.04, and provide copies of those policies and procedures, within five working days of service initiation.

(2) If a license holder only provides basic services and supports, this includes the:

(i) grievance policy and procedure required under subdivision 2; ~~and~~

(ii) service suspension and termination policy and procedure required under subdivision 3~~.~~; and

(iii) emergency use of manual restraints policy and procedure required under section 245D.061, subdivision 9, or successor provisions.

(3) For all other license holders this includes the:

(i) policies and procedures in clause (2); and

~~(ii) emergency use of manual restraints policy and procedure required under section 245D.061, subdivision 9, or successor provisions; and~~

~~(iii)~~ (ii) data privacy requirements under section 245D.11, subdivision 3.

(c) The license holder must provide a written notice to all persons or their legal representatives and case managers at least 30 days before implementing any procedural revisions to policies affecting a person's service-related or protection-related rights under section 245D.04 and maltreatment reporting policies and procedures. The notice must explain the revision that was made and include a copy of the revised policy and procedure. The license holder must document the reasonable cause for not providing the notice at least 30 days before implementing the revisions.

(d) Before implementing revisions to required policies and procedures, the license holder must inform all employees of the revisions and provide training on implementation of the revised policies and procedures.

(e) The license holder must annually notify all persons, or their legal representatives, and case managers of any procedural revisions to policies required under this chapter, other than those in paragraph (c). Upon request, the license holder must provide the person, or the person's legal representative, and case manager with copies of the revised policies and procedures.

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

Sec. 25. Minnesota Statutes 2024, section 256B.02, is amended by adding a subdivision to read:

Subd. 20. **Fraud.** "Fraud" means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in an unauthorized benefit to the person or another person or an act, promise to act, or omission made with the intent to obtain a benefit in a manner that is prohibited. Fraud includes:

(1) submitting an application for provider status knowing that the application misrepresents, conceals, or fails to disclose any material information;

(2) intentionally submitting a claim for reimbursement under this chapter, knowing or having reason to know the claim is ineligible for reimbursement in whole or in part;

(3) providing documentation or other information requested by the commissioner having knowledge that it is false in any material respect; and

(4) any act that constitutes the commission, or attempt or conspiracy to commit, a violation of any of the following:

(i) section 256.98 (wrongfully obtaining assistance);

(ii) section 609.466 (medical assistance fraud);

(iii) section 609.48 (perjury), involving making a false statement related to medical assistance or the receipt of public money;

(iv) section 609.496 (concealing criminal proceeds) or 609.497 (engaging in business of concealing criminal proceeds), involving proceeds consisting of public money;

(v) section 609.52 (theft), involving theft of property consisting of public money;

(vi) section 609.542 (illegal remuneration);

(vii) section 609.625 (aggravated forgery) or 609.63 (forgery), involving falsely filing any record, account, or other document with any state agency or department or falsely making or altering any record, account, or other document filed with any state agency or department;

(viii) section 609.821 (financial transaction card fraud), involving a public assistance benefit;

(ix) a felony listed in United States Code, title 42, section 1320a-7b(b)(1) or (2), subject to any safe harbors established in Code of Federal Regulations, title 42, section 1001.952; and

(x) any other act that constitutes fraud under applicable federal law.

Sec. 26. Minnesota Statutes 2024, section 256B.04, subdivision 10, is amended to read:

Subd. 10. **Investigation of certain claims.** The commissioner must establish by rule general criteria and procedures for the identification and prompt investigation of suspected medical assistance fraud, theft, abuse, presentment of false or duplicate claims, presentment of claims for services not reasonable or medically necessary, or false statement or representation of material facts by a vendor of medical care~~, and for the imposition of sanctions against a vendor of medical care~~. The commissioner may use both prepayment and postpayment review systems to review claims submitted by vendors. Payment of claims, including payments made after a prepayment review, does not prohibit the commissioner from completing a postpayment claims review and taking additional administrative actions or monetary recovery against a vendor. If it appears to the state agency that a vendor of medical care may have acted in a manner warranting civil or criminal proceedings, it shall so inform the attorney general in writing.

Sec. 27. Minnesota Statutes 2025 Supplement, section 256B.0659, subdivision 21, is amended to read:

Subd. 21. **Requirements for provider enrollment of personal care assistance provider agencies.** (a) All personal care assistance provider agencies must provide, at the time of enrollment, reenrollment, and revalidation as a personal care assistance provider agency in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) the personal care assistance provider agency's current contact information including address, telephone number, and email address;

(2) proof of surety bond coverage for each business location providing services. Upon new enrollment, or if the provider's Medicaid revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If the Medicaid revenue in the previous year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(3) proof of fidelity bond coverage in the amount of $20,000 for each business location providing service;

(4) proof of workers' compensation insurance coverage identifying the business location where personal care assistance services are provided;

(5) proof of liability insurance coverage identifying the business location where personal care assistance services are provided and naming the department as a certificate holder;

(6) a copy of the personal care assistance provider agency's written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety including process for notification and resolution of consumer grievances, identification and prevention of communicable diseases, and employee misconduct;

(7) copies of all other forms the personal care assistance provider agency uses in the course of daily business including, but not limited to:

(i) a copy of the personal care assistance provider agency's time sheet if the time sheet varies from the standard time sheet for personal care assistance services approved by the commissioner, and a letter requesting approval of the personal care assistance provider agency's nonstandard time sheet;

(ii) the personal care assistance provider agency's template for the personal care assistance care plan; and

(iii) the personal care assistance provider agency's template for the written agreement in subdivision 20 for recipients using the personal care assistance choice option, if applicable;

(8) a list of all training and classes that the personal care assistance provider agency requires of its staff providing personal care assistance services;

(9) documentation that the personal care assistance provider agency and staff have successfully completed all the training required by this section, including the requirements under subdivision 11, paragraph (d), if enhanced personal care assistance services are provided and submitted for an enhanced rate under subdivision 17a;

(10) documentation of the agency's marketing practices;

(11) disclosure of ownership, leasing, or management of all residential properties that is used or could be used for providing home care services;

(12) documentation that the agency will use the following percentages of revenue generated from the medical assistance rate paid for personal care assistance services for employee personal care assistant wages and benefits: 72.5 percent of revenue in the personal care assistance choice option and 72.5 percent of revenue from other personal care assistance providers. The revenue generated by the qualified professional and the reasonable costs associated with the qualified professional shall not be used in making this calculation; and

(13) effective May 15, 2010, documentation that the agency does not burden recipients' free exercise of their right to choose service providers by requiring personal care assistants to sign an agreement not to work with any particular personal care assistance recipient or for another personal care assistance provider agency after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) Personal care assistance provider agencies shall provide the information specified in paragraph (a) to the commissioner at the time the personal care assistance provider agency enrolls as a vendor or upon request from the commissioner. The commissioner shall collect the information specified in paragraph (a) from all personal care assistance providers beginning July 1, 2009.

(c) All personal care assistance provider agencies shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner before submitting an application for enrollment of the agency as a provider. All personal care assistance provider agencies shall also require qualified professionals to complete the training required by subdivision 13 before submitting an application for enrollment of the agency as a provider. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a personal care assistance provider agency do not need to repeat the required training if they are hired by another agency, if they have completed the training within the past three years. By September 1, 2010, the required training must be available with meaningful access according to title VI of the Civil Rights Act and federal regulations adopted under that law or any guidance from the United States Health and Human Services Department. The required training must be available online or by electronic remote connection. The required training must provide for competency testing. Personal care assistance provider agency billing staff shall complete training about personal care assistance program financial management. This training is effective July 1, 2009. Any personal care assistance provider agency enrolled before that date shall, if it has not already, complete the provider training within 18 months of July 1, 2009. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency. Personal care assistance provider agencies certified for

participation in Medicare as home health agencies are exempt from the training required in this subdivision. When available, Medicare-certified home health agency owners, supervisors, or managers must successfully complete the competency test.

(d) All surety bonds, fidelity bonds, workers' compensation insurance, and liability insurance required by this subdivision must be maintained continuously and purchased new annually. After initial enrollment, a provider must submit proof of bonds and required coverages at any time at the request of the commissioner. Services provided while there are lapses in coverage are not eligible for payment. Lapses in coverage may result in sanctions, including termination. The commissioner shall send instructions and a due date to submit the requested information to the personal care assistance provider agency.

Sec. 28. Minnesota Statutes 2025 Supplement, section 256B.0701, subdivision 9, is amended to read:

Subd. 9. **Provider qualifications and duties.** A provider is eligible for reimbursement under this section only if the provider:

(1) is confirmed by the commissioner as an eligible provider after a pre-enrollment risk assessment under subdivision 10;

(2) is enrolled as a medical assistance Minnesota health care program provider and meets all applicable provider standards and requirements;

(3) demonstrates compliance with federal and state laws and policies for housing stabilization services as determined by the commissioner;

(4) complies with background study requirements under chapter 245C and maintains documentation of background study requests and results;

(5) provides at the time of enrollment, reenrollment, and revalidation in a format determined by the commissioner, proof of surety bond coverage for each business location providing services. Upon new enrollment, or if the provider's medical assistance revenue in the previous calendar year is $300,000 or less, the provider agency must purchase a surety bond of $50,000. If the provider's medical assistance revenue in the previous year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(6) ensures all controlling individuals and employees of the agency complete annual vulnerable adult training;

(7) completes compliance training as required under subdivision 11; and

(8) complies with the habitability inspection requirements in subdivision 13.

Sec. 29. Minnesota Statutes 2024, section 256B.27, subdivision 3, is amended to read:

Subd. 3. **Access to medical records.** The commissioner of human services, with the written consent of the recipient, on file with the local welfare agency, shall be allowed access in the manner and within the time prescribed by the commissioner to all personal medical records of medical assistance recipients solely for the purposes of investigating whether or not: (a) a vendor of medical care has submitted a claim for reimbursement, a cost report or a rate application which is duplicative, erroneous, or false in whole or in part, or which results in the vendor obtaining greater compensation than the vendor is legally entitled to; or (b) the medical care was medically necessary. ~~When the commissioner is investigating a possible overpayment of Medicaid funds,~~ The commissioner may conduct on-site inspections of any and all vendors and service locations or may request records from a vendor to verify that information submitted to the commissioner is accurate, determine compliance with service delivery and billing requirements, and determine compliance with any other applicable laws or rules. The commissioner must be given immediate access without prior notice to the vendor's office during regular business hours and to documentation and records related to services provided and submission of claims for services provided. The department shall document in writing the need for immediate access to records related to a specific investigation. Denying the commissioner access to records is cause for the vendor's immediate suspension of payment or termination according to section 256B.064. The determination of provision of services not medically necessary shall be made by the commissioner. Notwithstanding any other law to the contrary, a vendor of medical care shall not be subject to any civil or criminal liability for providing access to medical records to the commissioner of human services pursuant to this section.

Sec. 30. Minnesota Statutes 2025 Supplement, section 256B.85, subdivision 12, is amended to read:

Subd. 12. **Requirements for enrollment of CFSS agency-providers.** (a) All CFSS agency-providers must provide, at the time of enrollment, reenrollment, and revalidation as a CFSS agency-provider in a format determined by the commissioner, information and documentation that includes but is not limited to the following:

(1) the CFSS agency-provider's current contact information including address, telephone number, and email address;

(2) proof of surety bond coverage. Upon new enrollment, or if the agency-provider's Medicaid revenue in the previous calendar year is less than or equal to $300,000, the agency-provider must purchase a surety bond of $50,000. If the agency-provider's Medicaid revenue in the previous calendar year is greater than $300,000, the agency-provider must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(3) proof of fidelity bond coverage in the amount of $20,000 per provider location;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a copy of the CFSS agency-provider's organizational chart identifying the names and roles of all owners, managing employees, staff, board of directors, and additional documentation reporting any affiliations of the directors and owners to other service providers;

(7) proof that the CFSS agency-provider has written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety, including the process for notification and resolution of participant grievances, incident response, identification and prevention of communicable diseases, and employee misconduct;

(8) proof that the CFSS agency-provider has all of the following forms and documents:

(i) a copy of the CFSS agency-provider's time sheet; and

(ii) a copy of the participant's individual CFSS service delivery plan;

(9) a list of all training and classes that the CFSS agency-provider requires of its staff providing CFSS services;

(10) documentation that the CFSS agency-provider and staff have successfully completed all the training required by this section;

(11) documentation of the agency-provider's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that are used or could be used for providing home care services;

(13) documentation that the agency-provider will use at least the following percentages of revenue generated from the medical assistance rate paid for CFSS services for CFSS support worker wages and benefits: 72.5 percent of revenue from CFSS providers, except 100 percent of the revenue generated by a medical assistance rate increase due to a collective bargaining agreement under section 179A.54 must be used for support worker wages and benefits. The revenue generated by the worker training and development services and the reasonable costs associated with the worker training and development services shall not be used in making this calculation; and

(14) documentation that the agency-provider does not burden participants' free exercise of their right to choose service providers by requiring CFSS support workers to sign an agreement not to work with any particular CFSS participant or for another CFSS agency-provider after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) CFSS agency-providers shall provide to the commissioner the information specified in paragraph (a).

(c) All CFSS agency-providers shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a CFSS agency-provider do not need to repeat the required training if they are hired by another agency and they have completed

the training within the past three years. CFSS agency-provider billing staff shall complete training about CFSS program financial management. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency.

(d) Agency-providers shall submit all required documentation in this section within 30 days of notification from the commissioner. If an agency-provider fails to submit all the required documentation, the commissioner may take action under subdivision 23a.

Sec. 31. Minnesota Statutes 2025 Supplement, section 256B.85, subdivision 17a, is amended to read:

Subd. 17a. **Consultation services provider qualifications and requirements.** Consultation services providers must meet the following qualifications and requirements:

(1) meet the requirements under subdivision 10, paragraph (a), excluding clauses (4) and (5);

(2) be under contract with the department and enrolled as a Minnesota health care program provider;

(3) not be the FMS provider, the lead agency, or the CFSS or home and community-based services waiver vendor or agency-provider to the participant;

(4) meet the service standards as established by the commissioner;

(5) have proof of surety bond coverage. Upon new enrollment, or if the consultation service provider's Medicaid revenue in the previous calendar year is less than or equal to $300,000, the consultation service provider must purchase a surety bond of $50,000. If the agency-provider's Medicaid revenue in the previous calendar year is greater than $300,000, the consultation service provider must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(6) employ lead professional staff with a minimum of two years of experience in providing services such as support planning, support broker, case management or care coordination, or consultation services and consumer education to participants using a self-directed program using FMS under medical assistance;

(7) report maltreatment as required under chapter 260E and section 626.557;

(8) comply with medical assistance provider requirements;

(9) understand the CFSS program and its policies;

(10) be knowledgeable about self-directed principles and the application of the person-centered planning process;

(11) have general knowledge of the FMS provider duties and the vendor fiscal/employer agent model, including all applicable federal, state, and local laws and regulations regarding tax, labor, employment, and liability and workers' compensation coverage for household workers; and

(12) have all employees, including lead professional staff, staff in management and supervisory positions, and owners of the agency who are active in the day-to-day management and operations of the agency, complete training as specified in the contract with the department.

Sec. 32. Minnesota Statutes 2025 Supplement, section 260E.03, subdivision 6, is amended to read:

Subd. 6. **Facility.** "Facility" means:

(1) a licensed or unlicensed day care facility, certified license-exempt child care center, residential facility, agency, psychiatric residential treatment facility, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 142B, 142C, 144H, or 245D;

(2) a school as defined in section 120A.05, subdivisions 9, 11, and 13; and chapter 124E; or

(3) a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a.

Sec. 33. Minnesota Statutes 2025 Supplement, section 260E.11, subdivision 1, is amended to read:

Subdivision 1. **Reports of maltreatment in facility.** A person mandated to report child maltreatment occurring within a licensed facility ~~shall~~ must report the information to the agency responsible for licensing or certifying the facility under sections 144.50 to 144.58, 241.021, and 245A.01 to 245A.16 or chapter 142B, 142C, 144H, or 245D or to a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a. A person mandated to report child maltreatment occurring within a federally certified psychiatric residential treatment facility must report the information to the Department of Health.

Sec. 34. Minnesota Statutes 2025 Supplement, section 260E.14, subdivision 1, is amended to read:

Subdivision 1. **Facilities and schools.** (a) The local welfare agency is the agency responsible for investigating allegations of maltreatment in child foster care, family child care, legally nonlicensed child care, and reports involving children served by an unlicensed personal care provider organization under section 256B.0659. Copies of findings related to personal care provider organizations under section 256B.0659 must be forwarded to the Department of Human Services provider enrollment.

(b) The Department of Human Services is the agency responsible for screening and investigating allegations of maltreatment in juvenile correctional facilities listed under section 241.021 located in the local welfare agency's county and in facilities licensed or certified under chapters 245A and 245D, except federally certified psychiatric residential treatment facilities.

(c) The Department of Health is the agency responsible for screening and investigating allegations of maltreatment in facilities licensed under sections 144.50 to 144.58 and 144A.43 to 144A.482 ~~or~~, chapter 144H, or federally certified as a psychiatric residential treatment facility.

(d) The Department of Education is the agency responsible for screening and investigating allegations of maltreatment in a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E. The Department of Education's responsibility to screen and investigate includes allegations of maltreatment involving students 18 through 21 years of age, including students receiving special education services, up to and including graduation and the issuance of a secondary or high school diploma.

(e) The Department of Human Services is the agency responsible for screening and investigating allegations of maltreatment of minors in an EIDBI agency operating under sections 245A.142 and 256B.0949.

(f) A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to this section and sections 260E.20 and 260E.22.

(g) The Department of Children, Youth, and Families is the agency responsible for screening and investigating allegations of maltreatment in facilities or programs not listed in paragraph (a) that are licensed or certified under chapters 142B and 142C.

Sec. 35. Minnesota Statutes 2025 Supplement, section 626.5572, subdivision 13, is amended to read:

Subd. 13. **Lead investigative agency.** "Lead investigative agency" is the primary administrative agency responsible for investigating reports made under section 626.557.

(a) The Department of Health is the lead investigative agency for facilities or services licensed or required to be licensed as hospitals, home care providers, nursing homes, boarding care homes, hospice providers, residential facilities that are also federally certified as intermediate care facilities that serve people with developmental disabilities, federally certified psychiatric residential treatment facilities, or any other facility or service not listed in this subdivision that is licensed or required to be licensed by the Department of Health for the care of vulnerable adults. "Home care provider" has the meaning provided in section 144A.43, subdivision 4, and applies when care or services are delivered in the vulnerable adult's home.

(b) The Department of Human Services is the lead investigative agency for facilities or services licensed or required to be licensed as adult day care, adult foster care, community residential settings, programs for people with disabilities, EIDBI agencies, family adult day services, mental health programs, mental health clinics, substance use disorder programs, the Minnesota Sex Offender Program, or any other facility or service not listed in this subdivision that is licensed or required to be licensed by the Department of Human Services, except federally certified psychiatric residential treatment facilities. The Department of Human Services is also the lead investigative agency for unlicensed EIDBI agencies under section 256B.0949.

(c) The county social service agency or its designee is the lead investigative agency for all other reports, including but not limited to reports involving vulnerable adults receiving services from a personal care provider organization under section 256B.0659.

Sec. 36. **NEW BACKGROUND STUDIES FOR INDIVIDUALS NOT IN NETSTUDY 2.0.**

By March 1, 2027, the commissioner of human services and counties must conduct new background studies for all individuals specified under Minnesota Statutes, section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), and affiliated with a child foster family setting license holder, adult foster care or family adult day services and with a family child care license holder, or a legal nonlicensed child care provider authorized under Minnesota Statutes, chapter 142E. The commissioner and counties must follow the requirements in Minnesota Statutes, section 245C.04, subdivision 1, paragraphs (e) and (f), when conducting the background studies under this section. The new background studies must be submitted through NETStudy 2.0.

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

Sec. 37. **REPEALER.**

(a) Minnesota Statutes 2025 Supplement, section 245A.10, subdivision 3a, is repealed.

(b) Minnesota Rules, part 9505.2165, subpart 4, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective October 1, 2026.

ARTICLE 5

BACKGROUND STUDIES

Section 1. Minnesota Statutes 2025 Supplement, section 245C.02, subdivision 15a, is amended to read:

Subd. 15a. **Reasonable cause to require a national criminal history record check.** (a) "Reasonable cause to require a national criminal history record check" means information or circumstances exist that provide the commissioner with articulable suspicion that further pertinent information may exist concerning a background study subject that merits conducting a national criminal history record check on that subject. The commissioner has reasonable cause to require a national criminal history record check when:

(1) information from the Bureau of Criminal Apprehension indicates that the subject is a multistate offender;

(2) information from the Bureau of Criminal Apprehension indicates that multistate offender status is undetermined;

(3) the commissioner has received a report from the subject or a third party indicating that the subject has a criminal history in a jurisdiction other than Minnesota; or

(4) information from the Bureau of Criminal Apprehension for a state-based name and date of birth background study in which the subject is a minor that indicates that the subject has a criminal history.

(b) In addition to the circumstances described in paragraph (a), the commissioner has reasonable cause to require a national criminal history record check if the subject is not currently residing in Minnesota or resided in a jurisdiction other than Minnesota during the previous five years.

(c) Reasonable cause to require a national criminal history check does not apply to family child foster care ~~or~~, adoption, family adult day services, or adult foster care studies.

EFFECTIVE DATE. This section is effective January 25, 2028.

Sec. 2. Minnesota Statutes 2024, section 245C.03, subdivision 3a, is amended to read:

Subd. 3a. **Personal care assistance provider agency; background studies.** Personal care assistance provider agencies enrolled to provide personal care assistance services under the medical assistance program must meet the following requirements:

(1) owners who have a five percent interest or more, board members, and all managing employees are subject to a background study as provided in this chapter. This requirement applies to currently enrolled personal care assistance provider agencies and agencies seeking enrollment as a personal care assistance provider agency. "Managing employee" has the same meaning as in Code of Federal Regulations, title 42, section 455.101. An organization is barred from enrollment if:

(i) the organization has not initiated background studies of owners and managing employees; or

(ii) the organization has initiated background studies of owners and managing employees and the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14, and the owner or managing employee has not received a set aside of the disqualification under section 245C.22; and

(2) a background study must be initiated and completed for all employee and volunteer qualified professionals.

EFFECTIVE DATE. This section is effective September 15, 2026.

Sec. 3. Minnesota Statutes 2024, section 245C.03, subdivision 9, is amended to read:

Subd. 9. **Community first services and supports and financial management services organizations.** Individuals affiliated with Community First Services and Supports (CFSS) agency-providers and Financial Management Services (FMS) providers enrolled to provide CFSS services under the medical assistance program must meet the following requirements:

(1) owners who have a five percent interest or more, board members, and all managing employees are subject to a background study under this chapter. This requirement applies to currently enrolled providers and agencies seeking enrollment. "Managing employee" has the meaning given in Code of Federal Regulations, title 42, section 455.101. An organization is barred from enrollment if:

(i) the organization has not initiated background studies of owners and managing employees; or

(ii) the organization has initiated background studies of owners and managing employees and the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14 and the owner or managing employee has not received a set aside of the disqualification under section 245C.22;

(2) a background study must be initiated and completed for all ~~staff~~ employees or volunteers who will have direct contact with the participant to provide worker training and development; and

(3) a background study must be initiated and completed for all employee and volunteer support workers.

EFFECTIVE DATE. This section is effective September 15, 2026.

Sec. 4. Minnesota Statutes 2024, section 245C.03, is amended by adding a subdivision to read:

Subd. 17. **Providers of adult rehabilitative mental health services.** The commissioner must conduct background studies on any individual who is an owner with an ownership stake of at least five percent in an adult rehabilitative mental health services provider, an operator of an adult rehabilitative mental health services provider, or an employee or volunteer who has direct contact with people receiving adult rehabilitative mental health services under section 256B.0623. For purposes of this subdivision, operator includes board members or other individuals who oversee the billing, management, or policies of the services provided.

EFFECTIVE DATE. This section is effective upon implementation in NETStudy 2.0, but no sooner than October 13, 2026.

Sec. 5. Minnesota Statutes 2024, section 245C.03, is amended by adding a subdivision to read:

Subd. 18. **Providers of peer recovery support services.** The commissioner shall conduct background studies on any individual who is an owner with an ownership stake of at least five percent in a peer recovery support services provider or an operator of a peer recovery support services provider under section 254B.052. For the purposes of this subdivision, "operator" includes board members or other individuals who oversee the billing, management, or policies of the services provided.

EFFECTIVE DATE. This section is effective upon implementation in NETStudy 2.0, but no sooner than December 15, 2026.

Sec. 6. Minnesota Statutes 2024, section 245C.03, is amended by adding a subdivision to read:

Subd. 19. **Providers of adult assertive community treatment services.** The commissioner must conduct background studies on any individual who is an owner with an ownership stake of at least five percent in an adult assertive community treatment services provider, an operator of an adult assertive community treatment services provider, or an employee or volunteer who has direct contact with people receiving adult assertive community treatment services under section 256B.0622. For purposes of this subdivision, "operator" includes board members or other individuals who oversee the billing, management, or policies of the services provided.

EFFECTIVE DATE. This section is effective upon implementation in NETStudy 2.0, but no sooner than February 16, 2027.

Sec. 7. Minnesota Statutes 2025 Supplement, section 245C.05, subdivision 5, is amended to read:

Subd. 5. **Fingerprints and photograph.** (a) Notwithstanding paragraph (c), for background studies conducted by the commissioner for current or prospective child foster or adoptive parents, and for any adult working in a children's residential facility, the subject of the background study shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency for a national criminal history record check.

(b) Notwithstanding paragraph (c), for background studies conducted by the commissioner for Head Start programs, the subject of the background study shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency for a national criminal history record check.

(c) For background studies initiated on or after the implementation of NETStudy 2.0, except as provided under subdivision 5a, every subject of a background study must provide the commissioner with a set of the background study subject's classifiable fingerprints and photograph. The photograph and fingerprints must be recorded at the same time by the authorized fingerprint collection vendor or vendors and sent to the commissioner through the commissioner's secure data system described in section 245C.32, subdivision 1a, paragraph (b).

(d) The fingerprints shall be submitted by the commissioner to the Bureau of Criminal Apprehension and, when specifically required by law, submitted to the Federal Bureau of Investigation for a national criminal history record check.

(e) The fingerprints must not be retained by the Department of Public Safety, Bureau of Criminal Apprehension, or the commissioner. The Federal Bureau of Investigation will not retain background study subjects' fingerprints.

(f) The authorized fingerprint collection vendor or vendors shall, for purposes of verifying the identity of the background study subject, be able to view the identifying information entered into NETStudy 2.0 by the entity that initiated the background study, but shall not retain the subject's fingerprints, photograph, or information from NETStudy 2.0. The authorized fingerprint collection vendor or vendors shall retain no more than the name and date and time the subject's fingerprints were recorded and sent, only as necessary for auditing and billing activities.

(g) For any background study conducted under this chapter, except for family child foster care ~~or~~, adoption, family adult day services, or adult foster care studies, the subject shall provide the commissioner with a set of classifiable fingerprints when the commissioner has reasonable cause to require a national criminal history record check as defined in section 245C.02, subdivision 15a.

EFFECTIVE DATE. This section is effective January 25, 2028.

Sec. 8. Minnesota Statutes 2025 Supplement, section 245C.13, subdivision 2, is amended to read:

Subd. 2. **Activities pending completion of background study.** The subject of a background study may not perform any activity requiring a background study under paragraph (c) until the commissioner has issued one of the notices under paragraph (a).

(a) Notices from the commissioner required prior to activity under paragraph (c) include:

(1) a notice of the study results under section 245C.17 stating that:

(i) the individual is not disqualified; or

(ii) more time is needed to complete the study but the individual is not required to be removed from direct contact or access to people receiving services prior to completion of the study as provided under section 245C.17, subdivision 1, paragraph (b) or (c). The notice that more time is needed to complete the study must also indicate whether the individual is required to be under continuous direct supervision prior to completion of the background study. When more time is necessary to complete a background study of an individual affiliated with a Title IV-E eligible children's residential facility or foster residence setting, the individual may not work in the facility or setting regardless of whether or not the individual is supervised;

(2) a notice that a disqualification has been set aside under section 245C.23; or

(3) a notice that a variance has been granted related to the individual under section 245C.30.

(b) For a background study affiliated with a licensed child care center or certified license-exempt child care center, the notice sent under paragraph (a), clause (1), item (ii), must not be issued until the commissioner receives a qualifying result for the individual for the fingerprint-based national criminal history record check or the fingerprint-based criminal history information from the Bureau of Criminal Apprehension. The notice must require the individual to be under continuous direct supervision prior to completion of the remainder of the background study except as permitted in subdivision 3.

(c) Activities prohibited prior to receipt of notice under paragraph (a) include:

(1) being issued a license;

(2) living in the household where the licensed program will be provided;

(3) providing direct contact services to persons served by a program unless the subject is under continuous direct supervision;

(4) having access to persons receiving services if the background study was completed under section 144.057, subdivision 1, or 245C.03~~, subdivision 1, paragraph (a), clause (2), (5), or (6),~~ unless the subject is under continuous direct supervision;

(5) for licensed child care centers and certified license-exempt child care centers, providing direct contact services to persons served by the program;

(6) for children's residential facilities or foster residence settings, working in the facility or setting; or

(7) for background studies affiliated with a personal care provider organization, ~~except as provided in section 245C.03, subdivision 3b,~~ early intensive developmental and behavioral intervention provider, housing support or supplementary services provider, special transportation services provider, or community first services and supports provider before ~~a personal care assistant~~ an individual provides services, the ~~personal care assistance provider agency~~ entity must initiate a background study of the ~~personal care assistant~~ individual under this chapter and the ~~personal care assistance provider agency~~ entity must have received a notice from the commissioner that the ~~personal care assistant~~ individual is:

(i) not disqualified under section 245C.14; or

(ii) disqualified, but the ~~personal care assistant~~ individual has received a set aside of the disqualification under section 245C.22~~; or~~.

~~(8) for background studies affiliated with an early intensive developmental and behavioral intervention provider, before an individual provides services, the early intensive developmental and behavioral intervention provider must initiate a background study for the individual under this chapter and the early intensive developmental and behavioral intervention provider must have received a notice from the commissioner that the individual is:~~

~~(i) not disqualified under section 245C.14; or~~

~~(ii) disqualified, but the individual has received a set aside of the disqualification under section 245C.22.~~

EFFECTIVE DATE. This section is effective September 15, 2026.

Sec. 9. Minnesota Statutes 2025 Supplement, section 245C.16, subdivision 1, is amended to read:

Subdivision 1. **Determining immediate risk of harm.** (a) If the commissioner determines that the individual studied has a disqualifying characteristic, the commissioner shall review the information immediately available and make a determination as to the subject's immediate risk of harm to persons served by the program where the individual studied will have direct contact with, or access to, people receiving services.

(b) The commissioner shall consider all relevant information available, including the following factors in determining the immediate risk of harm:

(1) the recency of the disqualifying characteristic;

(2) the recency of discharge from probation for the crimes;

(3) the number of disqualifying characteristics;

(4) the intrusiveness or violence of the disqualifying characteristic;

(5) the vulnerability of the victim involved in the disqualifying characteristic;

(6) the similarity of the victim to the persons served by the program where the individual studied will have direct contact;

(7) whether the individual has a disqualification from a previous background study that has not been set aside;

(8) if the individual has a disqualification which may not be set aside because it is a permanent bar under section 245C.24, subdivision 1, or the individual is a child care background study subject who has a felony-level conviction for a drug-related offense in the last five years, the commissioner may order the immediate removal of the individual from any position allowing direct contact with, or access to, persons receiving services from the program and from working in a children's residential facility or foster residence setting; and

(9) if the individual has a disqualification which may not be set aside because it is a permanent bar under section 245C.24, subdivision 2, or the individual is a child care background study subject who has a felony-level conviction for a drug-related offense during the last five years, the commissioner may order the immediate removal of the individual from any position allowing direct contact with or access to persons receiving services from the center and from working in a licensed child care center or certified license-exempt child care center.

(c) This section does not apply when the subject of a background study is regulated by a health-related licensing board as defined in chapter 214, and the subject is determined to be responsible for substantiated maltreatment under section 626.557 or chapter 260E.

(d) This section does not apply to a background study related to an initial application for a child foster family setting license.

(e) Except for paragraph (f), this section does not apply to a background study that is also subject to the requirements under section ~~256B.0659, subdivisions 11 and 13, for a personal care assistant or a qualified professional as defined in section 256B.0659, subdivision 1, or to a background study for an individual providing early intensive developmental and behavioral intervention services under section 256B.0949~~ 245C.13, subdivision 2, paragraph (c), clause (7).

(f) If the commissioner has reason to believe, based on arrest information or an active maltreatment investigation, that an individual poses an imminent risk of harm to persons receiving services, the commissioner may order that the person be continuously supervised or immediately removed pending the conclusion of the maltreatment investigation or criminal proceedings.

EFFECTIVE DATE. This section is effective September 15, 2026.

ARTICLE 6

BEHAVIORAL HEALTH

Section 1. Minnesota Statutes 2024, section 245.4661, is amended by adding a subdivision to read:

Subd. 1a. **Direct payment.** For purposes of this section, "direct payment" means a funding mechanism used by the commissioner to distribute state appropriations to a county or Tribe for the

purpose of carrying out duties, services, or activities authorized under this section. A direct payment is not a grant under section 16B.97 and is not subject to statewide grant-making policies and laws, including but not limited to sections 16A.15 and 16C.05, except as specifically required by the commissioner. A direct payment must be used for the purposes and allowable activities established by the commissioner and is subject to financial oversight, reporting, and monitoring requirements under subdivision 11.

Sec. 2. Minnesota Statutes 2024, section 245.4661, is amended by adding a subdivision to read:

Subd. 3a. **Authority and rulemaking.** (a) The commissioner may distribute money under this section through direct payments to counties or Tribes when the commissioner determines that a direct payment is the most effective and efficient method to support the delivery of adult mental health services, Tribal government activities, or county responsibilities under this section. The commissioner shall establish eligibility criteria, allowable uses, documentation standards, and reporting requirements for recipients of direct payments. The commissioner is authorized to engage in rulemaking to fulfill the requirements of this subdivision.

(b) By January 1, 2027, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy that includes, at a minimum, the commissioner's plan for determining direct payment eligibility criteria, allowable uses of direct payments, documentation standards, and reporting requirements for recipients of direct payments.

Sec. 3. Minnesota Statutes 2025 Supplement, section 245.4661, subdivision 9, is amended to read:

Subd. 9. **Programs and eligible services ~~and programs.~~** (a) The following three distinct ~~grant~~ programs ~~are funded~~ may receive direct payments under this section:

(1) mental health crisis services;

(2) housing with supports for adults with serious mental illness; and

(3) projects for assistance in transitioning from homelessness (PATH program).

(b) ~~In addition,~~ The following services are eligible for ~~grant funds~~ funding as direct payments under this section as the payor of last resort:

(1) community education and prevention;

(2) client outreach;

(3) early identification and intervention;

(4) adult outpatient diagnostic assessment and psychological testing;

(5) peer support services;

(6) community support program services (CSP);

(7) adult residential crisis stabilization;

(8) supported employment;

(9) assertive community treatment (ACT);

(10) housing subsidies;

(11) basic living, social skills, and community intervention;

(12) emergency response services;

(13) adult outpatient psychotherapy;

(14) adult outpatient medication management;

(15) adult mobile crisis services, including the purchase and renovation of vehicles by mobile crisis teams in order to provide protected transport under section 256B.0625, subdivision 17, paragraph (l), clause (6);

(16) adult day treatment;

(17) partial hospitalization;

(18) adult residential treatment;

(19) adult mental health targeted case management; and

(20) transportation.

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

Sec. 4. Minnesota Statutes 2024, section 245.4661, subdivision 10, is amended to read:

Subd. 10. **Commissioner duty to report on use of ~~grant~~ funds biennially.** (a) By November 1, 2016, and biennially thereafter, the commissioner ~~of human services~~ shall provide sufficient information to the members of the legislative committees having jurisdiction over mental health funding and policy issues to evaluate the use of funds appropriated under this section. The commissioner shall provide, at a minimum, the following information:

(1) the amount of funding to adult mental health initiatives, what programs and services were funded in the previous two years, gaps in services that each initiative brought to the attention of the commissioner, and outcome data for the programs and services that were funded; and

(2) the amount of funding for other targeted services and the location of services.

(b) This subdivision expires January 1, 2032.

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

Sec. 5. Minnesota Statutes 2024, section 245.4661, is amended by adding a subdivision to read:

Subd. 12. **Oversight of direct payments.** (a) The commissioner shall develop and maintain monitoring, financial review, and accountability procedures for all direct payments issued under this section.

(b) Recipients of direct payments must comply with all documentation, reporting, and expenditure requirements established by the commissioner.

(c) The commissioner may require corrective action, suspend payments, or recover money if a recipient fails to comply with requirements established under this subdivision.

(d) The commissioner shall develop a direct payment acknowledgment process to ensure that recipients understand the terms, conditions, and oversight requirements associated with direct payments.

(e) The commissioner is authorized to engage in rulemaking to fulfill the requirements of this subdivision.

(f) By January 1, 2027, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy that, at a minimum, describes the commissioner's development of the monitoring, financial review, and accountability procedures as required under this section.

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

Sec. 6. Minnesota Statutes 2024, section 254A.03, subdivision 2, is amended to read:

Subd. 2. **American Indian programs.** There is hereby created a section of American Indian programs, within the Alcohol and Drug Abuse Section of the Department of Human Services, to be headed by a special assistant for American Indian programs on substance misuse and substance use disorder and two assistants to that position. The section shall be staffed with all personnel necessary to fully administer programming for substance misuse and substance use disorder services for American Indians in the state. The special assistant position shall be filled by a person with considerable practical experience in and understanding of substance misuse and substance use disorder in the American Indian community, who shall be responsible to the director of the Alcohol and Drug Abuse Section created in subdivision 1 and shall be in the unclassified service. The special assistant shall meet and consult with the American Indian Advisory Council as described in section 254A.035 and serve as a liaison to the Minnesota Indian Affairs Council and tribes to report on the status of substance misuse and substance use disorder among American Indians in the state of Minnesota. The special assistant with the approval of the director shall:

(1) administer direct payments using funds appropriated for American Indian groups, organizations and reservations within the state for American Indian substance misuse and substance use disorder programs;

(2) establish policies and procedures for such American Indian programs with the assistance of the American Indian Advisory Board; and

(3) hire and supervise staff to assist in the administration of the American Indian program section within the Alcohol and Drug Abuse Section of the Department of Human Services.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 7. Minnesota Statutes 2025 Supplement, section 254B.02, subdivision 5, is amended to read:

Subd. 5. **Tribal allocation.** The commissioner may make direct payments to Tribal Nation servicing agencies from money allocated under this section to support individuals with substance use disorders and determine eligibility for behavioral health fund payments. The payment must not be less than 133 percent of the Tribal Nations payment for the fiscal year ending June 30, 2009, adjusted in proportion to the statewide change in the appropriation for this chapter.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 8. Minnesota Statutes 2025 Supplement, section 254B.0503, subdivision 1, is amended to read:

Subdivision 1. **Eligible vendor requirements.** (a) Vendors of room and board are eligible for behavioral health fund payment if the vendor:

(1) has rules prohibiting residents bringing chemicals into the facility or using chemicals while residing in the facility and provide consequences for infractions of those rules;

(2) is determined to meet applicable health and safety requirements;

(3) is not a jail or prison;

(4) is not concurrently receiving funds under chapter 256I for the recipient;

(5) admits individuals who are 18 years of age or older;

(6) is registered as a board and lodging or lodging establishment according to section 157.17;

(7) has awake staff on site whenever a client is present;

(8) has staff who are at least 18 years of age and meet the requirements of section 245G.11, subdivision 1, paragraph (b);

(9) has emergency behavioral procedures that meet the requirements of section 245G.16;

(10) meets the requirements of section 245G.08, subdivision 5, if administering medications to clients;

(11) meets the abuse prevention requirements of section 245A.65, including a policy on fraternization and the mandatory reporting requirements of section 626.557;

(12) documents coordination with the treatment provider to ensure compliance with section 254B.03, subdivision 2;

(13) protects client funds and ensures freedom from exploitation by meeting the provisions of section 245A.04, subdivision 13;

(14) has a grievance procedure that meets the requirements of section 245G.15, subdivision 2; and

(15) has sleeping and bathroom facilities for men and women separated by a door that is locked, has an alarm, or is supervised by awake staff.

(b) Programs providing children's mental health crisis admissions and stabilization under section 245.4882, subdivision 6, are eligible vendors of room and board.

(c) Programs providing children's residential services under section 245.4882, except services for individuals who have a placement under chapter 260C or 260D, are eligible vendors of room and board.

(d) A vendor that is not licensed as a residential treatment program must have a policy to address staffing coverage when a client may unexpectedly need to be present at the room and board site.

(e) No new vendors for room and board services may be approved after June 30, 2025, to receive payments from the behavioral health fund, under the provisions of section 254B.04, subdivision 2a. Room and board vendors that were approved and operating prior to July 1, 2025, may continue to receive payments from the behavioral health fund for services provided until ~~June 30, 2027~~ December 31, 2026. Room and board vendors providing services in accordance with section 254B.04, subdivision 2a, will no longer be eligible to claim reimbursement for room and board services provided on or after ~~July~~ January 1, 2027.

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

Sec. 9. Minnesota Statutes 2025 Supplement, section 254B.0505, is amended by adding a subdivision to read:

Subd. 9. **Billing limits.** Treatment coordination must not exceed five hours per week per recipient.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 10. Minnesota Statutes 2025 Supplement, section 254B.0509, subdivision 2, is amended to read:

Subd. 2. **Annual adjustments.** Effective January 1, 2027, and annually thereafter, the commissioner of human services must adjust the payment rates under ~~subdivision 1~~ section 254B.0505, subdivision 1, clauses (1) to (9), according to the change from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined using the Centers for Medicare and Medicaid Services Medicare Economic Index as forecasted in the fourth quarter of the calendar year before the rate year. Notwithstanding this subdivision, rates must not be adjusted lower than those established on January 1, 2026.

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

Sec. 11. Minnesota Statutes 2024, section 254B.17, is amended to read:

254B.17 WITHDRAWAL MANAGEMENT START-UP AND CAPACITY-BUILDING GRANTS.

The commissioner must establish start-up and capacity-building grants for prospective ~~or~~, new, or existing substance use disorder treatment or withdrawal management programs ~~licensed under chapter 245F~~ that will meet ASAM criteria for medically ~~monitored~~ managed or clinically monitored levels of care by integrating withdrawal management services into outpatient, intensive outpatient, or residential treatment services. Grants must be used to measurably increase client capacity or expand available services and must align services with ASAM criteria. Grants may be used to add medications for opioid use disorder to a grantee's available services and for capacity-building expenses that are not reimbursable under Minnesota health care programs, including but not limited to:

(1) costs associated with hiring staff or contracting with medical services providers;

(2) costs associated with staff retention;

(3) the purchase of office equipment and supplies;

(4) the purchase of software;

(5) costs associated with obtaining applicable and required licenses;

(6) business formation costs;

(7) costs associated with staff training; ~~and~~

(8) the purchase of medical equipment and supplies necessary to meet health and safety requirements~~.~~;

(9) costs associated with adding or improving physical space;

(10) start-up costs associated with adding new locations; and

(11) costs associated with becoming ASAM certified for medically managed levels of care.

Sec. 12. Minnesota Statutes 2024, section 256B.04, subdivision 23, is amended to read:

Subd. 23. **Medical assistance costs for certain inmates.** (a) The commissioner shall execute an interagency agreement with the commissioner of corrections to recover the state cost attributable to medical assistance eligibility for inmates of public institutions admitted to a medical institution on an inpatient basis. The annual amount to be transferred from the Department of Corrections under the agreement must include all eligible state medical assistance costs, including administrative costs incurred by the Department of Human Services, attributable to inmates under state and county jurisdiction admitted to medical institutions on an inpatient basis that are related to the implementation of section 256B.055, subdivision 14, paragraph (c). This paragraph expires upon the effective date of paragraph (b).

(b) Effective January 1, 2028, or upon federal approval, whichever is later, the commissioner shall execute an interagency agreement with the commissioner of corrections to recover the state cost attributable to medical assistance eligibility for inmates of public institutions admitted to a medical institution on an inpatient basis. The annual amount to be transferred from the Department of Corrections under the agreement must include all eligible state medical assistance costs, including

administrative costs incurred by the Department of Human Services, attributable to inmates under state and county jurisdiction admitted to medical institutions on an inpatient basis that are related to the implementation of section 256B.0618, paragraph (b).

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

Sec. 13. **[256B.0618] COVERAGE FOR DETAINED INDIVIDUALS.**

(a) An inmate of a correctional facility who is conditionally released under section 241.26, 244.065, or 631.425 is eligible for medical assistance if the individual:

(1) does not require the security of a public detention facility and is housed:

(i) in a halfway house or community correction center; or

(ii) under house arrest and monitored by electronic surveillance in a residence approved by the commissioner of corrections; and

(2) meets all other eligibility requirements of this chapter.

(b) An individual, regardless of age, who is considered an inmate of a public institution as defined in Code of Federal Regulations, title 42, section 435.1010, and who meets the eligibility requirements in section 256B.056 is not eligible for medical assistance, except for covered medical assistance services received:

(1) while an inpatient in a medical institution as defined in Code of Federal Regulations, title 42, section 435.1010;

(2) by an eligible juvenile in accordance with the Consolidated Appropriations Act, 2023, Public Law 117-328, part 5121; or

(3) by an eligible individual under section 256B.0761.

(c) Security logistics and costs related to the inpatient treatment of an inmate are the responsibility of the entity with jurisdiction over the inmate.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 14. **[256B.0619] CARCERAL TARGETED CASE MANAGEMENT SERVICES.**

Subdivision 1. **Generally.** Effective January 1, 2028, or upon federal approval, whichever is later, medical assistance covers carceral targeted case management services in accordance with section 256B.0761 and United States Code, title 42, sections 1396a(a)(84); 1396d(a)(32); 1397bb(d); and 1397jj(b)(2) and (7).

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Comprehensive care plan" means a person-centered plan that includes goals, tasks, and services identified through screening and assessments and agreed upon by all parties. A

comprehensive care plan includes but is not limited to identifying resources and services necessary to meet the individual's physical, behavioral health, and health-related social needs prerelease and postrelease.

(c) "Consultation" means communication from a carceral targeted case manager to other providers working with the same justice-involved individual to (1) inform, inquire, and instruct providers on the individual's symptoms, strategies for effective engagement, care and intervention needs, and treatment expectations across service settings, and (2) direct and coordinate clinical service components provided to the justice-involved individual. Service settings and components include but are not limited to education services, social services, probation, an individual's home, primary care, medication prescribers, disabilities services, and services from other mental health providers.

(d) "Targeted case management for justice-involved individuals" means the provision of both county targeted case management and public or private vendor service coordination services to bridge prerelease and postrelease medical assistance services that support the physical, behavioral, and health-related social needs of justice-involved individuals.

(e) "Targeted case management services" means services that assist medical assistance eligible persons with accessing needed medical, social, educational, and other services.

Subd. 3. **Eligibility.** The following individuals are eligible for carceral targeted case management services:

(1) individuals eligible for medical assistance who meet all eligibility requirements under United States Code, title 42, section 1396a(nn);

(2) individuals eligible for medical assistance who meet eligibility requirements for the Children's Health Insurance Program under United States Code, title 42, section 1397jj(b)(7); or

(3) individuals eligible for medical assistance who are currently incarcerated at a section 1115 reentry demonstration pilot facility and meet the participation requirements in section 256B.0761, subdivision 2.

Subd. 4. **Carceral targeted case management services.** (a) For individuals eligible for services under subdivision 3, clause (1) or (2), carceral targeted case management care coordination is available for 30 days before release and up to 180 days postrelease. For individuals eligible for services under subdivision 3, clause (3), carceral targeted case management care coordination is available for up to 90 days before release and up to 180 days postrelease.

(b) Carceral targeted case management care coordination includes:

(1) comprehensive assessment and periodic reassessment addressing physical, behavioral, and health-related social needs in accordance with section 256B.0761 and United States Code, title 42, sections 1396a(nn) and 1397jj(b)(7);

(2) comprehensive care plans, including but not limited to:

(i) the desired goals of the individual;

(ii) the individual's preferences for services and supports;

(iii) formal and informal services and supports based on areas of assessment, such as social health, mental health, residence, family, education and vocation, safety, legal, self-determination, financial, and chemical health; and

(iv) housing arrangements postrelease;

(3) regular review and revision of the comprehensive care plan with the individual to ensure needs are adequately met by referrals and supports;

(4) coordination of referrals, which must consist of efforts beyond providing a list of resources, to bridge prerelease to postrelease medical assistance services, including but not limited to referrals to community-based services identified as a need on the comprehensive care plan;

(5) warm handoffs and postrelease follow-up through direct coordination between providers, including timely communication, active engagement of the individual when feasible, and facilitation of continuity of care upon release;

(6) monitoring and evaluation of services identified in the comprehensive care plan to ensure personal outcomes are met and to ensure satisfaction with services and service delivery;

(7) consultation with other professionals, including but not limited to community-based mental health providers; and

(8) completion and maintenance of necessary documentation that supports and verifies the activities in this section.

Subd. 5. **Carceral targeted case management provider standards.** Providers eligible to receive medical assistance reimbursement under this section must enroll as a Minnesota health care programs provider. To qualify as a provider of carceral targeted case management services, a provider must:

(1) have a minimum of a bachelor's degree or a license in a health or human services field, comparable training and two years of experience in human services, or credentials from an American Indian Tribe under section 256B.02, subdivision 7;

(2) demonstrate the capacity and experience to provide targeted case management activities for justice-involved individuals as defined in subdivision 2;

(3) be able to coordinate and connect community resources needed by the recipient;

(4) demonstrate administrative capacity and experience to serve the justice-involved population for which the provider will provide services and to ensure quality of services under state and federal requirements;

(5) have a financial management system that provides accurate documentation of services and costs under state and federal requirements;

(6) demonstrate capacity to document and maintain individual case records under state and federal requirements;

(7) demonstrate the capacity to coordinate with county administrative functions;

(8) be able to coordinate with health care providers to ensure access to necessary health care services;

(9) have a procedure that:

(i) notifies the recipient of any conflict of interest if the targeted case management service provider also provides the recipient's services and supports;

(ii) provides information on all potential conflicts of interest;

(iii) obtains the recipient's informed consent; and

(iv) provides the recipient with alternatives; and

(10) demonstrate the capacity to achieve the following performance outcomes: (i) access; (ii) quality; and (iii) consumer satisfaction.

Subd. 6. **Medical assistance payment and rate setting.** (a) Carceral targeted case management rates are equal to rates authorized by the commissioner for relocation targeted case management under section 256B.0621, subdivision 10.

(b) The carceral targeted case management rate only includes eligible services delivered to an eligible recipient by an eligible provider.

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

Sec. 15. Minnesota Statutes 2024, section 256B.0623, is amended by adding a subdivision to read:

Subd. 15. **Billing limits.** Effective January 1, 2027, services under this section must not exceed four hours per week per recipient, with a maximum of 18 hours per month. Prior authorization is required for services exceeding 200 hours per year.

Sec. 16. Minnesota Statutes 2024, section 256B.0625, is amended by adding a subdivision to read:

Subd. 78. **Carceral targeted case management.** Effective January 1, 2028, or upon federal approval, whichever is later, medical assistance covers carceral targeted case management services under section 256B.0619.

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

Sec. 17. Minnesota Statutes 2024, section 256B.0671, is amended by adding a subdivision to read:

Subd. 14. **Billing limits.** Child and family psychoeducation services under this section must not exceed two hours per day, three days per week per recipient.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 18. Minnesota Statutes 2024, section 256B.0761, subdivision 2, is amended to read:

Subd. 2. **Eligible individuals.** (a) Notwithstanding section 256B.055, subdivision 14, individuals are eligible to receive services under this demonstration if they are eligible under section 256B.055, subdivision 3a, 6, 7, 7a, 9, 15, 16, or 17, as determined by the commissioner in collaboration with correctional facilities, local governments, and Tribal governments. This paragraph expires upon the effective date of paragraph (b).

(b) Effective January 1, 2028, or upon federal approval, whichever is later, notwithstanding section 256B.0618, individuals are eligible to receive services under this demonstration if they are eligible under section 256B.055, subdivision 3a, 6, 7, 7a, 9, 15, 16, or 17, as determined by the commissioner in collaboration with correctional facilities, local governments, and Tribal governments.

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

Sec. 19. Minnesota Statutes 2024, section 256B.0761, subdivision 3, is amended to read:

Subd. 3. **Eligible correctional facilities.** (a) The commissioner's waiver application is limited to:

(1) three state correctional facilities to be determined by the commissioner of corrections, one of which must be the Minnesota Correctional Facility-Shakopee;

~~(2) two facilities for delinquent children and youth licensed under section 241.021, subdivision 2, identified in coordination with the Minnesota Juvenile Detention Association and the Minnesota Sheriffs' Association;~~

~~(3)~~ (2) four correctional facilities for adults licensed under section 241.021, subdivision 1, identified in coordination with the Minnesota Sheriffs' Association and the Association of Minnesota Counties; and

~~(4)~~ (3) one correctional facility owned and managed by a Tribal government or a facility located outside of the seven-county metropolitan area that has an inmate census with a significant proportion of Tribal members or American Indians.

(b) Additional facilities may be added to the waiver contingent on legislative authorization and appropriations.

Sec. 20. Minnesota Statutes 2024, section 256B.0943, is amended by adding a subdivision to read:

Subd. 15. **Billing limits.** (a) Skills training under this section must not exceed two hours per day, three days per week per recipient. Prior authorization is required for services exceeding 200 hours per year.

(b) Mental health behavioral aide services under this section must not exceed six hours per day, three days per week per recipient. Prior authorization is required for services exceeding 200 hours per year.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 21. Minnesota Statutes 2025 Supplement, section 256I.04, subdivision 2a, is amended to read:

Subd. 2a. **License required; staffing qualifications.** (a) Except as provided in paragraph (b), an agency may not enter into an agreement with an establishment to provide housing support unless:

(1) the establishment is licensed by the Department of Health as a hotel and restaurant; a board and lodging establishment; a boarding care home before March 1, 1985; or a supervised living facility, and the service provider for residents of the facility is licensed under chapter 245A. However, an establishment licensed by the Department of Health to provide lodging need not also be licensed to provide board if meals are being supplied to residents under a contract with a food vendor who is licensed by the Department of Health;

(2) the residence is: (i) licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265; (ii) certified by a county human services agency prior to July 1, 1992, using the standards under Minnesota Rules, parts 9555.5050 to 9555.6265; (iii) licensed by the commissioner under Minnesota Rules, parts 2960.0010 to 2960.0120, with a variance under section 245A.04, subdivision 9; or (iv) licensed under section 245D.02, subdivision 4a, as a community residential setting by the commissioner of human services;

(3) the facility is licensed under chapter 144G and provides three meals a day; or

(4) effective ~~January 1, 2027~~ July 1, 2026, the establishment is licensed by the Department of Health as a board and lodging establishment and is certified by the commissioner as a recovery residence in accordance with section 254B.215, subdivision 3, that is subject to the requirements of section 256I.04, subdivisions 2a to 2f. The Department of Human Services must serve as the lead agency for agreements entered into under this clause.

(b) The requirements under paragraph (a) do not apply to establishments exempt from state licensure because they are:

(1) located on Indian reservations and subject to tribal health and safety requirements; or

(2) supportive housing establishments where an individual has an approved habitability inspection and an individual lease agreement.

(c) Supportive housing establishments that serve individuals who have experienced long-term homelessness and emergency shelters must participate in the homeless management information system and a coordinated assessment system as defined by the commissioner.

(d) Effective July 1, 2016, an agency shall not have an agreement with a provider of housing support unless all staff members who have direct contact with recipients:

(1) have skills and knowledge acquired through one or more of the following:

(i) a course of study in a health- or human services-related field leading to a bachelor of arts, bachelor of science, or associate's degree;

(ii) one year of experience with the target population served;

(iii) experience as a mental health certified peer specialist according to section 256B.0615; or

(iv) meeting the requirements for unlicensed personnel under sections 144A.43 to 144A.483;

(2) hold a current driver's license appropriate to the vehicle driven if transporting recipients;

(3) complete training on vulnerable adults mandated reporting and child maltreatment mandated reporting, where applicable; and

(4) complete housing support orientation training offered by the commissioner.

Sec. 22. Minnesota Statutes 2024, section 297E.02, subdivision 3, is amended to read:

Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Distributors must file their monthly sales figures with the commissioner on a form prescribed by the commissioner. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(c) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs. The balance of amounts appropriated under this paragraph that are unencumbered and unspent at the close of a fiscal year must be available in the next fiscal year for the same purposes and must not cancel to the fund from which the amounts were appropriated.

(d) The commissioner of human services must provide to the state affiliate recognized by the National Council on Problem Gambling a monthly statement of the amounts deposited under paragraph (c). Beginning January 1, 2022, the commissioner of human services must provide to the chairs and ranking minority members of the legislative committees with jurisdiction over treatment for problem gambling and to the state affiliate recognized by the National Council on Problem Gambling an annual reconciliation of the amounts deposited under paragraph (c). The annual reconciliation under this paragraph must include the amount allocated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98, and the amount allocated to the state affiliate recognized by the National Council on Problem Gambling.

The annual reconciliation must also include any rollover amounts from the previous fiscal year and the utilization of those amounts during the current reporting period.

Sec. 23. Laws 2025, First Special Session chapter 9, article 4, section 2, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 24. Laws 2025, First Special Session chapter 9, article 4, section 23, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 25. Laws 2025, First Special Session chapter 9, article 4, section 38, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 26. Laws 2025, First Special Session chapter 9, article 4, section 39, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 27. Laws 2025, First Special Session chapter 9, article 4, section 40, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 28. Laws 2025, First Special Session chapter 9, article 4, section 41, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 29. Laws 2025, First Special Session chapter 9, article 4, section 42, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 30. Laws 2025, First Special Session chapter 9, article 4, section 43, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 31. Laws 2025, First Special Session chapter 9, article 4, section 44, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 32. Laws 2025, First Special Session chapter 9, article 4, section 50, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2027~~ 2026.

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

Sec. 33. Laws 2025, First Special Session chapter 9, article 4, section 57, the effective date, is amended to read:

EFFECTIVE DATE. ~~Paragraph~~ Paragraphs (a) ~~is~~ and (b) are effective July 1, 2026, ~~paragraph (b) is effective July 1, 2027,~~ paragraph (c) is effective January 1, 2027, and paragraph (d) is effective July 1, 2026, or upon federal approval, whichever is later. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 34. Laws 2026, chapter 95, article 5, section 23, subdivision 7, is amended to read:

Subd. 7. **Billing limits.** ~~Eligible vendors of~~ Peer recovery support services must ~~limit an individual client to~~ not exceed 14 hours per week ~~for~~ per recipient, of which no more than two hours per day per recipient may be provided by telehealth. Peer recovery support services ~~from an individual provider of peer recovery support services~~ must not exceed 520 hours annually per recipient.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 35. **DIRECTION TO COMMISSIONER; CARCERAL TARGETED CASE MANAGEMENT SERVICES BILLING UNITS.**

The commissioner of human services must establish a new billing code for carceral targeted case management services. The commissioner must identify reimbursement rates for the newly defined codes, as required under Minnesota Statutes, section 256B.0619, subdivision 6. The new billing codes must correspond to a 15-minute unit and must be available for 180 days postrelease.

EFFECTIVE DATE. This section is effective January 1, 2028, or upon federal approval, whichever is later.

Sec. 36. **REPEALER.**

Minnesota Statutes 2024, section 256B.055, subdivision 14, is repealed.

EFFECTIVE DATE. This section is effective January 1, 2028, or upon federal approval, whichever is later.

ARTICLE 7

UNIFORM SERVICE STANDARDS

Section 1. Minnesota Statutes 2024, section 245.735, subdivision 6, is amended to read:

Subd. 6. **Section 223 of the Protecting Access to Medicare Act entities.** ~~(a) The commissioner must request federal approval to participate in the demonstration program established by section 223 of the Protecting Access to Medicare Act and, if approved, to continue to participate in the demonstration program as long as federal funding for the demonstration program remains available from the United States Department of Health and Human Services. To the extent practicable, the commissioner shall align the requirements of the demonstration program with the requirements under this section for CCBHCs receiving medical assistance reimbursement under the authority of the state's Medicaid state plan. A CCBHC may not apply to participate as a billing provider in both the CCBHC federal demonstration and the benefit for CCBHCs under the medical assistance program.~~

~~(b) The commissioner must follow federal payment guidance, including payment of the CCBHC daily bundled rate for services rendered by CCBHCs to individuals who are dually eligible for Medicare and medical assistance when Medicare is the primary payer for the service. Services provided by a CCBHC operating under the authority of the state's Medicaid state plan will not receive the prospective payment system rate for services rendered by CCBHCs to individuals who are dually eligible for Medicare and medical assistance when Medicare is the primary payer for the service.~~

~~(c)~~ Payment for services rendered by CCBHCs to individuals who have commercial insurance as the primary payer and medical assistance as secondary payer is subject to the requirements under section 256B.37. ~~Services provided by a CCBHC operating under the authority of the 223 demonstration or the state's Medicaid state plan will not receive the prospective payment system rate for services rendered by CCBHCs to individuals who have commercial insurance as the primary payer and medical assistance as the secondary payer.~~

Sec. 2. Minnesota Statutes 2025 Supplement, section 245A.03, subdivision 2, is amended to read:

Subd. 2. **Exclusion from licensure.** (a) This chapter does not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not misuse substances or have a substance use disorder, a mental illness, a developmental disability, a functional impairment, or a physical disability;

(4) sheltered workshops or work activity programs that are certified by the commissioner of employment and economic development;

(5) programs operated by a public school for children 33 months or older;

(6) nonresidential programs primarily for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building as the nonresidential program or present within another building that is directly contiguous to the building in which the nonresidential program is located;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that do not provide children's residential services under Minnesota Rules, chapter 2960, mental health or substance use disorder treatment;

(9) programs licensed by the commissioner of corrections;

(10) recreation programs for children or adults that are operated or approved by a park and recreation board whose primary purpose is to provide social and recreational activities;

(11) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or a developmental disability;

(12) programs for children such as scouting, boys clubs, girls clubs, and sports and art programs, and nonresidential programs for children provided for a cumulative total of less than 30 days in any 12-month period;

(13) residential programs for persons with mental illness, that are located in hospitals;

(14) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(15) mental health outpatient services for adults with mental illness or children with mental illness, except, effective January 1, 2028, for programs licensed under section 245A.044;

(16) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules;

(17) community support services programs as defined in section 245.462, subdivision 6, and family community support services as defined in section 245.4871, subdivision 17;

(18) assisted living facilities licensed by the commissioner of health under chapter 144G;

(19) substance use disorder treatment activities of licensed professionals in private practice as defined in section 245G.01, subdivision 17;

(20) consumer-directed community support service funded under the Medicaid waiver for persons with developmental disabilities when the individual who provided the service is:

(i) the same individual who is the direct payee of these specific waiver funds or paid by a fiscal agent, fiscal intermediary, or employer of record; and

(ii) not otherwise under the control of a residential or nonresidential program that is required to be licensed under this chapter when providing the service;

(21) a county that is an eligible vendor under section 254B.0501 to provide care coordination and comprehensive assessment services;

(22) a recovery community organization that is an eligible vendor under section 254B.0501 to provide peer recovery support services; or

(23) programs licensed by the commissioner of children, youth, and families in chapter 142B.

(b) For purposes of paragraph (a), clause (6), a building is directly contiguous to a building in which a nonresidential program is located if it shares a common wall with the building in which the nonresidential program is located or is attached to that building by skyway, tunnel, atrium, or common roof.

(c) Except for the home and community-based services identified in section 245D.03, subdivision 1, nothing in this chapter shall be construed to require licensure for any services provided and funded according to an approved federal waiver plan where licensure is specifically identified as not being a condition for the services and funding.

Sec. 3. **[245A.044] LICENSED NONRESIDENTIAL BEHAVIORAL HEALTH SERVICES.**

Subdivision 1. **License required for certain nonresidential behavioral health services.** (a) Beginning January 1, 2028, providers of nonresidential mental health and substance use disorder services must obtain a license under this chapter to provide:

(1) adult rehabilitative mental health services under section 245I.22;

(2) children's therapeutic services and supports in the community under section 245I.30 and children's day treatment under section 245I.31;

(3) crisis response services under section 245I.24; and

(4) certified community behavioral health clinic services under section 245I.17.

(b) As a condition of licensure, an applicant or license holder must demonstrate and maintain verification of compliance with:

(1) licensing requirements under this chapter and chapter 245I; and

(2) applicable health care program requirements under Minnesota Rules, parts 9505.0170 to 9505.0475 and 9505.2160 to 9505.2245.

Subd. 2. **Implementation.** (a) Beginning July 1, 2027, the commissioner must begin issuing licenses to providers listed in subdivision 1. The commissioner must transition providers certified under section 245I.011 and listed in subdivision 1 into licensure with a phased-in schedule determined by the commissioner. The commissioner must communicate the implementation schedule to providers at least three months before the application is made available.

(b) Applicants for licensure must have an approved certification under section 245I.011 at least 90 days before the date of the licensure application.

(c) A provider's certification under section 245I.011, subdivision 5, paragraph (a), clauses (2) to (4), or 6, paragraph (b), expires when the commissioner issues a decision on the provider's license application.

(d) Upon licensure, a license holder must notify clients and staff of policies and procedures outlined in the application.

(e) Notwithstanding paragraphs (a) and (c), subdivision 1, and sections 245I.17, 245I.22, 245I.24, 245I.30, and 245I.31, a provider listed under subdivision 1, paragraph (a), clauses (1) to (4), and certified under section 245I.011 may continue operating past January 1, 2028, until the commissioner issues a licensing decision if the provider submitted an application before January 1, 2028.

(f) If a provider fails to submit an application for licensure within six months of the application being made available, the commissioner must disenroll the provider from reimbursement for the following services:

(1) adult rehabilitative mental health services under section 256B.0623;

(2) crisis response services under section 256B.0624;

(3) children's therapeutic services and supports under section 256B.0943; and

(4) certified community behavioral health clinics under section 256B.0625, subdivision 5m.

(g) The commissioner must disenroll a provider listed in paragraph (f) from medical assistance if:

(1) the provider's licensing application has been denied or the license has been suspended or revoked; and

(2) the provider appealed the application denial or the license suspension or revocation, and the commissioner issued a final order on the appeal affirming the action.

Sec. 4. Minnesota Statutes 2025 Supplement, section 245A.10, subdivision 3, is amended to read:

Subd. 3. **Application fee for initial license or certification.** (a) Except as provided in paragraphs (c) ~~and~~, (d), and (f), for fees required under subdivision 1, an applicant for an initial license or certification issued by the commissioner shall submit a $2,100 application fee with each new application required under this subdivision. The application fee shall not be prorated, is nonrefundable,

and is in lieu of the annual license or certification fee that expires on December 31. The commissioner shall not process an application until the application fee is paid.

(b) Except as provided in paragraph (c), an applicant shall apply for a license to provide services at a specific location.

(c) For a license to provide home and community-based services to persons with disabilities or age 65 and older under chapter 245D, an applicant shall submit an application to provide services statewide. For fees required under subdivision 1, an applicant for an initial license issued by the commissioner to provide home and community-based services under chapter 245D shall submit a $4,200 application fee with each new application.

(d) For fees required under subdivision 1, an applicant for an initial license or certification issued by the commissioner for children's residential facility ~~or mental health clinic licensure or certification~~ shall submit a $500 application fee with each new application required under this subdivision.

(e) For fees required under subdivision 1, an applicant for an initial mental health clinic certification issued by the commissioner shall submit a $2,100 application fee with each new application required under this subdivision.

(f) For fees required under subdivision 1, an applicant for an initial license issued by the commissioner to provide services at a certified community behavioral health clinic under section 245I.17 shall submit a $4,200 application fee with each new application.

Sec. 5. Minnesota Statutes 2025 Supplement, section 245A.10, subdivision 4, is amended to read:

Subd. 4. **License or certification fee for certain programs.** (a)(1) A program licensed to provide one or more of the home and community-based services and supports identified under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual nonrefundable license fee based on revenues derived from the provision of services that would require licensure under chapter 245D during the calendar year immediately preceding the year in which the license fee is paid, according to the following schedule:

License Holder Annual Revenue	License Fee
less than or equal to $10,000	$250
greater than $10,000 but less than or equal to $25,000	$375
greater than $25,000 but less than or equal to $50,000	$500
greater than $50,000 but less than or equal to $100,000	$625
greater than $100,000 but less than or equal to $150,000	$750
greater than $150,000 but less than or equal to $200,000	$1,000
greater than $200,000 but less than or equal to $250,000	$1,250

greater than $250,000 but less than or equal to $300,000	$1,500
greater than $300,000 but less than or equal to $350,000	$1,750
greater than $350,000 but less than or equal to $400,000	$2,000
greater than $400,000 but less than or equal to $450,000	$2,250
greater than $450,000 but less than or equal to $500,000	$2,500
greater than $500,000 but less than or equal to $600,000	$2,850
greater than $600,000 but less than or equal to $700,000	$3,200
greater than $700,000 but less than or equal to $800,000	$3,600
greater than $800,000 but less than or equal to $900,000	$3,900
greater than $900,000 but less than or equal to $1,000,000	$4,250
greater than $1,000,000 but less than or equal to $1,250,000	$4,550
greater than $1,250,000 but less than or equal to $1,500,000	$4,900
greater than $1,500,000 but less than or equal to $1,750,000	$5,200
greater than $1,750,000 but less than or equal to $2,000,000	$5,500
greater than $2,000,000 but less than or equal to $2,500,000	$5,900
greater than $2,500,000 but less than or equal to $3,000,000	$6,200
greater than $3,000,000 but less than or equal to $3,500,000	$6,500
greater than $3,500,000 but less than or equal to $4,000,000	$7,200
greater than $4,000,000 but less than or equal to $4,500,000	$7,800
greater than $4,500,000 but less than or equal to $5,000,000	$9,000
greater than $5,000,000 but less than or equal to $7,500,000	$10,000

greater than $7,500,000 but less than or equal to $10,000,000	$14,000
greater than $10,000,000 but less than or equal to $12,500,000	$18,000
greater than $12,500,000 but less than or equal to $15,000,000	$25,000
greater than $15,000,000 but less than or equal to $17,500,000	$28,000
greater than $17,500,000 but less than $20,000,000	$32,000
greater than $20,000,000 but less than $25,000,000	$36,000
greater than $25,000,000 but less than $30,000,000	$45,000
greater than $30,000,000 but less than $35,000,000	$55,000
greater than $35,000,000	$75,000

(2) If requested, the license holder shall provide the commissioner information to verify the license holder's annual revenues or other information as needed, including copies of documents submitted to the Department of Revenue.

(3) At each annual renewal, a license holder may elect to pay the highest renewal fee, and not provide annual revenue information to the commissioner.

(4) A license holder that knowingly provides the commissioner incorrect revenue amounts for the purpose of paying a lower license fee shall be subject to a civil penalty in the amount of double the fee the provider should have paid.

(b) A substance use disorder treatment program licensed under chapter 245G, to provide substance use disorder treatment shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 to 74 persons	$5,000
75 to 99 persons	$10,000
100 to 199 persons	$15,000
200 or more persons	$20,000

(c) A detoxification program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, or a withdrawal management program licensed under chapter 245F shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,600

25 to 49 persons	$3,000
50 or more persons	$5,000

A detoxification program that also operates a withdrawal management program at the same location shall only pay one fee based upon the licensed capacity of the program with the higher overall capacity.

(d) A children's residential facility licensed under Minnesota Rules, chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$1,000
25 to 49 persons	$1,100
50 to 74 persons	$1,200
75 to 99 persons	$1,300
100 or more persons	$1,400

(e) A residential facility licensed under section 245I.23 or Minnesota Rules, parts 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 or more persons	$20,000

(f) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400, to serve persons with physical disabilities shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$450
25 to 49 persons	$650
50 to 74 persons	$850
75 to 99 persons	$1,050
100 or more persons	$1,250

(g) A program licensed as an adult day care center licensed under Minnesota Rules, parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 to 74 persons	$5,000
75 to 99 persons	$10,000
100 to 199 persons	$15,000

200 or more persons $20,000

(h) A program licensed to provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to 9515.3110, shall pay an annual nonrefundable license fee of $20,000.

(i) A mental health clinic certified under section 245I.20 shall pay an annual nonrefundable certification fee of ~~$1,550~~ $3,000. If the mental health clinic provides services at a primary location with satellite facilities, the satellite facilities shall be certified with the primary location without an additional charge.

~~(j) If a program subject to annual fees under paragraph (b) provides services at a primary location with satellite facilities, the satellite facilities must be licensed with the primary location and must be subject to an additional $500 annual nonrefundable license fee per satellite facility.~~

(j) A program licensed to provide behavioral health treatment services licensed under section 245I.22, 245I.24, 245I.30, or 245I.31 shall pay an annual nonrefundable license fee of $3,000 for each license.

(k) Certified community behavioral health clinics licensed under section 245I.17 shall pay an annual nonrefundable license fee of $7,800.

Sec. 6. Minnesota Statutes 2024, section 245A.10, is amended by adding a subdivision to read:

Subd. 4a. **Fees for satellite locations.** (a) If a program subject to annual fees under subdivision 4, paragraph (b), provides services at a primary location with satellite facilities, the satellite facilities are licensed with the primary location and are subject to an additional $500 annual nonrefundable license fee per satellite facility.

(b) If a program subject to annual fees under subdivision 4, paragraph (j), provides services at a primary location with satellite sites or facilities, the satellite locations must be licensed with the primary location and are subject to an additional annual nonrefundable fee according to the following schedule:

(1) one to five satellite locations: $1,500;

(2) six to 19 satellite locations: $3,500; or

(3) 20 or more satellite locations: $5,000.

Sec. 7. Minnesota Statutes 2024, section 245A.65, subdivision 1a, is amended to read:

Subd. 1a. **Determination of vulnerable adult status.** (a) A license holder that provides services to adults who are excluded from the definition of vulnerable adult under section 626.5572, subdivision 21, paragraph (a), clause (2), must determine whether the person is a vulnerable adult under section 626.5572, subdivision 21, paragraph (a), clause (4). This determination must be made within 24 hours of:

(1) admission to the licensed program; and

(2) any incident that:

(i) was reported under section 626.557; or

(ii) would have been required to be reported under section 626.557, if one or more of the adults involved in the incident had been vulnerable adults.

(b) Upon determining that a person receiving services is a vulnerable adult under section 626.5572, subdivision 21, paragraph (a), clause (4), all requirements relative to vulnerable adults under this chapter and section 626.557 must be met by the license holder.

(c) Notwithstanding paragraph (a), clause (1), a license holder providing mobile crisis services must make the required determination within 24 hours of first providing crisis stabilization services to an adult under section 245I.24, subdivision 9.

Sec. 8. Minnesota Statutes 2024, section 245C.03, subdivision 1, is amended to read:

Subdivision 1. **Programs licensed by the commissioner.** (a) The commissioner shall conduct a background study on:

(1) the person or persons applying for a license;

(2) an individual age 13 and over living in the household where the licensed program will be provided who is not receiving licensed services from the program;

(3) current or prospective employees of the applicant or license holder who will have direct contact with persons served by the facility, agency, or program;

(4) volunteers or student volunteers who will have direct contact with persons served by the program to provide program services if the contact is not under the continuous, direct supervision by an individual listed in clause (1) or (3);

(5) an individual age ten to 12 living in the household where the licensed services will be provided when the commissioner has reasonable cause as defined in section 245C.02, subdivision 15;

(6) an individual who, without providing direct contact services at a licensed program, may have unsupervised access to children or vulnerable adults receiving services from a program, when the commissioner has reasonable cause as defined in section 245C.02, subdivision 15; and

(7) all controlling individuals as defined in section 245A.02, subdivision 5a;

(8) notwithstanding clause (3), for children's residential facilities and foster residence settings, any adult working in the facility, whether or not the individual will have direct contact with persons served by the facility.

(b) For child foster care when the license holder resides in the home where foster care services are provided, a short-term substitute caregiver providing direct contact services for a child for less than 72 hours of continuous care is not required to receive a background study under this chapter.

(c) This subdivision applies to the following programs that must be licensed under chapter 245A:

(1) adult foster care;

(2) children's residential facilities;

(3) licensed home and community-based services under chapter 245D;

(4) residential mental health programs for adults;

(5) substance use disorder treatment programs under chapter 245G;

(6) withdrawal management programs under chapter 245F;

(7) adult day care centers;

(8) family adult day services;

(9) detoxification programs;

(10) community residential settings;

(11) intensive residential treatment services and residential crisis stabilization under chapter 245I; ~~and~~

(12) treatment programs for persons with sexual psychopathic personality or sexually dangerous persons, licensed under chapter 245A and according to Minnesota Rules, parts 9515.3000 to 9515.3110~~.~~;

(13) adult rehabilitative mental health services under chapter 245I;

(14) certified community behavioral health clinic services under chapter 245I;

(15) children's therapeutic services and supports under chapter 245I; and

(16) crisis response services under chapter 245I.

Sec. 9. Minnesota Statutes 2025 Supplement, section 245C.13, subdivision 2, is amended to read:

Subd. 2. **Activities pending completion of background study.** The subject of a background study may not perform any activity requiring a background study under paragraph (c) until the commissioner has issued one of the notices under paragraph (a).

(a) Notices from the commissioner required prior to activity under paragraph (c) include:

(1) a notice of the study results under section 245C.17 stating that:

(i) the individual is not disqualified; or

(ii) more time is needed to complete the study but the individual is not required to be removed from direct contact or access to people receiving services prior to completion of the study as provided

under section 245C.17, subdivision 1, paragraph (b) or (c). The notice that more time is needed to complete the study must also indicate whether the individual is required to be under continuous direct supervision prior to completion of the background study. When more time is necessary to complete a background study of an individual affiliated with a Title IV-E eligible children's residential facility or foster residence setting, the individual may not work in the facility or setting regardless of whether or not the individual is supervised;

(2) a notice that a disqualification has been set aside under section 245C.23; or

(3) a notice that a variance has been granted related to the individual under section 245C.30.

(b) For a background study affiliated with a licensed child care center or certified license-exempt child care center, the notice sent under paragraph (a), clause (1), item (ii), must not be issued until the commissioner receives a qualifying result for the individual for the fingerprint-based national criminal history record check or the fingerprint-based criminal history information from the Bureau of Criminal Apprehension. The notice must require the individual to be under continuous direct supervision prior to completion of the remainder of the background study except as permitted in subdivision 3.

(c) Activities prohibited prior to receipt of notice under paragraph (a) include:

(1) being issued a license;

(2) living in the household where the licensed program will be provided;

(3) providing direct contact services to persons served by a program unless the subject is under continuous direct supervision;

(4) having access to persons receiving services if the background study was completed under section 144.057, subdivision 1, or 245C.03, subdivision 1, paragraph (a), clause (2), (5), or (6), unless the subject is under continuous direct supervision;

(5) for licensed child care centers and certified license-exempt child care centers, providing direct contact services to persons served by the program;

(6) for children's residential facilities or foster residence settings, working in the facility or setting;

(7) for background studies affiliated with a personal care provider organization, except as provided in section 245C.03, subdivision 3b, or with an early intensive developmental and behavioral intervention provider or adult rehabilitative mental health services provider, before ~~a personal care assistant~~ an individual provides services, the ~~personal care assistance provider agency~~ entity must initiate a background study of the ~~personal care assistant~~ individual under this chapter and the ~~personal care assistance provider agency~~ entity must have received a notice from the commissioner that the ~~personal care assistant~~ individual is:

(i) not disqualified under section 245C.14; or

(ii) disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22; or

(8) for background studies affiliated with an early intensive developmental and behavioral intervention provider, before an individual provides services, the early intensive developmental and behavioral intervention provider must initiate a background study for the individual under this chapter and the early intensive developmental and behavioral intervention provider must have received a notice from the commissioner that the individual is:

(i) not disqualified under section 245C.14; or

(ii) disqualified, but the individual has received a set-aside of the disqualification under section 245C.22.

Sec. 10. Minnesota Statutes 2024, section 245G.03, subdivision 1, is amended to read:

Subdivision 1. **License requirements.** (a) An applicant for a license to provide substance use disorder treatment must comply with the general requirements in section 626.557; chapters 245A, 245C, and 260E; and Minnesota Rules, chapter 9544.

(b) The commissioner may grant variances to the requirements in this chapter that do not affect the client's health or safety if the conditions in section 245A.04, subdivision 9, are met.

(c) If a program is licensed according to this chapter and is part of a certified community behavioral health clinic under section ~~245.735~~ 245I.17, the license holder must comply with the requirements in section ~~245.735~~ 245I.17, subdivisions ~~4b to 4e~~ 12 and 13, as part of the licensing requirements under this chapter.

Sec. 11. Minnesota Statutes 2024, section 245I.011, subdivision 3, is amended to read:

Subd. 3. **Certification required.** (a) An individual, organization, or government entity that is exempt from licensure under section 245A.03, subdivision 2, paragraph (a), clause ~~(12)~~ (15), and chooses to be identified as a certified mental health clinic must:

(1) be a mental health clinic that is certified under section 245I.20;

(2) comply with all of the responsibilities assigned to a license holder by this chapter except subdivision 1; and

(3) comply with all of the responsibilities assigned to a certification holder by chapter 245A.

(b) An individual, organization, or government entity described by this subdivision must obtain a criminal background study for each staff person or volunteer who provides direct contact services to clients.

~~(c) If a clinic is certified according to this chapter and is part of a certified community behavioral health clinic under section 245.735, the license holder must comply with the requirements in section 245.735, subdivisions 4b to 4e, as part of the licensing requirements under this chapter.~~

Sec. 12. Minnesota Statutes 2024, section 245I.011, subdivision 5, is amended to read:

Subd. 5. **Programs certified under chapter 256B.** (a) An individual, organization, or government entity certified under the following sections must comply with all of the responsibilities assigned to a license holder under this chapter except subdivision 1:

(1) an assertive community treatment provider under section 256B.0622, subdivision 3a;

~~(2) an adult rehabilitative mental health services provider under section 256B.0623;~~

~~(3) a mobile crisis team under section 256B.0624;~~

~~(4) a children's therapeutic services and supports provider under section 256B.0943;~~

~~(5)~~ (2) a children's intensive behavioral health services provider under section 256B.0946; and

~~(6)~~ (3) an intensive nonresidential rehabilitative mental health services provider under section 256B.0947.

(b) An individual, organization, or government entity certified under the sections listed in paragraph (a)~~, clauses (1) to (6),~~ must obtain a criminal background study for each staff person and volunteer providing direct contact services to a client.

Sec. 13. Minnesota Statutes 2024, section 245I.011, is amended by adding a subdivision to read:

Subd. 6. **License required for nonresidential programs.** (a) Beginning January 1, 2028, an individual, organization, or government entity must have a license under this chapter to provide the following services:

(1) adult rehabilitative mental health services, as defined in section 256B.0623;

(2) mobile crisis services, as defined in section 256B.0624;

(3) children's therapeutic services and supports, as defined in section 256B.0943; or

(4) certified community behavioral health clinic services, as defined in sections 245I.17 and 256B.0625, subdivision 5m.

(b) An individual, organization, or government entity certified as any of the following must remain certified according to subdivision 5 until the commissioner issues a license, the commissioner denies the license application, or the certification expires according to chapter 245A:

(1) an adult rehabilitative mental health services provider under section 256B.0623;

(2) a mobile crisis team under section 256B.0624;

(3) a children's therapeutic services and supports provider under section 256B.0943; or

(4) a certified community behavioral health clinic under section 245.735.

Sec. 14. Minnesota Statutes 2024, section 245I.02, is amended by adding a subdivision to read:

Subd. 1a. **Alcohol and drug counselor** "Alcohol and drug counselor" means an individual qualified under section 245G.11, subdivision 5.

Sec. 15. Minnesota Statutes 2024, section 245I.02, is amended by adding a subdivision to read:

Subd. 10a. **Comprehensive evaluation.** "Comprehensive evaluation" means a person-centered, family-centered, and trauma-informed evaluation conducted according to section 245I.17, subdivision 12.

Sec. 16. Minnesota Statutes 2024, section 245I.02, is amended by adding a subdivision to read:

Subd. 18a. **Initial evaluation.** "Initial evaluation" means the assessment and preliminary diagnosis necessary to begin client services, conducted according to section 245I.17.

Sec. 17. Minnesota Statutes 2024, section 245I.02, is amended by adding a subdivision to read:

Subd. 31a. **Psychotherapy.** "Psychotherapy" has the meaning given in section 256B.0671, subdivision 11.

Sec. 18. Minnesota Statutes 2024, section 245I.02, subdivision 33, is amended to read:

Subd. 33. **Rehabilitative mental health services.** "Rehabilitative mental health services" means mental health services provided to ~~an adult~~ a client that enable the client to develop and achieve psychiatric stability, social competencies, personal and emotional adjustment, independent living skills, family roles, and community skills when symptoms of mental illness has impaired any of the client's abilities in these areas. Rehabilitative mental health services include interventions that allow a client to self-monitor, compensate for, counteract, or replace psychosocial skills deficits or maladaptive skills acquired over the course of a mental illness. For a child client, rehabilitative mental health services include interventions to (1) restore a child or adolescent to an age-appropriate developmental trajectory that has been disrupted by a psychiatric illness, or (2) enable the child to self-monitor, compensate for, cope with, counteract, or replace psychosocial skills deficits or maladaptive skills acquired over the course of a psychiatric illness.

Sec. 19. Minnesota Statutes 2024, section 245I.02, subdivision 39, is amended to read:

Subd. 39. **Treatment plan.** "Treatment plan" means services that a license holder formulates to respond to a client's needs and goals. A treatment plan includes individual treatment plans under section 245I.10, subdivisions 7 and 8; initial treatment plans under section 245I.23, subdivision 7; and crisis treatment plans under sections 245I.23, subdivision 8, and ~~256B.0624, subdivision 11~~ 245I.24, subdivision 11. For a license holder under section 245I.17, a treatment plan is the integrated treatment plan developed according to section 245I.17, subdivision 13.

Sec. 20. Minnesota Statutes 2024, section 245I.03, subdivision 4, is amended to read:

Subd. 4. **Behavioral emergencies.** (a) A license holder must have procedures that each staff person follows when responding to a client who exhibits behavior that threatens the immediate safety of the client or others. A license holder's behavioral emergency procedures must incorporate person-centered planning and trauma-informed care.

(b) A license holder's behavioral emergency procedures must include:

(1) a plan designed to prevent the client from inflicting self-harm and harming others;

(2) contact information for emergency resources that a staff person must use when the license holder's behavioral emergency procedures are unsuccessful in controlling a client's behavior;

(3) the types of behavioral emergency procedures that a staff person may use;

(4) the specific circumstances under which the program may use behavioral emergency procedures; ~~and~~

(5) the staff persons whom the license holder authorizes to implement behavioral emergency procedures~~.~~; and

(6) the contact information for the local crisis team.

(c) The license holder's behavioral emergency procedures must not include secluding or restraining a client except as allowed under section 245.8261.

(d) Staff persons must not use behavioral emergency procedures to enforce program rules or for the convenience of staff persons. Behavioral emergency procedures must not be part of any client's treatment plan. A staff person may not use behavioral emergency procedures except in response to a client's current behavior that threatens the immediate safety of the client or others.

Sec. 21. Minnesota Statutes 2024, section 245I.03, is amended by adding a subdivision to read:

Subd. 11. **Quality assurance and improvement plan.** (a) A license holder must develop a written quality assurance and improvement plan that includes plans for:

(1) encouraging ongoing consultation among members of the treatment team;

(2) obtaining and evaluating feedback about services from clients, family and other natural supports, referral sources, and staff persons;

(3) measuring and evaluating client outcomes;

(4) reviewing client suicide deaths and suicide attempts;

(5) examining the quality of clinical service delivery to clients; and

(6) self-monitoring of compliance with this chapter.

(b) At least annually, a license holder must review, evaluate, and update the quality assurance and improvement plan. The review must:

(1) include documentation of the actions that the certification holder will take as a result of information obtained from monitoring activities in the plan; and

(2) establish goals for improved service delivery to clients for the next year.

Sec. 22. Minnesota Statutes 2025 Supplement, section 245I.04, subdivision 5, is amended to read:

Subd. 5. **Behavioral health practitioner scope of practice.** (a) A behavioral health practitioner under the treatment supervision of a mental health professional or certified rehabilitation specialist may provide an adult client with client education, rehabilitative mental health services, functional assessments, level of care assessments, crisis planning, and treatment plans. A behavioral health practitioner under the treatment supervision of a mental health professional may provide skill-building services ~~to a child client~~, crisis planning, and complete treatment plans for a child client.

(b) A behavioral health practitioner must not provide treatment supervision to other staff persons. A behavioral health practitioner may provide direction to mental health rehabilitation workers and mental health behavioral aides.

(c) A behavioral health practitioner who provides services to clients according to section 256B.0624 may perform crisis assessments and interventions for a client.

Sec. 23. Minnesota Statutes 2025 Supplement, section 245I.04, subdivision 17, as amended by Laws 2026, chapter 95, article 5, section 14, is amended to read:

Subd. 17. **Mental health behavioral aide scope of practice.** While under the treatment supervision of a mental health professional, a mental health behavioral aide may ~~practice psychosocial skills with~~ provide skill-building services to a child client ~~according to the child's treatment plan that a mental health professional, clinical trainee, or behavioral health practitioner has previously taught to the child~~.

Sec. 24. Minnesota Statutes 2024, section 245I.06, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) A license holder must ensure that a mental health professional or certified rehabilitation specialist provides treatment supervision to each staff person who provides services to a client and who is not a mental health professional or certified rehabilitation specialist. When providing treatment supervision, a treatment supervisor must follow a staff person's written treatment supervision plan.

(b) Treatment supervision must focus on each client's treatment needs and the ability of the staff person under treatment supervision to provide services to each client, including the following topics related to the staff person's current caseload:

(1) a review and evaluation of the interventions that the staff person delivers to each client;

(2) instruction on alternative strategies if a client is not achieving treatment goals;

(3) a review and evaluation of each client's assessments, treatment plans, and progress notes for accuracy and appropriateness;

(4) instruction on the cultural norms or values of the clients and communities that the license holder serves and the impact that a client's culture has on providing treatment;

(5) evaluation of and feedback regarding a direct service staff person's areas of competency; ~~and~~

(6) coaching, teaching, and practicing skills with a staff person~~.~~; and

(7) modeling service practices that respect the client, include the client in planning and implementation of the individual treatment plan, recognize the client's strengths, and coordinate with other involved parties and providers.

(c) A treatment supervisor must provide treatment supervision to a staff person using methods that allow for immediate feedback, including in-person, telephone, and interactive video supervision.

(d) A treatment supervisor's responsibility for a staff person receiving treatment supervision is limited to the services provided by the associated license holder. If a staff person receiving treatment supervision is employed by multiple license holders, each license holder is responsible for providing treatment supervision related to the treatment of the license holder's clients.

Sec. 25. Minnesota Statutes 2024, section 245I.06, subdivision 2, is amended to read:

Subd. 2. **Treatment supervision planning.** (a) A treatment supervisor and the staff person supervised by the treatment supervisor must develop a written treatment supervision plan. The license holder must ensure that a new staff person's treatment supervision plan is completed, approved by the staff person, and implemented by a treatment supervisor and the new staff person within 30 days of the new staff person's first day of employment. The license holder must review and update each staff person's treatment supervision plan annually.

(b) Each staff person's treatment supervision plan must include:

(1) the name and qualifications of the staff person receiving treatment supervision;

(2) the names and licensures of the treatment supervisors who are supervising the staff person;

(3) how frequently the treatment supervisors must provide treatment supervision to the staff person; and

(4) the staff person's authorized scope of practice, including a description of the client ~~population~~ ages that the staff person serves, and a description of the treatment methods and modalities that the staff person may use to provide services to clients.

Sec. 26. Minnesota Statutes 2025 Supplement, section 245I.06, subdivision 3, is amended to read:

Subd. 3. **Treatment supervision and direct observation of mental health rehabilitation workers and mental health behavioral aides.** (a) A mental health behavioral aide or a mental health rehabilitation worker must receive direct observation from a mental health professional, clinical trainee, certified rehabilitation specialist, or behavioral health practitioner while the mental health behavioral aide or mental health rehabilitation worker provides treatment services to clients, no less than twice per month for the first six months of employment and once per month thereafter. The staff person performing the direct observation must approve of the progress note twice per month for the first six months of employment and as needed and identified in a supervision plan thereafter. Approval may be given through an attestation that is stored in the ~~employee~~ personnel file under section 245I.07.

(b) For a mental health rehabilitation worker qualified under section 245I.04, subdivision 14, paragraph (a), clause (2), item (i), treatment supervision in the first 2,000 hours of work must at a minimum consist of:

(1) monthly individual supervision; and

(2) direct observation twice per month.

Sec. 27. Minnesota Statutes 2024, section 245I.07, is amended to read:

245I.07 PERSONNEL FILES.

(a) For each staff person, a license holder must maintain a personnel file that includes:

(1) verification of the staff person's qualifications required for the position including training, education, practicum or internship agreement, licensure, and any other required qualifications;

(2) documentation related to the staff person's background study;

(3) the hiring date of the staff person;

(4) a description of the staff person's job responsibilities with the license holder;

(5) the date that the staff person's specific duties and responsibilities became effective, including the date that the staff person began having direct contact with clients;

(6) documentation of the staff person's training as required by section 245I.05, subdivision 2;

(7) a verification copy of license renewals that the staff person completed during the staff person's employment;

(8) annual job performance evaluations; and

(9) if applicable, the staff person's alleged and substantiated violations of the license holder's policies under section 245I.03, subdivision 8, clauses (3) to (7), and the license holder's response.

(b) The license holder must ensure that all personnel files are readily accessible for the commissioner's review. The license holder is not required to keep personnel files in a single location.

(c) For a license holder under section 245I.17, a personnel file for staff who provide substance use disorder treatment services must include records of training required under section 245G.13, subdivision 2.

Sec. 28. Minnesota Statutes 2024, section 245I.10, is amended by adding a subdivision to read:

Subd. 2a. **Evaluation, treatment authorization, and planning in a certified community behavioral health clinic.** Notwithstanding subdivisions 2 and 7, a license holder under section 245I.17 must meet the requirements for assessments under section 245I.17, subdivisions 11 and 12, and for treatment planning under section 245I.17, subdivision 13. Certified community behavioral health clinic service planning and authorization must comply with the standards in section 245I.17.

Sec. 29. Minnesota Statutes 2024, section 245I.10, subdivision 6, as amended by Laws 2026, chapter 95, article 5, section 15, is amended to read:

Subd. 6. **Standard diagnostic assessment; required elements.** (a) Only a mental health professional or a clinical trainee may complete a standard diagnostic assessment of a client. A standard diagnostic assessment of a client must include a face-to-face interview with a client and a written evaluation of the client. The assessor must complete a client's standard diagnostic assessment within the client's cultural context. An alcohol and drug counselor may gather and document the information in paragraphs (b) and (c) when completing a comprehensive assessment according to section 245G.05.

(b) When completing a standard diagnostic assessment of a client, the assessor must gather and document information about the client's current life situation, including the following information:

(1) the client's age;

(2) the client's current living situation, including the client's housing status and household members;

(3) the status of the client's basic needs;

(4) the client's education level and employment status;

(5) the client's current medications;

(6) any immediate risks to the client's health and safety, including withdrawal symptoms, medical conditions, and behavioral and emotional symptoms;

(7) the client's perceptions of the client's condition;

(8) the client's description of the client's symptoms, including the reason for the client's referral;

(9) the client's history of mental health and substance use disorder treatment, including but not limited to treatment for tobacco or nicotine use;

(10) cultural influences on the client; and

(11) substance use history, if applicable, including:

(i) amounts and types of substances, including but not limited to tobacco and nicotine products; frequency and duration; route of administration; periods of abstinence; and circumstances of relapse; and

(ii) the impact to functioning when under the influence of substances, including legal interventions.

(c) If the assessor cannot obtain the information that this paragraph requires without retraumatizing the client or harming the client's willingness to engage in treatment, the assessor must identify which topics will require further assessment during the course of the client's treatment. The assessor must gather and document information related to the following topics:

(1) the client's relationship with the client's family and other significant personal relationships, including the client's evaluation of the quality of each relationship;

(2) the client's strengths and resources, including the extent and quality of the client's social networks;

(3) important developmental incidents in the client's life;

(4) maltreatment, trauma, potential brain injuries, and abuse that the client has suffered;

(5) the client's history of or exposure to alcohol and drug usage and treatment; and

(6) the client's health history and the client's family health history, including the client's physical, chemical, and mental health history.

(d) When completing a standard diagnostic assessment of a client, an assessor must use a recognized diagnostic framework.

(1) When completing a standard diagnostic assessment of a client who is five years of age or younger, the assessor must use the current edition of the DC: 0-5 Diagnostic Classification of Mental Health and Development Disorders of Infancy and Early Childhood published by Zero to Three.

(2) When completing a standard diagnostic assessment of a client who is six years of age or older, the assessor must use the current edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

(3) When completing a standard diagnostic assessment of a client who is 12 to 17 years of age, an assessor must use either the CRAFFT Questionnaire or the criteria in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association to screen and assess the client for a substance use disorder. A license holder may select a different clinically appropriate screening tool if the tool is identified in a written policy and procedure under section 245I.03.

~~(3)~~ (4) When completing a standard diagnostic assessment of a client who is 18 years of age or older, an assessor must use either (i) the CAGE-AID Questionnaire or (ii) the criteria in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association to screen and assess the client for a substance use disorder, including but not limited to tobacco use disorder.

(e) When completing a standard diagnostic assessment of a client, the assessor must include and document the following components of the assessment:

(1) the client's mental status examination;

(2) the client's baseline measurements; symptoms; behavior; skills; abilities; resources; vulnerabilities; safety needs, including client information that supports the assessor's findings after applying a recognized diagnostic framework from paragraph (d); and any differential diagnosis of the client; and

(3) an explanation of: (i) how the assessor diagnosed the client using the information from the client's interview, assessment, psychological testing, and collateral information about the client; (ii) the client's needs; (iii) the client's risk factors; (iv) the client's strengths; and (v) the client's responsivity factors.

(f) When completing a standard diagnostic assessment of a client, the assessor must consult the client and the client's family about which services that the client and the family prefer to treat the client. ~~The assessor must make referrals for the client as to services required by law.~~

(g) Information from other providers and prior assessments may be used to complete the diagnostic assessment if the source of the information is documented in the diagnostic assessment.

(h) If the client screens positive for a need for substance use disorder treatment services, the assessor must document what actions will be taken to address the client's co-occurring conditions.

(i) The assessor must determine if the client is eligible for targeted case management services according to section 245.462, subdivision 20, or 245.4871, subdivision 6, and refer the client to the county or contracted provider as appropriate.

Sec. 30. Minnesota Statutes 2024, section 245I.10, subdivision 8, is amended to read:

Subd. 8. **Individual treatment plan; required elements.** (a) After completing a client's diagnostic assessment or reviewing a client's diagnostic assessment received from a different provider and before providing services to the client beyond those permitted under subdivision 7, the license holder must complete the client's individual treatment plan. The license holder must:

(1) base the client's individual treatment plan on the client's diagnostic assessment and baseline measurements;

(2) for a child client, use a child-centered, family-driven, and culturally appropriate planning process that allows the child's parents and guardians to observe and participate in the child's individual and family treatment services, assessments, and treatment planning;

(3) for an adult client, use a person-centered, culturally appropriate planning process that allows the client's family and other natural supports to observe and participate in the client's treatment services, assessments, and treatment planning;

(4) identify the client's treatment goals, measureable treatment objectives, a schedule for accomplishing the client's treatment goals and objectives, a treatment strategy, and the individuals responsible for providing treatment services and supports to the client. The license holder must have a treatment strategy to engage the client in treatment if the client:

(i) has a history of not engaging in treatment; and

(ii) is ordered by a court to participate in treatment services or to take neuroleptic medications;

(5) identify the participants involved in the client's treatment planning. The client must be a participant in the client's treatment planning. If applicable, the license holder must document the reasons that the license holder did not involve the client's family, case manager, or other natural supports in the client's treatment planning; and

~~(6) review the client's individual treatment plan every 180 days and update the client's individual treatment plan with the client's treatment progress, new treatment objectives and goals or, if the client has not made treatment progress, changes in the license holder's approach to treatment; and~~

~~(7)~~ (6) ensure that the client approves of the client's individual treatment plan unless a court orders the client's treatment plan under chapter 253B.

(b) If the client disagrees with the client's treatment plan, the license holder must document in the client file the reasons why the client does not agree with the treatment plan. If the license holder cannot obtain the client's approval of the treatment plan, a mental health professional must make efforts to obtain approval from a person who is authorized to consent on the client's behalf within 30 days after the client's previous individual treatment plan expired. A license holder may not deny a client service during this time period solely because the license holder could not obtain the client's approval of the client's individual treatment plan. A license holder may continue to bill for the client's otherwise eligible services when the client re-engages in services.

(c) The individual treatment plan must be updated as necessary to reflect the changing needs of the client. The individual treatment plan must include direction for accessing crisis services when the license holder is aware of the client's need for crisis services. The license holder must review the client's individual treatment plan every 180 days and update the client's individual treatment plan with the client's treatment progress, new treatment objectives and goals, or, if the client has not made treatment progress, changes in the license holder's approach to treatment.

Sec. 31. **[245I.17] CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINIC LICENSURE.**

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

(b) "Care coordination" means the activities required to coordinate care across settings and providers for an individual served to ensure seamless transitions across the full spectrum of health services. Care coordination includes:

(1) outreach and engagement;

(2) documenting a plan of care for medical, behavioral health, and social services and supports in the integrated treatment plan;

(3) assisting with obtaining appointments;

(4) confirming appointments are kept;

(5) developing a crisis plan;

(6) tracking medication; and

(7) implementing care coordination agreements with external providers. Care coordination may include psychiatric consultation with primary care practitioners and with mental health clinical care practitioners.

(c) "CCBHC client" means an individual who has participated in a preliminary triage and risk assessment and who has received at least one of the nine required services from a CCBHC.

(d) "Certified community behavioral health clinic" or "CCBHC" means a provider of integrated behavioral health services that is licensed under this section and compliant with federal CCBHC requirements.

(e) "Community needs assessment" means an assessment to identify community needs and determine the community behavioral health clinic's capacity to address the needs of the population being served.

(f) "Designated collaborating organization" means an entity that is not under the direct supervision of a CCBHC engaged in a formal relationship with the CCBHC to deliver one or more of the required services or elements of required services.

(g) "Federal CCBHC criteria" means the most recently issued Certified Community Behavioral Health Clinic Certification Criteria published by the Substance Abuse and Mental Health Services Administration.

(h) "Needs assessment" means the community needs assessment described in federal criteria for CCBHC.

(i) "Preliminary triage and risk assessment" means a mandatory triage and risk assessment that is completed at the time of first contact, whether that contact is in person, by telephone, or using other remote communication.

Subd. 2. **Establishment of licensure.** (a) The certified community behavioral health clinic model is an integrated service delivery model that uses evidence-based behavioral health practices to achieve better outcomes for individuals experiencing behavioral health concerns while achieving sustainable rates through cost-based reimbursement for providers and economic efficiencies for payors.

(b) Beginning January 1, 2028, a CCBHC must be licensed under this section.

(c) A CCBHC must meet the requirements of this section and federal CCBHC criteria. The commissioner may require a CCBHC applicant or license holder to submit documentation of compliance with state licensing requirements and federal CCBHC criteria.

(d) The commissioner may deny a license to a CCBHC applicant or license holder on the basis of geographic area if a license holder does not meet federal criteria for identifying and addressing:

(1) a community's needs;

(2) gaps in access to mental health and substance use disorder services; and

(3) underserved populations to be served by the license holder as outlined in the community needs assessment.

(e) The commissioner shall communicate with licensed CCBHCs, applicants, and community partners before establishing and implementing changes in the licensure requirements.

(f) The commissioner shall update state licensing conditions for CCBHCs to align with changes to the federal CCBHC criteria. The commissioner may select a transition date on which revisions to the federal CCBHC criteria become required as licensing conditions for CCBHCs.

(g) The commissioner shall publish the licensing standards consistent with the most recently issued Certified Community Behavioral Health Clinic Certification Criteria published by the Substance Abuse and Mental Health Services Administration on a publicly available website.

Subd. 3. **Compliance with federal CCBHC standards.** (a) The commissioner must make the required federal attestation of compliance with state and federal standards to the Centers for Medicare and Medicaid Services (CMS) upon granting a license meeting all requirements of this section.

(b) The commissioner must renew the required attestation to CMS every 36 months if the license holder remains in good standing. If a CCBHC license is revoked during the 36-month term, the commissioner must publicly report the revocation.

(c) A license holder that has operated under an existing attestation to CMS for two years and three months must submit the documentation required under subdivision 2, paragraph (c), to the commissioner.

(d) The commissioner must complete a licensing review that includes an on-site inspection in the six months before the expiration of the federal attestation.

Subd. 4. **Required services and scope of licensure.** (a) Within a declared service area, the CCBHC must be able to offer:

(1) mobile crisis services, directly or through a designated collaborating organization under subdivision 4;

(2) outpatient mental health and substance use disorder treatment services under subdivisions 9 and 10;

(3) screening, diagnosis, and risk assessment under subdivision 11;

(4) person- and family-centered treatment planning;

(5) psychiatric rehabilitation services under subdivision 14;

(6) community-based mental health care for veterans under subdivision 15;

(7) outpatient primary care screening and monitoring under subdivision 16;

(8) peer services under subdivision 17; and

(9) targeted case management under subdivision 18.

(b) A CCBHC may offer the services listed in paragraph (a) directly or through its designated collaborating organization. The CCBHC must deliver the services in a manner reflecting person- and family-centered care.

Subd. 5. **Designated collaborating organization.** (a) If a CCBHC is unable to provide mobile crisis services, the CCBHC may contract with another entity that is licensed to provide mobile crisis services under section 245I.24 and that meets the requirements of the federal CCBHC criteria as a designated collaborating organization.

(b) The CCBHC must submit a designated collaborating organization arrangement for approval to the commissioner as part of the licensing process.

(c) The commissioner must not approve a designated collaborating organization agreement under this section to provide services, other than mobile crisis services under section 245I.24, until the commissioner:

(1) implements a mechanism to administer payments for CCBHC services provided under a designated collaborating organization arrangement in a manner that ensures proper payment in compliance with state and federal law; or

(2) determines that the Medicaid Management Information System has the capability to pay for CCBHC services provided under a designated collaborating organization arrangement in compliance with state and federal law.

Subd. 6. **Exemptions to host county approval.** Notwithstanding any other law that requires a county contract or other form of county approval for a service listed in subdivision 4, a CCBHC that meets the requirements of this section may receive the prospective payment under section 256B.0625, subdivision 5m, for that service without a county contract or county approval.

Subd. 7. **Variances.** When the standards listed in this section or other applicable standards conflict or address similar issues in duplicative or incompatible ways, the commissioner may grant variances to state requirements if the variances do not conflict with federal requirements for services reimbursed under medical assistance. If standards overlap, the commissioner may substitute all or a part of a licensure or certification that is substantially the same as another licensure or certification. The commissioner must consult with stakeholders before granting variances under this provision. For a CCBHC that is licensed but not approved for prospective payment under section 256B.0625, subdivision 5m, the commissioner may grant a variance under this paragraph if the variance does not increase the state share of costs.

Subd. 8. **Evidence-based practices.** The commissioner must issue a list of required evidence-based practices to be delivered by CCBHCs and may also provide a list of recommended evidence-based practices. The commissioner may update the list to reflect advances in outcomes research and medical services for persons living with mental illnesses or substance use disorders. When developing the list, the commissioner must consider the adequacy of evidence to support the efficacy of the practice across cultures and ages, the workforce available, and the current availability of the practices in the state. At least 30 days before issuing the initial list or issuing any revisions, the commissioner must provide stakeholders with an opportunity to comment.

Subd. 9. **Outpatient mental health services.** (a) A license holder must provide outpatient mental health services that comply with the federal CCBHC criteria and applicable state standards in this chapter, except as provided in this subdivision.

(b) Completion of an initial or comprehensive evaluation fulfills the requirements to perform a diagnostic assessment in accordance with section 245I.10, subdivisions 2 and 6.

(c) An integrated treatment plan under this section fulfills the requirements to conduct treatment planning in accordance with section 245I.10, subdivisions 7 and 8.

(d) A license holder under this section is exempt from certification as a mental health clinic under section 245I.20.

Subd. 10. **Outpatient substance use disorder treatment.** (a) When a license holder provides substance use disorder treatment services to an individual with a substance use disorder diagnosis, the license holder must comply with the requirements for substance use disorder treatment services in chapter 245G, except as provided in this subdivision.

(b) Completion of a preliminary triage and risk assessment under this section fulfills the requirements to complete an initial services plan under section 245G.04, subdivision 1.

(c) Completion of a comprehensive evaluation under this section fulfills the requirements to administer a comprehensive assessment under section 245G.05.

(d) An integrated treatment plan under this section that contains a six-dimension analysis of the client's needs according to the most recently published edition of the American Society of Addiction Medicine criteria, as defined in section 254B.01, subdivision 2a, fulfills the requirements to provide an individual treatment plan under section 245G.06.

(e) A license holder under this section fulfills the requirement to document personnel files under section 245G.13, subdivision 3, by complying with the requirements of this chapter.

(f) A license holder under this section fulfills the requirement to protect client rights under section 245G.15 by complying with the requirements of section 245I.12.

(g) A license holder under this section fulfills the requirements to respond to behavioral emergencies under section 245G.16 by complying with the requirements of section 245I.03, subdivision 4.

(h) A license holder under this section is exempt from licensure under chapter 245G.

Subd. 11. **Preliminary triage and risk assessment.** (a) A license holder must have policies and procedures on:

(1) how staff will implement the requirements of this subdivision;

(2) staff positions authorized to complete triage and risk assessments;

(3) documenting the results of the risk screenings; and

(4) ensuring the client is offered timely services according to the federal CCBHC criteria.

(b) A license holder must conduct a preliminary triage and risk assessment when a new client requests services or is referred to services. A license holder may conduct a preliminary triage and

risk assessment in person, by telephone, or through other remote communication. Based on the acuity of needs as assessed in the preliminary triage and risk assessment, the client must be categorized as having emergency, urgent, or routine needs.

(c) Based on these categorizations, the license holder must offer services that meet the relevant timelines under the federal CCBHC criteria.

(d) The license holder must provide training that addresses:

(1) when a prospective client requires intervention from qualified staff;

(2) the use of standardized measures that screen for significant risks;

(3) other factors that indicate a client has urgent needs besides the Columbia Suicide Severity Rating Scale or a self-harm screening; and

(4) overdose and substance use disorder risks.

Subd. 12. **Initial and comprehensive evaluation.** (a) A license holder under this section must provide initial and comprehensive evaluations according to this section and federal CCBHC criteria.

(b) An initial evaluation is necessary to authorize the provision of all medically necessary CCBHC services until the completion of a comprehensive evaluation. A comprehensive evaluation is necessary to authorize the provision of all medically necessary CCBHC services on an ongoing basis. A license holder must ensure that each client's comprehensive evaluation reflects the needs and assessments for all services provided.

Subd. 13. **Integrated treatment plan.** (a) A license holder under this section must complete an integrated treatment plan for each client following the client's comprehensive evaluation no later than 60 calendar days after the date of the first request for services.

(b) A license holder must document all required services under subdivision 9 within the integrated treatment plan based on the client's needs.

(c) A license holder must review and update a client's integrated treatment plan as necessary to reflect the changing needs of the client and progress made in treatment. If the client has not made treatment progress, updates to the treatment plan must indicate changes in the license holder's approach to treatment to better meet the needs of the client. A license holder must review and update the integrated treatment plan at least every 180 days or as clinically indicated.

Subd. 14. **Psychiatric rehabilitation services.** (a) For children, a license holder under this section must provide children's therapeutic services and supports according to section 245I.30, except that an initial or comprehensive assessment under this section fulfills the requirement to perform a standard diagnostic assessment. A license holder under this section may elect to provide services according to section 245I.31 under their license.

(b) For adults, a license holder under this section must provide adult rehabilitative mental health services according to section 245I.22, except that:

(1) the license holder is exempt from the requirement to perform a level of care assessment under section 245I.22, subdivision 6, paragraph (b); and

(2) an initial or comprehensive assessment under this section fulfills the requirement to perform a standard diagnostic assessment.

(c) A license holder under this section is exempt from licensure under sections 245I.22, 245I.24, 245I.30, and 245I.31.

Subd. 15. **Community-based care for veterans.** (a) The license holder must provide services according to federal requirements for eligibility and coordination with TRICARE and the United States Department of Veterans Affairs.

(b) The license holder must assign and document a principal behavioral health provider for every veteran receiving services.

Subd. 16. **Primary care screening and monitoring.** To fulfill the requirements for primary care screening, a license holder under this section must have policies and procedures detailing the screenings to be performed with specific populations at the clinic. The policies and procedures must be approved by the medical director.

Subd. 17. **Peer services.** A license holder must be able to provide peer services as described by federal CCBHC criteria and sections 245G.07, subdivision 2, clause (8), 256B.0615, and 256B.0616.

Subd. 18. **Targeted case management.** (a) A license holder must provide mental health targeted case management as described by federal CCBHC criteria and section 256B.0625, subdivision 20.

(b) An initial or comprehensive evaluation under this section fulfills any requirement to perform a standard diagnostic assessment for targeted case management.

Subd. 19. **Community needs assessment.** (a) The applicant or licensed clinic shall conduct a community needs assessment every 36 months that meets all requirements outlined in the federal criteria.

(b) An existing license holder must include an analysis of which needs from prior needs assessments have been improved by the operation of the CCBHC.

Subd. 20. **Staffing plan.** (a) Based on an approved community needs assessment, the applicant or license holder must complete a staffing plan that is responsive to the community needs assessment and meets the federal criteria no less often than every 36 months.

(b) The commissioner must provide feedback and technical assistance if the commissioner determines the license holder must revise the staffing plan.

Subd. 21. **Data and evaluation.** A provider must submit documentation that establishes the ability of the clinic to complete the required data collection as a CCBHC, as determined by the commissioner. For an applicant that is an existing provider, the commissioner must review and evaluate data submitted related to federal and state CCBHC reporting standards to ensure the data meets reporting requirements.

Subd. 22. **Cost reporting.** A provider must submit a cost report on the forms and in the manner required in section 256B.0625, subdivision 5m.

Subd. 23. **Change of service area or population served.** (a) A CCBHC license holder may submit a request to the commissioner to modify the CCBHC's service area or population served by submitting updated documentation in a format approved by the commissioner.

(b) A CCBHC license holder may request a modification under this subdivision no more often than once every 12 months.

(c) The commissioner may deny a license holder's request to change its service area or populations under this subdivision if the license holder fails to demonstrate compliance with the federal criteria and scope of service requirements under section 223(a)(2)(D) of the federal Patient Access to Medicare Act of 2014.

Sec. 32. **[245I.22] ADULT REHABILITATIVE MENTAL HEALTH SERVICES.**

Subdivision 1. **Generally.** Beginning January 1, 2028, a provider of adult mental health rehabilitative services must be licensed under this section and chapter 245A.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given.

(b) "Adult mental health rehabilitative services" or "ARMHS" has the meaning given in section 245I.02, subdivision 33.

(c) "Basic living skills" means rehabilitative interventions that instruct, assist, and support the client with:

(1) interpersonal communication skills;

(2) community resource utilization and integration skills;

(3) crisis planning;

(4) relapse prevention skills;

(5) health care directives;

(6) budgeting and shopping skills;

(7) healthy lifestyle skills and practices;

(8) cooking and nutrition skills;

(9) transportation skills;

(10) mental illness symptom management skills;

(11) household management skills;

(12) employment-related skills; and

(13) parenting skills.

(d) "Community intervention" means a client's community assisting in the client's rehabilitation, including consultation with relatives, guardians, friends, employers, treatment providers, and other significant individuals. Community intervention is appropriate when directed exclusively to the treatment of the client.

(e) "Medication education services" means services provided individually or in groups that focus on educating the client about mental illness and symptoms, the role and effects of medications in treating symptoms of mental illness, and the side effects of medications. Medication education services must be coordinated with, but must not duplicate, medication management services. Medication education services must be provided by physicians, advanced practice registered nurses, pharmacists, physician assistants, or registered nurses.

(f) "Transition to community living services" means services that maintain continuity of contact between the ARMHS provider and the client and facilitate discharge from a hospital, residential treatment program, board and lodging facility, or nursing home. Transition to community living services must not be used to provide other areas of adult rehabilitative mental health services.

Subd. 3. **Service components.** An ARMHS provider must be capable of providing:

(1) basic living skills;

(2) medication education services;

(3) community intervention; and

(4) transition to community living services.

Subd. 4. **Provider requirements.** An ARMHS license holder must be enrolled with medical assistance and comply with standards in section 256B.0623.

Subd. 5. **Qualifications.** ARMHS must be provided by:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a certified rehabilitation specialist qualified under section 245I.04, subdivision 8;

(3) a clinical trainee qualified under section 245I.04, subdivision 6;

(4) a behavioral health practitioner qualified under section 245I.04, subdivision 4;

(5) a mental health certified peer specialist qualified under section 245I.04, subdivision 12; or

(6) a mental health rehabilitation worker qualified under section 245I.04, subdivision 14.

Subd. 6. **Service planning.** (a) An ARMHS provider must complete a written functional assessment according to section 245I.10, subdivision 9, for each client.

(b) When an ARMHS provider completes a written functional assessment, the provider must also complete a level of care assessment, as defined in section 245I.02, subdivision 19, for the client.

Subd. 7. **Group modality.** ARMHS may be provided in group settings if appropriate to each participating client's needs and treatment plan. A group is defined as two to ten clients, at least one of whom is concurrently receiving ARMHS. The service and group must be specified in the client's individual treatment plan.

Sec. 33. Minnesota Statutes 2024, section 245I.23, subdivision 4, is amended to read:

Subd. 4. **Required intensive residential treatment services.** (a) On a daily basis, the license holder must follow a client's treatment plan to provide intensive residential treatment services to the client to improve the client's functioning.

(b) The license holder must offer and have the capacity to directly provide the following treatment services to each client:

(1) daily rehabilitative mental health services;

(2) crisis prevention planning to assist a client with:

(i) identifying and addressing patterns in the client's history and experience of the client's mental illness; and

(ii) developing crisis prevention strategies that include de-escalation strategies that have been effective for the client in the past;

(3) health services and administering medication;

(4) co-occurring substance use disorder treatment;

(5) engaging the client's family and other natural supports in the client's treatment and educating the client's family and other natural supports to strengthen the client's social and family relationships; and

(6) making referrals for the client to other service providers in the community and supporting the client's transition from intensive residential treatment services to another setting.

(c) The license holder must include Illness Management and Recovery (IMR), Enhanced Illness Management and Recovery (E-IMR), or other similar interventions in the license holder's programming as approved by the commissioner.

Sec. 34. Minnesota Statutes 2024, section 245I.23, subdivision 5, is amended to read:

Subd. 5. **Required residential crisis stabilization services.** (a) On a daily basis, the license holder must follow a client's individual crisis treatment plan to provide services to the client in residential crisis stabilization to improve the client's functioning.

(b) The license holder must offer and have the capacity to directly provide the following treatment services to the client:

(1) daily crisis stabilization services as described in section 256B.0624, subdivision 7;

(2) rehabilitative mental health services;

(3) health services and administering the client's medications; and

(4) making referrals for the client to other service providers in the community and supporting the client's transition from residential crisis stabilization to another setting.

Sec. 35. Minnesota Statutes 2025 Supplement, section 245I.23, subdivision 7, is amended to read:

Subd. 7. **Intensive residential treatment services assessment and treatment planning.** (a) Within 12 hours of a client's admission, the license holder must evaluate and document the client's immediate needs, including the client's:

(1) health and safety, including the client's need for crisis assistance;

(2) responsibilities for children, family and other natural supports, and employers; and

(3) housing and legal issues.

(b) Within 24 hours of the client's admission, the license holder must complete an initial treatment plan for the client. The license holder must:

(1) base the client's initial treatment plan on the client's referral information and an assessment of the client's immediate needs;

(2) consider crisis assistance strategies that have been effective for the client in the past;

(3) identify the client's initial treatment goals, measurable treatment objectives, and specific interventions, and the frequency of interventions, that the license holder will use to help the client engage in treatment;

(4) identify the participants involved in the client's treatment planning. The client must be a participant; and

(5) ensure that a treatment supervisor approves of the client's initial treatment plan if a behavioral health practitioner or clinical trainee completes the client's treatment plan, notwithstanding section 245I.08, subdivision 3.

(c) According to section 245A.65, subdivision 2, paragraph (b), the license holder must complete an individual abuse prevention plan as part of a client's initial treatment plan.

(d) Within five days of the client's admission and again within 60 days after the client's admission, the license holder must complete a level of care assessment of the client. If the license holder determines that a client does not need a medically monitored level of service, a treatment supervisor must document how the client's admission to and continued services in intensive residential treatment services are medically necessary for the client.

(e) Within ten days of a client's admission, the license holder must complete or review and update the client's standard diagnostic assessment.

(f) Within ten days of a client's admission, the license holder must complete the client's individual treatment plan, notwithstanding section 245I.10, subdivision 8. Within 40 days after the client's admission and again within 70 days after the client's admission, the license holder must update the client's individual treatment plan. The license holder must focus the client's treatment planning on preparing the client for a successful transition from intensive residential treatment services to another setting. The individual treatment plan must be based on the client's diagnostic assessment and functional assessment and must contain, at a minimum, identified goals according to subdivision 4, paragraph (b), clauses (1) to (3), or subdivision 5, paragraph (b), clause (1), as applicable. In addition to the required elements of an individual treatment plan under section 245I.10, subdivision 8, the license holder must identify the following information in the client's individual treatment plan: (1) the client's referrals and resources for the client's health and safety; and (2) the staff persons who are responsible for following up with the client's referrals and resources. If the client does not receive a referral or resource that the client needs, the license holder must document the reason that the license holder did not make the referral or did not connect the client to a particular resource. The license holder is responsible for determining whether additional follow-up is required on behalf of the client.

(g) Within 30 days of the client's admission, the license holder must complete a functional assessment of the client. Within 60 days after the client's admission, the license holder must update the client's functional assessment to include any changes in the client's functioning and symptoms.

(h) For a client with a current substance use disorder diagnosis and for a client whose substance use disorder screening in the client's standard diagnostic assessment indicates the possibility that the client has a substance use disorder, the license holder must complete a written assessment of the client's substance use within 30 days of the client's admission. In the substance use assessment, the license holder must: (1) evaluate the client's history of substance use, relapses, and hospitalizations related to substance use; (2) assess the effects of the client's substance use on the client's relationships including with family member and others; (3) identify financial problems, health issues, housing instability, and unemployment; (4) assess the client's legal problems, past and pending incarceration, violence, and victimization; and (5) evaluate the client's suicide attempts, noncompliance with taking prescribed medications, and noncompliance with psychosocial treatment.

(i) On a weekly basis, a mental health professional or certified rehabilitation specialist must review each client's treatment plan and individual abuse prevention plan. The license holder must document in the client's file each weekly review of the client's treatment plan and individual abuse prevention plan. An individual treatment plan must be updated based on new information gathered about the client's conditions, the client's level of participation, and whether identified interventions have had the intended effect.

Sec. 36. Minnesota Statutes 2025 Supplement, section 245I.23, subdivision 10, is amended to read:

Subd. 10. **Minimum treatment team staffing levels and ratios.** (a) The license holder must maintain a treatment team staffing level sufficient to:

(1) provide continuous daily coverage of all shifts;

(2) follow each client's treatment plan and meet each client's needs as identified in the client's treatment plan;

(3) implement program requirements; and

(4) safely monitor and guide the activities of each client, taking into account the client's level of behavioral and psychiatric stability, cultural needs, and vulnerabilities.

(b) The license holder must ensure that treatment team members:

(1) remain awake during all work hours; and

(2) are available to monitor and guide the activities of each client whenever clients are present in the program.

(c) On each shift, the license holder must maintain a treatment team staffing ratio of at least one treatment team member to nine clients. If the license holder is serving nine or fewer clients, at least one treatment team member on the day shift must be a mental health professional, clinical trainee, certified rehabilitation specialist, or behavioral health practitioner. If the license holder is serving more than nine clients, at least one of the treatment team members working during both the day and evening shifts must be a mental health professional, clinical trainee, certified rehabilitation specialist, or behavioral health practitioner.

(d) If the license holder provides residential crisis stabilization to clients and is serving at least one client in residential crisis stabilization and more than four clients in residential crisis stabilization and intensive residential treatment services, the license holder must maintain a treatment team staffing ratio on each shift of at least two treatment team members during the client's first 48 hours in residential crisis stabilization.

(e) The license holder must maintain documentation of a daily staffing schedule indicating the names and credentials of individuals providing services, according to the record retention requirements under section 245A.041.

Sec. 37. Minnesota Statutes 2024, section 245I.23, subdivision 12, is amended to read:

Subd. 12. **Daily documentation.** (a) For each day that a client is present in the program, the license holder must provide a daily summary in the client's file that includes observations about the client's behavior and symptoms, including any critical incidents in which the client was involved, and documentation of a daily medically necessary rehabilitation service according to section 245I.08.

(b) For each day that a client is not present in the program, the license holder must document the reason for a client's absence in the client's file.

Sec. 38. Minnesota Statutes 2024, section 245I.23, subdivision 17, is amended to read:

Subd. 17. **Admissions referrals and determinations.** (a) The license holder must identify the information that the license holder needs to make a determination about a person's admission referral.

(b) The license holder must:

(1) always be available to receive referral information about a person seeking admission to the license holder's program;

(2) respond to the referral source within eight hours of receiving a referral and, within eight hours, communicate with the referral source about what information the license holder needs to make a determination concerning the person's admission;

(3) consider the license holder's staffing ratio and the areas of treatment team members' competency when determining whether the license holder is able to meet the needs of a person seeking admission; ~~and~~

(4) determine whether to admit a person within 72 hours of receiving all necessary information from the referral source~~.~~; and

(5) document client eligibility according to subdivision 15, paragraph (a), and subdivision 16.

Sec. 39. **[245I.24] MOBILE CRISIS RESPONSE SERVICES.**

Subdivision 1. **Generally.** (a) Mobile crisis response services provide short-term, face-to-face mental health care in community settings for adults and children experiencing crisis to help individuals maintain safety and return to a baseline level of functioning.

(b) Beginning January 1, 2028, a provider of mobile crisis response services must be licensed under this section and chapter 245A.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given.

(b) "Crisis assessment" means an immediate face-to-face assessment by a physician, a mental health professional, or a qualified member of a crisis team, as described in subdivision 5.

(c) "Crisis intervention" means face-to-face, short-term intensive mental health services initiated during a mental health crisis to help an individual cope with immediate stressors, identify and utilize available resources and strengths, engage in voluntary treatment, and begin to return to the individual's baseline level of functioning.

(d) "Crisis screening" means a screening of a client's potential mental health crisis situation under subdivision 6.

(e) "Crisis stabilization services" means individualized mental health services that are designed to restore an individual to the individual's baseline level of functioning. Crisis stabilization services may be provided in the individual's home, the home of a family member or friend of the individual, another community setting, a short-term supervised licensed residential program, or an emergency department. Crisis stabilization services include family psychoeducation.

(f) "Crisis team" means the staff of a provider entity who are supervised and prepared to provide mobile crisis services to a client in a potential mental health crisis situation.

(g) "Mental health crisis" is a behavioral, emotional, or psychiatric situation that, without the provision of crisis response services, would likely result in significantly reducing the individual's levels of functioning in primary activities of daily living, the individual needing emergency services under section 62Q.55, or the individual being placed in a more restrictive setting, including but not limited to inpatient hospitalization.

(h) "Mobile crisis services" means screening, assessment, intervention, and community-based crisis stabilization services that are provided to an individual client. Mobile crisis services does not include residential crisis stabilization.

Subd. 3. **Eligibility.** (a) An individual is eligible for crisis assessment services when the person has screened positive for a potential mental health crisis during a crisis screening.

(b) An individual is eligible for crisis intervention services and crisis stabilization services when the individual has been assessed during a crisis assessment to be experiencing a mental health crisis.

Subd. 4. **Policies, procedures, and practices specified.** (a) In addition to the policies and procedures required by section 245I.03, the license holder must establish, enforce, and maintain policies and procedures to:

(1) ensure that crisis screenings, crisis assessments, and crisis intervention services are available 24 hours per day, seven days per week;

(2) respond to a call for services in a designated service area or according to a written agreement with the local mental health authority for an adjacent area;

(3) have at least one mental health professional on staff at all times and at least one additional staff member capable of leading a crisis response in the community; and

(4) respond to clients in the community according to the requirements and priorities in subdivision 6.

(b) The license holder must provide the commissioner with information about the number of requests for service, the number of clients that the provider serves face-to-face, and client outcomes at least every six months, in a form and manner prescribed by the commissioner.

(c) The license holder must:

(1) provide support for an individual's family and natural supports by enabling the individual's family and natural supports to observe and participate in the individual's treatment, assessments, and planning services;

(2) implement culturally specific treatment identified in the crisis treatment plan that is meaningful and appropriate, as determined by the individual's culture, beliefs, values, and language;

(3) respond to an individual's changing intervention and care needs, as identified by the individual or a family member; and

(4) have the communication tools and procedures to communicate and consult promptly about crisis assessment and interventions as services are provided.

(d) The license holder must coordinate services with:

(1) county emergency services under section 245.469, community hospitals, ambulance services, transportation services, social services, law enforcement, engagement services, and mental health crisis services through regularly scheduled interagency meetings;

(2) other behavioral health service providers, county mental health authorities, or federally recognized American Indian authorities, and others as necessary, with the consent of the individual or parent or guardian;

(3) detoxification, withdrawal management services, and medical stabilization services as needed; and

(4) the individual's case manager if the individual is receiving case management services.

Subd. 5. **Crisis assessment and intervention staff qualifications.** (a) Crisis assessment and intervention services must be provided by:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a clinical trainee qualified under section 245I.04, subdivision 6;

(3) a behavioral health practitioner qualified under section 245I.04, subdivision 4;

(4) a mental health certified family peer specialist qualified under section 245I.04, subdivision 12; or

(5) a mental health certified peer specialist qualified under section 245I.04, subdivision 10.

(b) When crisis assessment and intervention services are provided to an individual in the community, a mental health professional, clinical trainee, or mental health practitioner must lead the response.

(c) For providers under this section, the 30 hours of ongoing training required by section 245I.05, subdivision 4, paragraph (b), must be specific to providing crisis services to children and adults and include training about evidence-based practices identified by the commissioner of health to reduce the individual's risk of suicide and self-injurious behavior.

(d) At least six hours of the ongoing training under paragraph (c) must be specific to working with families and providing crisis stabilization services to children and include the following topics:

(1) developmental tasks of childhood and adolescence;

(2) family relationships;

(3) child and youth engagement and motivation, including motivational interviewing;

(4) culturally responsive care, including care for lesbian, gay, bisexual, transgender, and queer youth;

(5) positive behavior support;

(6) crisis intervention for youth with developmental disabilities;

(7) child traumatic stress, trauma-informed care, and trauma-focused cognitive behavioral therapy; and

(8) youth substance use.

(e) Individual providers must be experienced in crisis assessment, crisis intervention techniques, treatment engagement strategies, working with families, and clinical decision making under emergency conditions and have knowledge of local services and resources.

Subd. 6. **Crisis screening.** (a) A license holder may use the resources of emergency services under section 245.469 for crisis screening. The crisis screening must gather information, determine whether a mental health crisis situation exists, identify parties involved, and determine an appropriate response.

(b) When conducting a crisis screening, a provider must:

(1) employ evidence-based practices to reduce the individual's risk of suicide and self-injurious behavior;

(2) work with the individual to establish a plan and time frame for responding to the individual's mental health crisis, including responding to the individual's immediate need for support by telephone or text message until the provider can respond to the individual face-to-face;

(3) document significant factors in determining whether the individual is experiencing a mental health crisis, including prior requests for crisis services, an individual's recent presentation at an emergency department, known calls to 911 or law enforcement, or information from third parties with knowledge of an individual's history or current needs;

(4) accept calls from interested third parties and consider the additional needs or potential mental health crises that the third parties may be experiencing;

(5) provide psychoeducation, including reducing access to means of suicide, to relevant third parties including family members or other persons living with the individual; and

(6) consider other available services to determine which service intervention would best address the individual's needs and circumstances.

(c) For the purposes of this section, the following situations indicate a positive screen for a potential mental health crisis:

(1) the individual presents at an emergency department or urgent care setting and the health care team at that location requested crisis services; or

(2) a peace officer requested crisis services for an individual who is potentially subject to transportation under section 253B.051.

(d) The provider must prioritize providing a face-to-face crisis assessment of the individual, unless a provider documents specific evidence to show why the face-to-face assessment was not

possible, including insufficient staffing resources, concerns for staff or individual safety, or other clinical factors.

(e) A provider is not required to have direct contact with the individual to determine that the individual is experiencing a potential mental health crisis. A mobile crisis provider may gather relevant information about the individual from a third party to establish the individual's need for services and potential safety factors.

Subd. 7. **Crisis assessment.** (a) If an individual screens positive for a potential mental health crisis, a crisis assessment must be completed. A crisis assessment must evaluate any immediate needs for which services are needed and, as time permits, the individual's:

(1) current life situation;

(2) health information, including current medications;

(3) sources of stress;

(4) mental health problems and symptoms;

(5) strengths;

(6) cultural considerations;

(7) support network;

(8) vulnerabilities;

(9) current functioning; and

(10) preferences, as communicated directly by the individual or as communicated in a health care directive as described in chapters 145C and 253B, the crisis treatment plan described in subdivision 11, a crisis prevention plan, or a wellness recovery action plan.

(b) A provider must conduct a crisis assessment at the individual's location when appropriate and, when not appropriate, document the reasons.

(c) Whenever possible, the assessor must attempt to include input from the individual, the individual's family, and other natural supports to assess whether a crisis exists.

(d) A crisis assessment must include a determination of:

(1) whether the individual is willing to voluntarily engage in treatment;

(2) whether the individual has an advance directive; and

(3) gathering the individual's information and history from involved family or other natural supports.

(e) If a team determines that the individual does not need an acute level of care, the team must provide services or service coordination if the individual has a co-occurring substance use disorder and is otherwise eligible for services.

(f) If, after completing a crisis assessment, a provider refers the individual to an intensive setting, including an emergency department, inpatient hospitalization, or residential crisis stabilization, one of the crisis team members who completed or conferred about the individual's crisis assessment must immediately contact the referral entity and consult with the staff responsible for triage or intake at the referral entity. During the consultation, the crisis team member must convey key findings or concerns that led to the individual's referral. Following the consultation, the provider must also send written documentation to the referral entity. The provider must document if the individual or the individual's legal guardian signed releases for health records or if an exception under section 144.293, subdivision 5, exists.

Subd. 8. **Crisis intervention services.** (a) If the crisis assessment determines an individual needs mobile crisis intervention services, the license holder must provide crisis intervention services promptly. As able during the intervention, at least two members of the mobile crisis intervention team must confer directly or by telephone about the crisis assessment, crisis treatment plan, and actions taken and needed. At least one of the team members must be providing face-to-face crisis intervention services. If providing crisis intervention services, a clinical trainee or mental health practitioner must seek treatment supervision as required in subdivision 10.

(b) If a provider delivers crisis intervention services while the individual is absent, the provider must document the reason for delivering services while the individual is absent.

(c) The mobile crisis intervention team must develop a crisis treatment plan according to subdivision 11.

(d) The mobile crisis intervention team must document which crisis treatment plan goals and objectives have been met and when no further crisis intervention services are required.

(e) If the individual's mental health crisis is stabilized, but the individual needs a referral to other services, the team must provide referrals to these services. If the individual is unable to follow up on the referral, the team must link the individual to the service and follow up to ensure the individual is receiving the service.

Subd. 9. **Crisis stabilization services.** (a) Crisis stabilization services must be provided by qualified staff of a crisis stabilization services provider entity, which must:

(1) develop a crisis treatment plan that meets the criteria in subdivision 11;

(2) complete a vulnerable adult determination in accordance with section 245A.65, subdivision 1a;

(3) deliver crisis stabilization services according to the crisis treatment plan and include face-to-face contact with the individual receiving services by qualified staff for further assessment, help with referrals, updating of the crisis treatment plan, skills training, and collaboration with other service providers in the community;

(4) if the provider delivers crisis stabilization services while the individual is absent, document the reason for delivering services while the individual is absent; and

(5) if the individual's mental health crisis is stabilized and the individual does not have a health care directive or psychiatric declaration, as defined in chapter 145C or section 253B.03, subdivision 6d, offer to work with the individual to develop a directive or declaration.

(b) A staff member providing crisis stabilization services must be:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a certified rehabilitation specialist qualified under section 245I.04, subdivision 8;

(3) a clinical trainee qualified under section 245I.04, subdivision 6;

(4) a behavioral health practitioner qualified under section 245I.04, subdivision 4;

(5) a mental health certified family peer specialist qualified under section 245I.04, subdivision 12;

(6) a mental health certified peer specialist qualified under section 245I.04, subdivision 10; or

(7) a mental health rehabilitation worker qualified under section 245I.04, subdivision 14.

(c) For providers under this section, the 30 hours of ongoing training required in section 245I.05, subdivision 4, paragraph (b), must be specific to providing crisis services to children and adults and include training about evidence-based practices identified by the commissioner of health to reduce an individual's risk of suicide and self-injurious behavior.

(d) For providers who deliver care to children 21 years of age or younger, at least six hours of the ongoing training under this subdivision must be specific to working with families and providing crisis stabilization services to children, including the following topics:

(1) developmental tasks of childhood and adolescence;

(2) family relationships;

(3) child and youth engagement and motivation, including motivational interviewing;

(4) culturally responsive care, including care for lesbian, gay, bisexual, transgender, and queer youth;

(5) positive behavior support;

(6) crisis intervention for youth with developmental disabilities;

(7) child traumatic stress, trauma-informed care, and trauma-focused cognitive behavioral therapy; and

(8) youth substance use.

This paragraph does not apply to adult residential crisis stabilization services providers licensed under section 245I.23 or providing services pursuant to section 256B.0624, subdivision 7a.

Subd. 10. **Supervision.** Clinical trainees and mental health practitioners may provide crisis assessment and crisis intervention services if the following treatment supervision requirements are met:

(1) the license holder must accept full responsibility for the services provided;

(2) a mental health professional working for the license holder must be immediately available by telephone or in person for treatment supervision;

(3) a mental health professional must be consulted, in person or by telephone, during the first three hours when a clinical trainee or mental health practitioner provides crisis assessment or crisis intervention services; and

(4) a mental health professional must:

(i) review and approve, as defined in section 245I.02, subdivision 2, the tentative crisis assessment and crisis treatment plan within 24 hours of first providing services to the individual, notwithstanding section 245I.08, subdivision 3; and

(ii) document the consultation required in clause (3).

Subd. 11. **Crisis treatment plan.** (a) Within 24 hours of an individual's admission, the license holder must complete the individual's crisis treatment plan. The license holder must:

(1) base the individual's crisis treatment plan on the individual's crisis assessment;

(2) consider crisis assistance strategies that have been effective for the individual in the past;

(3) for a child, use a child-centered, family-driven, and culturally appropriate planning process that allows the child's parents and guardians to observe or participate in the child's individual and family treatment services, assessment, and treatment planning;

(4) for an adult, use a person-centered, culturally appropriate planning process that allows the individual's family and other natural supports to observe or participate in treatment services, assessment, and treatment planning;

(5) identify the participants involved in the individual's treatment planning. The individual must be a participant if possible;

(6) identify the individual's initial treatment goals, measurable treatment objectives, and specific interventions that the license holder will use to help the person engage in treatment;

(7) include documentation of referral to and scheduling of services, including specific providers where applicable;

(8) ensure that the individual or the individual's legal guardian approves under section 245I.02, subdivision 2, of the individual's crisis treatment plan unless a court orders the individual's treatment

plan under chapter 253B. If the individual or the individual's legal guardian disagrees with the crisis treatment plan, the license holder must document in the client file the reasons why the individual disagrees with the crisis treatment plan; and

(9) ensure that a treatment supervisor approves, as defined in section 245I.02, subdivision 2, of the individual's treatment plan within 24 hours of the individual's admission if a mental health practitioner or clinical trainee completes the crisis treatment plan, notwithstanding section 245I.08, subdivision 3.

(b) The provider entity must provide the individual and the individual's legal guardian with a copy of the crisis treatment plan.

Subd. 12. **Application requirements.** In a licensing application submitted under this section and section 245A.04, the applicant must demonstrate that the applicant is:

(1) enrolled as a medical assistance provider; and

(2) in compliance with the provider type requirements under section 256B.0624, subdivision 4, as determined by the commissioner.

Sec. 40. **[245I.30] CHILDREN'S THERAPEUTIC SERVICES AND SUPPORTS.**

Subdivision 1. **Generally.** (a) "Children's therapeutic services and supports" means a flexible package of community-based mental health services for children who require varying therapeutic and rehabilitative levels of intervention to treat a diagnosed mental illness. Interventions are delivered using various treatment modalities and combinations of services designed to reach treatment outcomes identified in the individual treatment plan. Children's therapeutic services and supports include development and rehabilitative services that support a child's developmental treatment needs.

(b) Beginning January 1, 2028, a provider of children's therapeutic services and supports must be licensed under this section and chapter 245A.

Subd. 2. **Service components.** (a) A children's therapeutic services and supports license holder must be capable of providing:

(1) individual and family psychotherapy, psychotherapy for crises, and group psychotherapy;

(2) individual, family, or group skills training; and

(3) crisis planning.

(b) Crisis planning that meets the standards in section 245.4871, subdivision 9a, must be offered to each client's family.

Subd. 3. **Provider requirements.** A children's therapeutic services and supports license holder must be enrolled with medical assistance and comply with the requirements in section 256B.0943.

Subd. 4. **Qualifications of provider staff.** Children's therapeutic services and supports must be provided by:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a clinical trainee qualified under section 245I.04, subdivision 6;

(3) a behavioral health practitioner qualified under section 245I.04, subdivision 4;

(4) a mental health certified family peer specialist qualified under section 245I.04, subdivision 12; or

(5) a mental health behavioral aide qualified under section 245I.04, subdivision 16.

Subd. 5. **Group modality.** Group skills training may be provided to multiple clients who, because of the nature of the clients' emotional, behavioral, or social dysfunction, can derive mutual benefit from interaction in a group setting. A group must consist of two to ten clients, at least one of whom is a client and is concurrently receiving a service under this section. The service and group must be specified in the client's individual treatment plan.

Sec. 41. **[245I.31] CHILDREN'S DAY TREATMENT.**

Subdivision 1. **Generally.** (a) For the purposes of this section, "children's day treatment program" means a site-based structured mental health program consisting of psychotherapy and individual or group skills training provided by a team under the treatment supervision of a mental health professional.

(b) A children's day treatment program must be licensed for a specific location of operation and must not be part of inpatient or residential treatment services.

(c) A children's day treatment program must stabilize a client's mental health status while developing and improving the client's independent living and socialization skills. The goal of the day treatment program must be to reduce or relieve the effects of mental illness and provide training to enable the client to live in the community.

(d) Beginning January 1, 2028, a provider of children's day services must be licensed under this section and chapter 245A.

Subd. 2. **Service components.** A children's day treatment program must be capable of providing the services in section 245I.30, subdivision 2.

Subd. 3. **Provider requirements.** A children's day treatment license holder must:

(1) be enrolled as a provider with medical assistance;

(2) maintain a policy regarding the use of restrictive procedures and meet the requirements of section 245.8261;

(3) maintain a policy on medications in accordance with section 245I.11, subdivision 6; and

(4) meet group modality requirements in section 245I.30, subdivision 5.

Subd. 4. **Qualifications of provider staff.** Children's day treatment services must be provided by:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a clinical trainee qualified under section 245I.04, subdivision 6; or

(3) a behavioral health practitioner qualified under section 245I.04, subdivision 4.

Sec. 42. Minnesota Statutes 2024, section 256B.0623, subdivision 1, is amended to read:

Subdivision 1. **Scope.** ~~Subject to federal approval,~~ Medical assistance covers medically necessary adult rehabilitative mental health services when the services are provided by an entity ~~meeting the standards in this section~~ licensed under section 245I.24. The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

Sec. 43. Minnesota Statutes 2024, section 256B.0623, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** An eligible recipient is an individual who:

(1) is age 18 or older;

(2) is diagnosed with a medical condition, such as mental illness or traumatic brain injury, for which adult rehabilitative mental health services are needed;

(3) has substantial disability and functional impairment in three or more of the areas listed in section 245I.10, subdivision 9, paragraph (a), clause (4), so that self-sufficiency is markedly reduced; and

(4) has had a recent standard diagnostic assessment pursuant to section 245I.10, subdivision 6, by a qualified professional that documents adult rehabilitative mental health services are medically necessary to address identified disability and functional impairments and individual recipient goals.

Sec. 44. Minnesota Statutes 2024, section 256B.0623, subdivision 12, is amended to read:

Subd. 12. **Additional requirements.** ~~(a) Providers of adult rehabilitative mental health services must comply with the requirements relating to referrals for case management in section 245.467, subdivision 4.~~

~~(b) Adult rehabilitative mental health services are provided for most recipients in the recipient's home and community. Services may also be provided at the home of a relative or significant other, job site, psychosocial clubhouse, drop-in center, social setting, classroom, or other places in the community.~~ (a) Except for "transition to community services," the place of service does not include a regional treatment center, nursing home, residential treatment facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670 (Rule 36), or section 245I.23, or an acute care hospital.

~~(c) Adult rehabilitative mental health services may be provided in group settings if appropriate to each participating recipient's needs and individual treatment plan. A group is defined as two to ten clients, at least one of whom is a recipient, who is concurrently receiving a service which is~~

~~identified in this section. The service and group must be specified in the recipient's individual treatment plan.~~ (b) No more than two qualified staff may bill Medicaid for services provided to the same group of recipients. If two adult rehabilitative mental health workers bill for recipients in the same group session, they must each bill for different recipients.

~~(d)~~ (c) Adult rehabilitative mental health services are appropriate if provided to enable a recipient to retain stability and functioning, when the recipient is at risk of significant functional decompensation or requiring more restrictive service settings without these services.

~~(e) Adult rehabilitative mental health services instruct, assist, and support the recipient in areas including: interpersonal communication skills, community resource utilization and integration skills, crisis planning, relapse prevention skills, health care directives, budgeting and shopping skills, healthy lifestyle skills and practices, cooking and nutrition skills, transportation skills, medication education and monitoring, mental illness symptom management skills, household management skills, employment-related skills, parenting skills, and transition to community living services.~~

~~(f) Community intervention, including consultation with relatives, guardians, friends, employers, treatment providers, and other significant individuals, is appropriate when directed exclusively to the treatment of the client.~~

Sec. 45. Minnesota Statutes 2024, section 256B.0624, subdivision 1, is amended to read:

Subdivision 1. **Scope.** (a) ~~Subject to federal approval,~~ Medical assistance covers medically necessary crisis response services when the services are provided according to the standards in ~~this~~ section 245I.24.

(b) ~~Subject to federal approval,~~ Medical assistance covers medically necessary residential crisis stabilization for adults when the services are provided by an entity licensed under and meeting the standards in section 245I.23 or an entity with an adult foster care license meeting the standards in ~~this section~~ subdivision 7a.

(c) The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner using instruments and protocols approved by the commissioner.

Sec. 46. Minnesota Statutes 2024, section 256B.0624, subdivision 4, as amended by Laws 2026, chapter 88, article 1, section 123, is amended to read:

Subd. 4. **Provider entity standards.** (a) A mobile crisis provider must be:

(1) a county board operated entity;

(2) an Indian health services facility or facility owned and operated by a tribe or Tribal organization operating under United States Code, title 325, section 450f; or

(3) a provider entity that is under contract with the county board in the county where the potential crisis or emergency is occurring. To provide services under this section, the provider entity must directly provide the services; or if services are subcontracted, the provider entity must maintain responsibility for services and billing.

~~(b) A mobile crisis provider must meet the following standards:~~

~~(1) ensure that crisis screenings, crisis assessments, and crisis intervention services are available to a recipient 24 hours a day, seven days a week;~~

~~(2) be able to respond to a call for services in a designated service area or according to a written agreement with the local mental health authority for an adjacent area;~~

~~(3) have at least one mental health professional on staff at all times and at least one additional staff member capable of leading a crisis response in the community; and~~

~~(4) provide the commissioner with information about the number of requests for service, the number of people that the provider serves face-to-face, outcomes, and the protocols that the provider uses when deciding when to respond in the community.~~

~~(c) A provider entity that provides crisis stabilization services in a residential setting under subdivision 7 is not required to meet the requirements of paragraphs (a) and (b), but must meet all other requirements of this subdivision.~~

~~(d) A crisis services provider must have the capacity to meet and carry out the standards in section 245I.011, subdivision 5, and the following standards:~~

~~(1) ensures that staff persons provide support for a recipient's family and natural supports, by enabling the recipient's family and natural supports to observe and participate in the recipient's treatment, assessments, and planning services;~~

~~(2) has adequate administrative ability to ensure availability of services;~~

~~(3) is able to ensure that staff providing these services are skilled in the delivery of mental health crisis response services to recipients;~~

~~(4) is able to ensure that staff are implementing culturally specific treatment identified in the crisis treatment plan that is meaningful and appropriate as determined by the recipient's culture, beliefs, values, and language;~~

~~(5) is able to ensure enough flexibility to respond to the changing intervention and care needs of a recipient as identified by the recipient or family member during the service partnership between the recipient and providers;~~

~~(6) is able to ensure that staff have the communication tools and procedures to communicate and consult promptly about crisis assessment and interventions as services occur;~~

~~(7) is able to coordinate these services with county emergency services, community hospitals, ambulance, transportation services, social services, law enforcement, engagement services, and mental health crisis services through regularly scheduled interagency meetings;~~

~~(8) is able to ensure that services are coordinated with other behavioral health service providers, county mental health authorities, or federally recognized American Indian authorities and others as necessary, with the consent of the recipient or parent or guardian. Services must also be coordinated with the recipient's case manager if the recipient is receiving case management services;~~

~~(9) is able to ensure that crisis intervention services are provided in a manner consistent with sections 245.461 to 245.486 and 245.487 to 245.4879;~~

~~(10) is able to coordinate detoxification services for the recipient according to Minnesota Rules, parts 9530.6510 to 9530.6590, or withdrawal management according to chapter 245F;~~

~~(11) is able to establish and maintain a quality assurance and evaluation plan to evaluate the outcomes of services and recipient satisfaction; and~~

~~(12) is an enrolled medical assistance provider.~~

(b) A mobile crisis provider must ensure services are provided consistent with section 245.469, subdivisions 1 and 2.

Sec. 47. Minnesota Statutes 2024, section 256B.0624, is amended by adding a subdivision to read:

Subd. 7a. **Residential crisis stabilization services in adult foster care settings.** (a) If crisis stabilization services are provided in a supervised, licensed residential setting that serves no more than four adult residents, and one or more individuals are present at the setting to receive residential crisis stabilization, the residential setting staff must include, for at least eight hours per day, at least one mental health professional, clinical trainee, certified rehabilitation specialist, or mental health practitioner.

(b) The commissioner must establish a statewide per diem rate for crisis stabilization services provided under this paragraph to medical assistance enrollees. The rate for a provider must not exceed the rate charged by that provider for the same service to other payers. Payment must not be made to more than one entity for each individual for services provided under this paragraph on a given day. The commissioner must set rates prospectively for the annual rate period. The commissioner must require providers to submit annual cost reports on a uniform cost reporting form and use submitted cost reports to inform the rate-setting process. The commissioner must recalculate the statewide per diem every year.

(c) A provider under this subdivision must follow the requirements under section 245I.24, subdivisions 4, paragraphs (c) and (d), and 9.

Sec. 48. Minnesota Statutes 2025 Supplement, section 256B.0625, subdivision 5m, as amended by Laws 2026, chapter 95, article 5, section 27, is amended to read:

Subd. 5m. **Certified community behavioral health clinic services.** (a) Medical assistance covers services provided by a not-for-profit certified community behavioral health clinic (CCBHC) that meets the requirements of section ~~245.735, subdivision 3~~ 245I.17.

(b) The commissioner must reimburse CCBHCs on a per-day basis for each day that an eligible service is delivered using the CCBHC daily bundled rate system for medical assistance payments as described in paragraph (c). The commissioner must include a quality incentive payment in the CCBHC daily bundled rate system as described in paragraph (e). There is no county share for medical assistance services when reimbursed through the CCBHC daily bundled rate system.

(c) The commissioner must ensure that the CCBHC daily bundled rate system for CCBHC payments under medical assistance meets the following requirements:

(1) the CCBHC daily bundled rate must be a provider-specific rate calculated for each CCBHC, based on the daily cost of providing CCBHC services and the total annual allowable CCBHC costs divided by the total annual number of CCBHC visits. For calculating the payment rate, total annual visits include visits covered by medical assistance and visits not covered by medical assistance. Allowable costs include but are not limited to the salaries and benefits of medical assistance providers; the cost of CCBHC services provided under section ~~245.735, subdivision 3, paragraph (a), clauses (6) and (7)~~ 245I.17, subdivision 4; and other costs such as insurance or supplies needed to provide CCBHC services;

(2) payment must be limited to one payment per day per medical assistance enrollee when an eligible CCBHC service is provided. A CCBHC visit is eligible for reimbursement if at least one of the CCBHC services listed under section ~~245.735, subdivision 3, paragraph (a), clause (6)~~ 245I.17, subdivision 4, is furnished to a medical assistance enrollee by a health care practitioner or licensed agency employed by or under contract with a CCBHC;

(3) initial CCBHC daily bundled rates for newly ~~certified~~ licensed CCBHCs under section ~~245.735, subdivision 3,~~ 245I.17 must be established by the commissioner using a provider-specific rate based on the newly ~~certified~~ licensed CCBHC's audited historical cost report data adjusted for the expected cost of delivering CCBHC services. Estimates are subject to review by the commissioner and must include the expected cost of providing the full scope of CCBHC services and the expected number of visits for the rate period;

(4) the commissioner must rebase CCBHC rates once every two years following the last rebasing and no less than 12 months following an initial rate or a rate change due to a change in the scope of services;

(5) the commissioner must provide for a 60-day appeals process after notice of the results of the rebasing;

(6) an entity that receives a CCBHC daily bundled rate that overlaps with another federal Medicaid rate is not eligible for the CCBHC rate methodology;

(7) payments for CCBHC services to individuals enrolled in managed care must be coordinated with the state's phase-out of CCBHC wrap payments. The commissioner must complete the phase-out of CCBHC wrap payments within 60 days of the implementation of the CCBHC daily bundled rate system in the Medicaid Management Information System (MMIS), for CCBHCs reimbursed under this chapter, with a final settlement of payments due made payable to CCBHCs no later than 18 months thereafter;

(8) the CCBHC daily bundled rate for each CCBHC must be updated by trending each provider-specific rate by the Medicare Economic Index for primary care services. This update must occur each year in between rebasing periods determined by the commissioner in accordance with clause (4). CCBHCs must provide data on costs and visits to the state annually using the CCBHC cost report established by the commissioner; and

(9) a CCBHC may request a rate adjustment for changes in the CCBHC's scope of services when such changes are expected to result in an adjustment to the CCBHC payment rate by 2.5 percent or more. The CCBHC must provide the commissioner with information regarding the changes in the scope of services, including the estimated cost of providing the new or modified services and any projected increase or decrease in the number of visits resulting from the change. Estimated costs are subject to review by the commissioner. Rate adjustments for changes in scope must occur no more than once per year in between rebasing periods per CCBHC and are effective on the date of the annual CCBHC rate update.

(d) Managed care plans and county-based purchasing plans must reimburse CCBHC providers at the CCBHC daily bundled rate. The commissioner must monitor the effect of this requirement on the rate of access to the services delivered by CCBHC providers. If, for any contract year, federal approval is not received for this paragraph, the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year to reflect the removal of this provision. Contracts between managed care plans and county-based purchasing plans and providers to whom this paragraph applies must allow recovery of payments from those providers if capitation rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount equal to any increase in rates that results from this provision. This paragraph expires if federal approval is not received for this paragraph at any time.

(e) The commissioner must implement a quality incentive payment program for CCBHCs that meets the following requirements:

(1) a CCBHC must receive a quality incentive payment upon meeting specific numeric thresholds for performance metrics established by the commissioner, in addition to payments for which the CCBHC is eligible under the CCBHC daily bundled rate system described in paragraph (c);

(2) a CCBHC must be ~~certified~~ licensed and enrolled as a CCBHC for the entire measurement year to be eligible for incentive payments;

(3) each CCBHC must receive written notice of the criteria that must be met in order to receive quality incentive payments at least 90 days prior to the measurement year; and

(4) a CCBHC must provide the commissioner with data needed to determine incentive payment eligibility within six months following the measurement year. The commissioner must notify CCBHC providers of their performance on the required measures and the incentive payment amount within 12 months following the measurement year.

(f) All claims to managed care plans for CCBHC services as provided under this section must be submitted directly to, and paid by, the commissioner on the dates specified no later than January 1 of the following calendar year, if:

(1) one or more managed care plans does not comply with the federal requirement for payment of clean claims to CCBHCs, as defined in Code of Federal Regulations, title 42, section 447.45(b), and the managed care plan does not resolve the payment issue within 30 days of noncompliance; and

(2) the total amount of clean claims not paid in accordance with federal requirements by one or more managed care plans is 50 percent of, or greater than, the total CCBHC claims eligible for payment by managed care plans.

If the conditions in this paragraph are met between January 1 and June 30 of a calendar year, claims must be submitted to and paid by the commissioner beginning on January 1 of the following year. If the conditions in this paragraph are met between July 1 and December 31 of a calendar year, claims must be submitted to and paid by the commissioner beginning on July 1 of the following year.

(g) Peer services provided by a CCBHC ~~certified~~ licensed under section ~~245.735~~ 245I.17 are a covered service under medical assistance when a licensed mental health professional or alcohol and drug counselor determines that peer services are medically necessary. Eligibility under this subdivision for peer services provided by a CCBHC supersede eligibility standards under sections 256B.0615, 256B.0616, and 245G.07, subdivision 2a, paragraph (b), clause (2).

Sec. 49. Minnesota Statutes 2024, section 256B.0943, subdivision 2, is amended to read:

Subd. 2. **Covered service components of children's therapeutic services and supports.** (a) Subject to federal approval, medical assistance covers medically necessary children's therapeutic services and supports when the services are provided by an eligible provider entity ~~certified under and meeting the standards in this section~~ licensed under section 245I.30 or children's day treatment services licensed under section 245I.31. The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

(b) The covered service components of children's therapeutic services and supports are:

~~(1) patient and/or family psychotherapy, family psychotherapy, psychotherapy for crisis, and group psychotherapy;~~

~~(2) individual, family, or group skills training provided by a mental health professional, clinical trainee, or mental health practitioner;~~

~~(3) crisis planning;~~

~~(4) mental health behavioral aide services;~~

(1) the services described in section 245I.30, subdivision 2, provided by providers licensed under section 245I.30 or 245I.31;

(2) administration of standardized measures;

~~(5)~~ (3) direction of a mental health behavioral aide; and

~~(6)~~ (4) mental health service plan development~~; and~~.

~~(7) children's day treatment.~~

(c) In delivering services under this section, a licensed provider entity must ensure that psychotherapy to address a child's underlying mental health disorder is documented as part of the child's ongoing treatment. A provider must deliver or arrange for medically necessary psychotherapy unless the child's parent or caregiver chooses not to receive the psychotherapy or the provider determines that psychotherapy is no longer medically necessary. When a provider determines that psychotherapy is no longer medically necessary, the provider must update required documentation, including but not limited to the individual treatment plan, the child's medical record, or other authorizations, to include the determination. When a provider determines that a child needs psychotherapy but psychotherapy cannot be delivered due to a shortage of licensed mental health professionals in the child's community, the provider must document the lack of access in the child's medical record.

(d) Medical assistance covers service plan development before completion of a child's individual treatment plan. Service plan development consists of development, review, and revision of the individual treatment plan by face-to-face or electronic communication, including time spent gathering client history from other key figures or providers. The provider must document events, including the time spent with the family and other key participants in the child's life to approve the individual treatment plan. Service plan development is covered only if a treatment plan is completed or for work already completed at the time the client voluntarily chooses to disengage with services for the child. If it is determined upon review that a treatment plan was not completed for the child, the commissioner shall recover the payment for the service plan development.

(e) Medical assistance covers time spent administering and reporting standardized measures approved by the commissioner.

Sec. 50. Minnesota Statutes 2025 Supplement, section 256B.0943, subdivision 3, is amended to read:

Subd. 3. **Determination of client eligibility.** (a) A client's eligibility to receive children's therapeutic services and supports under this section shall be determined based on a standard diagnostic assessment by a mental health professional or a clinical trainee that is performed within one year before the initial start of service and updated as required under section 245I.10, subdivision 2. The standard diagnostic assessment must:

(1) determine whether ~~a child under age 18 has a diagnosis of mental illness or, if the person is between the ages of 18 and 21, whether~~ the person has a mental illness; and

(2) document children's therapeutic services and supports as medically necessary to address an identified disability, functional impairment, and the individual client's needs and goals~~; and~~.

~~(3) be used in the development of the individual treatment plan.~~

(b) Notwithstanding paragraph (a), a client may be determined to be eligible for up to five days of day treatment under this section based on a hospital's medical history and presentation examination of the client.

~~(c) Children's therapeutic services and supports include development and rehabilitative services that support a child's developmental treatment needs.~~

Sec. 51. Minnesota Statutes 2025 Supplement, section 256B.0943, subdivision 12, is amended to read:

Subd. 12. **Excluded services.** (a) The following services are not eligible for medical assistance payment as children's therapeutic services and supports:

(1) service components of children's therapeutic services and supports simultaneously provided by more than one provider entity unless prior authorization is obtained;

(2) treatment by multiple providers within the same agency at the same clock time, unless one service is delivered to the child and the other service is delivered to the child's family or treatment team without the child present;

(3) children's therapeutic services and supports provided in violation of medical assistance policy in Minnesota Rules, part 9505.0220;

(4) mental health behavioral aide services provided by a personal care assistant who is not qualified as a mental health behavioral aide and employed by a certified children's therapeutic services and supports provider entity;

(5) service components of CTSS that are the responsibility of a residential or program license holder, including foster care providers under the terms of a service agreement or administrative rules governing licensure; and

(6) adjunctive activities that may be offered by a provider entity but are not otherwise covered by medical assistance, including:

(i) a service that is primarily recreation oriented or that is provided in a setting that is not medically supervised. This includes sports activities, exercise groups, activities such as craft hours, leisure time, social hours, meal or snack time, trips to community activities, and tours;

(ii) a social or educational service that does not have or cannot reasonably be expected to have a therapeutic outcome related to the client's mental illness;

(iii) prevention or education programs provided to the community; and

(iv) treatment for clients with primary diagnoses of alcohol or other drug abuse.

(b) Time spent on administrative tasks before and after providing direct services, including scheduling or maintaining clinical records, is included in CTSS payments and may not be separately billed as additional clock hours of service.

Sec. 52. Minnesota Statutes 2025 Supplement, section 260E.14, subdivision 1, is amended to read:

Subdivision 1. **Facilities and schools.** (a) The local welfare agency is the agency responsible for investigating allegations of maltreatment in child foster care, family child care, legally nonlicensed child care, and reports involving children served by an unlicensed personal care provider organization under section 256B.0659. Copies of findings related to personal care provider organizations under section 256B.0659 must be forwarded to the Department of Human Services provider enrollment.

(b) The Department of Human Services is the agency responsible for screening and investigating allegations of maltreatment in juvenile correctional facilities listed under section 241.021 located in the local welfare agency's county and in facilities licensed or certified under chapters 245A and 245D.

(c) The Department of Health is the agency responsible for screening and investigating allegations of maltreatment in facilities licensed under sections 144.50 to 144.58 and 144A.43 to 144A.482 or chapter 144H.

(d) The Department of Education is the agency responsible for screening and investigating allegations of maltreatment in a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E. The Department of Education's responsibility to screen and investigate includes allegations of maltreatment involving students 18 through 21 years of age, including students receiving special education services, up to and including graduation and the issuance of a secondary or high school diploma.

(e) The Department of Human Services is the agency responsible for screening and investigating allegations of maltreatment of minors in an EIDBI agency operating under sections 245A.142 and 256B.0949.

(f) A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to this section and sections 260E.20 and 260E.22.

(g) The Department of Children, Youth, and Families is the agency responsible for screening and investigating allegations of maltreatment in facilities or programs not listed in paragraph (a) that are licensed or certified under chapters 142B and 142C.

(h) The Department of Human Services is the agency responsible for screening and investigating allegations of maltreatment of minors for mobile crisis response services and children's therapeutic services and supports programs licensed under chapter 245I.

Sec. 53. Minnesota Statutes 2025 Supplement, section 626.5572, subdivision 13, as amended by Laws 2026, chapter 95, article 7, section 25, is amended to read:

Subd. 13. **Lead investigative agency.** "Lead investigative agency" is the primary administrative agency responsible for investigating reports made under section 626.557.

(a) The Department of Health is the lead investigative agency for facilities or services licensed or required to be licensed as hospitals, home care providers, nursing homes, boarding care homes, hospice providers, residential facilities that are also federally certified as intermediate care facilities that serve people with developmental disabilities, or any other facility or service not listed in this subdivision that is licensed or required to be licensed by the Department of Health for the care of vulnerable adults. "Home care provider" has the meaning provided in section 144A.43, subdivision 4, and applies when care or services are delivered in the vulnerable adult's home.

(b) The Department of Human Services is the lead investigative agency for facilities or services licensed or required to be licensed as adult day care, adult foster care, community residential settings, programs for people with disabilities, EIDBI agencies, family adult day services, mental health programs licensed under chapter 245I, mental health clinics, substance use disorder programs, the

Minnesota Sex Offender Program, or any other facility or service not listed in this subdivision that is licensed or required to be licensed by the Department of Human Services. The Department of Human Services is also the lead investigative agency for unlicensed EIDBI agencies under section 256B.0949. The Department of Human Services is the lead investigative agency for adult rehabilitative mental health services under section 245I.22, mobile crisis response services under section 245I.24, and certified community behavioral health clinics under section 245I.17.

(c) The county social services agency adult protective services or the agency's designee or a federally recognized Indian Tribe that entered into a contractual agreement with the commissioner of human services to operate adult protective services is the lead investigative agency for all other reports, including but not limited to reports involving vulnerable adults receiving services from a personal care provider organization under section 256B.0659 or 256B.85.

Sec. 54. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 245.735, subdivisions 5 and 6, as Minnesota Statutes, section 245I.17, subdivisions 23 and 24.

Sec. 55. **REPEALER.**

(a) Minnesota Statutes 2024, sections 245.735, subdivisions 1a, 2a, 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 4a, 4b, 4c, 4e, 7, and 8; 245C.03, subdivision 7; 245I.20, subdivision 9; 245I.23, subdivision 23; 256B.0623, subdivisions 2, 4, 5, 6, and 9; 256B.0624, subdivisions 2, 3, 4a, 5, 6, 6a, 6b, 7, 8, 9, and 11; and 256B.0943, subdivisions 4, 5, 5a, 6, 7, and 11, are repealed.

(b) Minnesota Statutes 2025 Supplement, sections 245.735, subdivisions 3 and 4d; and 256B.0943, subdivisions 1 and 9, are repealed.

Sec. 56. **EFFECTIVE DATE.**

This article is effective January 1, 2028.

ARTICLE 8

UNIFORM SERVICE STANDARDS CONFORMING CHANGES

Section 1. Minnesota Statutes 2024, section 13.46, subdivision 7, is amended to read:

Subd. 7. **Mental health data.** (a) Mental health data are private data on individuals and shall not be disclosed, except:

(1) pursuant to section 13.05, as determined by the responsible authority for the community mental health center, mental health division, or provider;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to or disclosure of mental health data or as otherwise provided by this subdivision;

(4) to personnel of the welfare system working in the same program or providing services to the same individual or family to the extent necessary to coordinate services, provided that a health record may be disclosed only as provided under section 144.293;

(5) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services; or

(6) with the consent of the client or patient.

(b) An agency of the welfare system may not require an individual to consent to the release of mental health data as a condition for receiving services or for reimbursing a community mental health center, mental health division of a county, or provider under contract to deliver mental health services.

(c) Notwithstanding any other law to the contrary, a community mental health center, mental health division of a county, or a mental health provider must disclose mental health data to a law enforcement agency if the law enforcement agency provides the name of a client or patient and communicates that the:

(1) client or patient is currently involved in a mental health crisis as defined in section ~~256B.0624, subdivision 2, paragraph (j)~~ 245I.24, subdivision 2, paragraph (g), to which the law enforcement agency has responded; and

(2) data is necessary to protect the health or safety of the client or patient or of another person.

The scope of disclosure under this paragraph is limited to the minimum necessary for law enforcement to safely respond to the mental health crisis. Disclosure under this paragraph may include the name and telephone number of the psychiatrist, psychologist, therapist, mental health professional, practitioner, or case manager of the client or patient, if known; and strategies to address the mental health crisis. A law enforcement agency that obtains mental health data under this paragraph shall maintain a record of the requestor, the provider of the data, and the client or patient name. Mental health data obtained by a law enforcement agency under this paragraph are private data on individuals and must not be used by the law enforcement agency for any other purpose. A law enforcement agency that obtains mental health data under this paragraph shall inform the subject of the data that mental health data was obtained.

(d) In the event of a request under paragraph (a), clause (6), a community mental health center, county mental health division, or provider must release mental health data to Criminal Mental Health Court personnel in advance of receiving a copy of a consent if the Criminal Mental Health Court personnel communicate that the:

(1) client or patient is a defendant in a criminal case pending in the district court;

(2) data being requested is limited to information that is necessary to assess whether the defendant is eligible for participation in the Criminal Mental Health Court; and

(3) client or patient has consented to the release of the mental health data and a copy of the consent will be provided to the community mental health center, county mental health division, or provider within 72 hours of the release of the data.

For purposes of this paragraph, "Criminal Mental Health Court" refers to a specialty criminal calendar of the Hennepin County District Court for defendants with mental illness and brain injury where a primary goal of the calendar is to assess the treatment needs of the defendants and to incorporate those treatment needs into voluntary case disposition plans. The data released pursuant to this paragraph may be used for the sole purpose of determining whether the person is eligible for participation in mental health court. This paragraph does not in any way limit or otherwise extend the rights of the court to obtain the release of mental health data pursuant to court order or any other means allowed by law.

Sec. 2. Minnesota Statutes 2024, section 144.294, subdivision 2, is amended to read:

Subd. 2. **Disclosure to law enforcement agency.** Notwithstanding section 144.293, subdivisions 2 and 4, a provider must disclose health records relating to a patient's mental health to a law enforcement agency if the law enforcement agency provides the name of the patient and communicates that the:

(1) patient is currently involved in a mental health crisis as defined in section ~~256B.0624, subdivision 2, paragraph (j)~~ 245I.24, subdivision 2, paragraph (g), to which the law enforcement agency has responded; and

(2) disclosure of the records is necessary to protect the health or safety of the patient or of another person.

The scope of disclosure under this subdivision is limited to the minimum necessary for law enforcement to safely respond to the mental health crisis. The disclosure may include the name and telephone number of the psychiatrist, psychologist, therapist, mental health professional, practitioner, or case manager of the patient, if known; and strategies to address the mental health crisis. A law enforcement agency that obtains health records under this subdivision shall maintain a record of the requestor, the provider of the information, and the patient's name. Health records obtained by a law enforcement agency under this subdivision are private data on individuals as defined in section 13.02, subdivision 12, and must not be used by law enforcement for any other purpose. A law enforcement agency that obtains health records under this subdivision shall inform the patient that health records were obtained.

Sec. 3. Minnesota Statutes 2025 Supplement, section 245.4835, subdivision 2, is amended to read:

Subd. 2. **Failure to maintain expenditures.** (a) If a county does not comply with subdivision 1, the commissioner shall require the county to develop a corrective action plan according to a format and timeline established by the commissioner. If the commissioner determines that a county has not developed an acceptable corrective action plan within the required timeline, or that the county is not in compliance with an approved corrective action plan, the protections provided to that county under section 245.485 do not apply.

(b) The commissioner shall consider the following factors to determine whether to approve a county's corrective action plan:

(1) the degree to which a county is maximizing revenues for mental health services from noncounty sources;

(2) the degree to which a county is expanding use of alternative services that meet mental health needs, but do not count as mental health services within existing reporting systems. If approved by the commissioner, the alternative services must be included in the county's base as well as subsequent years. The commissioner's approval for alternative services must be based on the following criteria:

(i) the service must be provided to children or adults with mental illness;

(ii) the services must be based on an individual treatment plan or individual community support plan as defined in the Comprehensive Mental Health Act; and

(iii) the services must be supervised by a mental health professional and provided by staff who meet the staff qualifications defined in sections ~~256B.0943, subdivision 7~~ 245I.30, subdivision 4, and ~~256B.0623, subdivision 5~~ 245I.22, subdivision 5.

(c) Additional county expenditures to make up for the prior year's underspending may be spread out over a two-year period.

Sec. 4. Minnesota Statutes 2025 Supplement, section 245.4871, subdivision 4, is amended to read:

Subd. 4. **Case management service provider.** (a) "Case management service provider" means a case manager or case manager associate employed by the county or other entity authorized by the county board to provide case management services specified in subdivision 3 for the child with serious mental illness and the child's family.

(b) A case manager must:

(1) have experience and training in working with children;

(2) be a mental health practitioner under section 245I.04, subdivision 4, or have at least a bachelor's degree in one of the behavioral sciences or a related field including, but not limited to, social work, psychology, or nursing from an accredited college or university or meet the requirements of paragraph (d);

(3) have experience and training in identifying and assessing a wide range of children's needs;

(4) be knowledgeable about local community resources and how to use those resources for the benefit of children and their families; and

(5) meet the supervision and continuing education requirements of paragraphs (e), (f), and (g), as applicable.

(c) A case manager may be a member of any professional discipline that is part of the local system of care for children established by the county board.

(d) A case manager who is not a mental health practitioner and does not have a bachelor's degree or who has a bachelor's degree that is not in one of the behavioral sciences or related fields must meet one of the requirements in clauses (1) to (5):

(1) have three or four years of experience as a case manager associate;

(2) be a registered nurse without a bachelor's degree who has a combination of specialized training in psychiatry and work experience consisting of community interaction and involvement or community discharge planning in a mental health setting totaling three years;

(3) be a person who qualified as a case manager under the 1998 Department of Human Services waiver provision and meets the continuing education, supervision, and mentoring requirements in this section;

(4) prior to direct service delivery, complete at least 80 hours of specific training on the characteristics and needs of children with serious mental illness that is consistent with national practices standards; or

(5) prior to direct service delivery, demonstrate competency in practice and knowledge of the characteristics and needs of children with serious mental illness, consistent with national practices standards.

(e) A case manager with at least 2,000 hours of supervised experience in the delivery of mental health services to children must receive regular ongoing supervision and clinical supervision totaling 38 hours per year, of which at least one hour per month must be clinical supervision regarding individual service delivery with a case management supervisor. The other 26 hours of supervision may be provided by a case manager with two years of experience. Group supervision may not constitute more than one-half of the required supervision hours.

(f) A case manager without 2,000 hours of supervised experience in the delivery of mental health services to children with mental illness must:

(1) begin 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of children with serious mental illness before beginning to provide case management services; and

(2) receive clinical supervision regarding individual service delivery from a mental health professional at least one hour each week until the requirement of 2,000 hours of experience is met.

(g) A case manager who is not licensed, registered, or certified by a health-related licensing board must receive 30 hours of continuing education and training in serious mental illness and mental health services every two years.

(h) Clinical supervision must be documented in the child's record. When the case manager is not a mental health professional, the county board must provide or contract for needed clinical supervision.

(i) The county board must ensure that the case manager has the freedom to access and coordinate the services within the local system of care that are needed by the child.

(j) A case manager associate (CMA) must:

(1) work under the direction of a case manager or case management supervisor;

(2) be at least 21 years of age;

(3) have at least a high school diploma or its equivalent; and

(4) meet one of the following criteria:

(i) have an associate of arts degree in one of the behavioral sciences or human services;

(ii) be a registered nurse without a bachelor's degree;

(iii) have three years of life experience as a primary caregiver to a child with serious mental illness as defined in subdivision 6 within the previous ten years;

(iv) have 6,000 hours work experience as a nondegreed state hospital technician; or

(v) have 6,000 hours of supervised work experience in the delivery of mental health services to children with mental illness; hours worked as a mental health behavioral aide I or II under section ~~256B.0943, subdivision 7~~ 245I.30, subdivision 4, may count toward the 6,000 hours of supervised work experience.

Individuals meeting one of the criteria in items (i) to (iv) may qualify as a case manager after four years of supervised work experience as a case manager associate. Individuals meeting the criteria in item (v) may qualify as a case manager after three years of supervised experience as a case manager associate.

(k) Case manager associates must meet the following supervision, mentoring, and continuing education requirements:

(1) have 40 hours of preservice training described under paragraph (f), clause (1);

(2) receive at least 40 hours of continuing education in serious mental illness and mental health service annually; and

(3) receive at least five hours of mentoring per week from a case management mentor. A "case management mentor" means a qualified, practicing case manager or case management supervisor who teaches or advises and provides intensive training and clinical supervision to one or more case manager associates. Mentoring may occur while providing direct services to consumers in the office or in the field and may be provided to individuals or groups of case manager associates. At least two mentoring hours per week must be individual and face-to-face.

(l) A case management supervisor must meet the criteria for a mental health professional as specified in subdivision 27.

(m) An immigrant who does not have the qualifications specified in this subdivision may provide case management services to child immigrants with serious mental illness of the same ethnic group as the immigrant if the person:

(1) is currently enrolled in and is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or related fields at an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

Sec. 5. Minnesota Statutes 2024, section 245.4882, subdivision 6, is amended to read:

Subd. 6. **Crisis admissions and stabilization.** (a) A child may be referred for residential treatment services under this section for the purpose of crisis stabilization by:

(1) a mental health professional as defined in section 245I.04, subdivision 2;

(2) a physician licensed under chapter 147 who is assessing a child in an emergency department; or

(3) a member of a mobile crisis team who meets the qualifications under section ~~256B.0624, subdivision 5~~ 245I.24, subdivision 5.

(b) A provider making a referral under paragraph (a) must conduct an assessment of the child's mental health needs and make a determination that the child is experiencing a mental health crisis and is in need of residential treatment services under this section.

(c) A child may receive services under this subdivision for up to 30 days and must be subject to the screening and admissions criteria and processes under section 245.4885 thereafter.

Sec. 6. Minnesota Statutes 2025 Supplement, section 245.735, subdivision 4d, is amended to read:

Subd. 4d. **Requirements for integrated treatment plans.** (a) An integrated treatment plan must be completed within 60 calendar days following the preliminary screening and risk assessment and updated no less frequently than every six months or when the client's circumstances change.

(b) Only a mental health professional may complete an integrated treatment plan. The mental health professional must consult with an alcohol and drug counselor when substance use disorder services are deemed clinically appropriate. An alcohol and drug counselor may approve the integrated treatment plan. The integrated treatment plan must be developed through a shared decision-making process with the client, the client's support system if the client chooses, or, for children, with the family or caregivers.

(c) The integrated treatment plan must:

(1) use the ASAM 6 dimensional framework; and

(2) incorporate prevention, medical and behavioral health needs, and service delivery.

(d) The psychiatric evaluation and management service fulfills requirements for the integrated treatment plan when a client of a CCBHC is receiving exclusively psychiatric evaluation and management services. The CCBHC must complete an integrated treatment plan within 60 calendar days of a client's referral for additional CCBHC services.

(e) Notwithstanding any law to the contrary, an integrated treatment plan developed by a CCBHC that meets the requirements of this subdivision satisfies the requirements in:

(1) section 245G.06, subdivision 1;

(2) section 245G.09, subdivision 3, paragraph (a), clause (6); and

(3) section 245I.10, subdivisions 7 and 8~~; and~~.

~~(4) section 256B.0943, subdivision 6, paragraph (b), clause (2).~~

Sec. 7. Minnesota Statutes 2024, section 245A.26, subdivision 3, is amended to read:

Subd. 3. **Eligibility for services.** An individual is eligible for children's residential crisis stabilization services if the individual is under 21 years of age and meets the eligibility criteria for crisis services under section ~~256B.0624, subdivision 3~~ 245I.24, subdivision 3.

Sec. 8. Minnesota Statutes 2024, section 245A.26, subdivision 4, is amended to read:

Subd. 4. **Required services; providers.** (a) A license holder providing residential crisis stabilization services must continually follow a client's individual crisis treatment plan to improve the client's functioning.

(b) The license holder must offer and have the capacity to directly provide the following treatment services to a client:

(1) crisis stabilization services as described in section ~~256B.0624, subdivision 7~~ 245I.24, subdivision 9;

(2) mental health services as specified in the client's individual crisis treatment plan, according to the client's treatment needs;

(3) health services and medication administration, if applicable; and

(4) referrals for the client to community-based treatment providers and support services for the client's transition from residential crisis stabilization to another treatment setting.

(c) Children's residential crisis stabilization services must be provided by a qualified staff person listed in section ~~256B.0624, subdivision 8~~ 245I.24, subdivision 9, paragraph (b), according to the scope of practice for the individual staff person's position.

Sec. 9. Minnesota Statutes 2024, section 245A.26, subdivision 5, is amended to read:

Subd. 5. **Assessment and treatment planning.** (a) Within 12 hours of a client's admission for residential crisis stabilization, the license holder must assess the client and document the client's immediate needs, including the client's:

(1) health and safety, including the need for crisis assistance;

(2) need for connection to family and other natural supports;

(3) if applicable, housing and legal issues; and

(4) if applicable, responsibilities for children, family, and other natural supports, and employers.

(b) Within 24 hours of a client's admission for residential crisis stabilization, the license holder must complete a crisis treatment plan for the client, according to the requirements for a crisis treatment plan under section ~~256B.0624, subdivision 11~~ 245I.24, subdivision 11. The license holder must base the client's crisis treatment plan on the client's referral information and the assessment of the client's immediate needs under paragraph (a). A mental health professional or a clinical trainee under the supervision of a mental health professional must complete the crisis treatment plan. A crisis treatment plan completed by a clinical trainee must contain documentation of approval, as defined in section 245I.02, subdivision 2, by a mental health professional within five business days of initial completion by the clinical trainee.

(c) A mental health professional must review a client's crisis treatment plan each week and document the weekly reviews in the client's client file.

(d) For a client receiving children's residential crisis stabilization services who is 18 years of age or older, the license holder must complete an individual abuse prevention plan for the client, pursuant to section 245A.65, subdivision 2, as part of the client's crisis treatment plan.

Sec. 10. Minnesota Statutes 2024, section 245C.10, subdivision 8, is amended to read:

Subd. 8. **Children's therapeutic services and supports providers.** The commissioner shall recover the cost of background studies required under section 245C.03, subdivision 7, for the purposes of children's therapeutic services and supports under section ~~256B.0943~~ 245I.30, through a fee of no more than $44 per study charged to the license holder. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 11. Minnesota Statutes 2024, section 245I.23, subdivision 5, is amended to read:

Subd. 5. **Required residential crisis stabilization services.** (a) On a daily basis, the license holder must follow a client's individual crisis treatment plan to provide services to the client in residential crisis stabilization to improve the client's functioning.

(b) The license holder must offer and have the capacity to directly provide the following treatment services to the client:

(1) crisis stabilization services as described in section ~~256B.0624, subdivision 7~~ 245I.24, subdivision 9;

(2) rehabilitative mental health services;

(3) health services and administering the client's medications; and

(4) making referrals for the client to other service providers in the community and supporting the client's transition from residential crisis stabilization to another setting.

Sec. 12. Minnesota Statutes 2024, section 245I.23, subdivision 8, is amended to read:

Subd. 8. **Residential crisis stabilization assessment and treatment planning.** (a) Within 12 hours of a client's admission, the license holder must evaluate the client and document the client's immediate needs, including the client's:

(1) health and safety, including the client's need for crisis assistance;

(2) responsibilities for children, family and other natural supports, and employers; and

(3) housing and legal issues.

(b) Within 24 hours of a client's admission, the license holder must complete a crisis treatment plan for the client under section ~~256B.0624, subdivision 11~~ 245I.24, subdivision 11. The license holder must base the client's crisis treatment plan on the client's referral information and an assessment of the client's immediate needs.

(c) Section 245A.65, subdivision 2, paragraph (b), requires the license holder to complete an individual abuse prevention plan for a client as part of the client's crisis treatment plan.

Sec. 13. Minnesota Statutes 2024, section 245I.23, subdivision 16, is amended to read:

Subd. 16. **Residential crisis stabilization services admission criteria.** An eligible client for residential crisis stabilization is an individual who is age 18 or older and meets the eligibility criteria in section ~~256B.0624, subdivision 3~~ 245I.24, subdivision 3.

Sec. 14. Minnesota Statutes 2024, section 256B.092, subdivision 14, is amended to read:

Subd. 14. **Reduce avoidable behavioral crisis emergency room admissions, psychiatric inpatient hospitalizations, and commitments to institutions.** (a) Persons receiving home and community-based services authorized under this section who have had two or more admissions within a calendar year to an emergency room, psychiatric unit, or institution must receive consultation from a mental health professional as defined in section 245.462, subdivision 18, or a behavioral professional as defined in the home and community-based services state plan within 30 days of discharge. The mental health professional or behavioral professional must:

(1) conduct a functional assessment of the crisis incident as defined in section 245D.02, subdivision 11, which led to the hospitalization with the goal of developing proactive strategies as well as necessary reactive strategies to reduce the likelihood of future avoidable hospitalizations due to a behavioral crisis;

(2) use the results of the functional assessment to amend the support plan set forth in section 245D.02, subdivision 4b, to address the potential need for additional staff training, increased staffing, access to crisis mobility services, mental health services, use of technology, and crisis stabilization services in section ~~256B.0624, subdivision 7~~ 245I.24, subdivision 9; and

(3) identify the need for additional consultation, testing, and mental health crisis intervention team services as defined in section 245D.02, subdivision 20, psychotropic medication use and monitoring under section 245D.051, and the frequency and duration of ongoing consultation.

(b) For the purposes of this subdivision, "institution" includes, but is not limited to, the Anoka-Metro Regional Treatment Center and the Minnesota Security Hospital.

Sec. 15. Minnesota Statutes 2024, section 256B.49, subdivision 25, is amended to read:

Subd. 25. **Reduce avoidable behavioral crisis emergency room admissions, psychiatric inpatient hospitalizations, and commitments to institutions.** (a) Persons receiving home and community-based services authorized under this section who have two or more admissions within a calendar year to an emergency room, psychiatric unit, or institution must receive consultation from a mental health professional as defined in section 245.462, subdivision 18, or a behavioral professional as defined in the home and community-based services state plan within 30 days of discharge. The mental health professional or behavioral professional must:

(1) conduct a functional assessment of the crisis incident as defined in section 245D.02, subdivision 11, which led to the hospitalization with the goal of developing proactive strategies as well as necessary reactive strategies to reduce the likelihood of future avoidable hospitalizations due to a behavioral crisis;

(2) use the results of the functional assessment to amend the support plan in section 245D.02, subdivision 4b, to address the potential need for additional staff training, increased staffing, access to crisis mobility services, mental health services, use of technology, and crisis stabilization services in section ~~256B.0624, subdivision 7~~ 245I.24, subdivision 9; and

(3) identify the need for additional consultation, testing, mental health crisis intervention team services as defined in section 245D.02, subdivision 20, psychotropic medication use and monitoring under section 245D.051, and the frequency and duration of ongoing consultation.

(b) For the purposes of this subdivision, "institution" includes, but is not limited to, the Anoka-Metro Regional Treatment Center and the Minnesota Security Hospital.

Sec. 16. Minnesota Statutes 2025 Supplement, section 256L.03, subdivision 5, as amended by Laws 2026, chapter 95, article 5, section 38, is amended to read:

Subd. 5. **Cost-sharing.** (a) Co-payments, coinsurance, and deductibles do not apply to children under the age of 21 and to American Indians as defined in Code of Federal Regulations, title 42, section 600.5.

(b) The commissioner must adjust co-payments, coinsurance, and deductibles for covered services in a manner sufficient to maintain the actuarial value of the benefit to 94 percent. The cost-sharing changes described in this paragraph do not apply to eligible recipients or services exempt from cost-sharing under state law. The cost-sharing changes described in this paragraph shall not be implemented prior to January 1, 2016.

(c) The cost-sharing changes authorized under paragraph (b) must satisfy the requirements for cost-sharing under the Basic Health Program as set forth in Code of Federal Regulations, title 42, sections 600.510 and 600.520.

(d) Cost-sharing for prescription drugs and related medical supplies to treat chronic disease must comply with the requirements of section 62Q.481.

(e) Co-payments, coinsurance, and deductibles do not apply to additional diagnostic services or testing that a health care provider determines an enrollee requires after a mammogram, as specified under section 62A.30, subdivision 5.

(f) Cost-sharing must not apply to drugs used for tobacco and nicotine cessation or to tobacco and nicotine cessation services covered under section 256B.0625, subdivision 68.

(g) Co-payments, coinsurance, and deductibles do not apply to pre-exposure prophylaxis (PrEP) and postexposure prophylaxis (PEP) medications when used for the prevention or treatment of the human immunodeficiency virus (HIV).

(h) Co-payments, coinsurance, and deductibles do not apply to mobile crisis intervention, crisis stabilization provided in a community setting, or crisis assessment as defined in section ~~256B.0624, subdivision 2~~ 245I.24, subdivision 2.

Sec. 17. **EFFECTIVE DATE.**

This article is effective January 1, 2028.

ARTICLE 9

AGING AND DISABILITY SERVICES

Section 1. Minnesota Statutes 2025 Supplement, section 144.0724, subdivision 11, is amended to read:

Subd. 11. **Nursing facility level of care.** (a) For purposes of medical assistance payment of long-term care services, a recipient must be determined, using assessments defined in subdivision 4, to meet one of the following nursing facility level of care criteria:

(1) the person requires formal clinical monitoring at least once per day;

(2) the person needs the assistance of another person or constant supervision to begin and complete at least four of the following activities of living: bathing, bed mobility, dressing, eating, grooming, toileting, transferring, and walking;

(3) the person needs the assistance of another person or constant supervision to begin and complete toileting, transferring, or positioning and the assistance cannot be scheduled;

(4) the person has significant difficulty with memory, using information, daily decision making, or behavioral needs that require intervention;

(5) the person has had a qualifying nursing facility stay of at least 90 days;

(6) the person meets the nursing facility level of care criteria determined 90 days after admission or on the first quarterly assessment after admission, whichever is later; or

(7) the person is determined to be at risk for nursing facility admission or readmission ~~through a face-to-face long-term care consultation assessment as specified in section 256B.0911, subdivision 17 to 21, 23, 24, 27, or 28, by a county, Tribe, or managed care organization under contract with the Department of Human Services~~. The person is considered at risk under this clause if the person currently lives alone or will live alone or be homeless without the person's current housing and also meets one of the following criteria:

(i) the person has experienced a fall resulting in a fracture;

(ii) the person has been determined to be at risk of maltreatment or neglect, including self-neglect; or

(iii) the person has a sensory impairment that substantially impacts functional ability and maintenance of a community residence.

(b) The assessment used to establish medical assistance payment for nursing facility services must be the most recent assessment performed under subdivision 4, paragraph (b), that occurred no more than 90 calendar days before the effective date of medical assistance eligibility for payment of long-term care services. In no case shall medical assistance payment for long-term care services occur prior to the date of the determination of nursing facility level of care.

(c) The assessment used to establish medical assistance payment for long-term care services provided under chapter 256S and section 256B.49 and alternative care payment for services provided under section 256B.0913 must be the most recent face-to-face assessment performed under section 256B.0911, subdivision 17 to 21, 23, 24, 27, or 28, that occurred no more than one calendar year before the effective date of medical assistance eligibility for payment of long-term care services.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 2. Minnesota Statutes 2024, section 245A.04, subdivision 2, is amended to read:

Subd. 2. **Notification of affected municipality.** The commissioner must not issue a license under this chapter without giving 30 calendar days' written notice to the affected municipality or other political subdivision unless the program is considered a permitted single-family residential use under sections 245A.11 and 245A.14. If the program is considered a permitted single-family residence, the commissioner must give the affected municipality or other political subdivision written notice of the issuance no later than five days after issuing the license, excluding weekends and holidays. The written notice must include the prospective license holder's name and contact information, the license type and capacity, and the proposed address of the licensed facility or program. The commissioner may provide notice through electronic communication. The notification must be given before the first issuance of a license under this chapter and annually after that time if annual notification is requested in writing by the affected municipality or other political subdivision. State funds must not be made available to or be spent by an agency or department of state, county, or municipal government for payment to a residential or nonresidential program licensed under this chapter until the provisions of this subdivision have been complied with in full. The provisions of this subdivision shall not apply to programs located in hospitals.

EFFECTIVE DATE. This section is effective July 1, 2026, and applies to licenses issued on or after that date.

Sec. 3. Minnesota Statutes 2024, section 245A.04, subdivision 2a, is amended to read:

Subd. 2a. **Meeting fire and safety codes.** (a) An applicant or license holder under sections 245A.01 to 245A.16 must document compliance with applicable building codes, fire and safety codes, health rules, and zoning ordinances, or document that an appropriate waiver has been granted.

(b) At the request of a county or local unit of government, the commissioner may delegate to a county agency or local unit of government the commissioner's or local agency's authority to inspect an existing residential program serving six or fewer persons for compliance with zoning ordinances and applicable physical plant licensing requirements. If the commissioner delegates the commissioner's or local agency's authority to a county agency or local unit of government under this subdivision, the commissioner must execute a formal delegation of authority that clearly specifies what authority is being delegated to the county agency or local unit of government, that the commissioner is responsible for any costs incurred by the county agency or local unit of government for conducting inspections under delegated authority, and that the county agency or local unit of government must not assess any additional fees for conducting an inspection under delegated authority. When conducting an inspection under delegated authority, the county agency or local unit of government must provide the subject of the inspection with a copy of the delegation of authority.

(c) When a county agency or local unit of government is conducting an inspection under delegated authority as provided in paragraph (b), the county agency or local unit of government and the agency responsible for licensing inspections must coordinate inspections to minimize visits to and disruptions of the residential program. A county agency or local unit of government conducting an inspection must notify the commissioner of any violations or concerns within ten days of the inspection, excluding weekends and holidays. A county agency or local unit of government that conducts inspections under this subdivision must not inspect a residential program more frequently than annually, except a follow-up inspection is permitted before the next annual inspection to verify correction of a violation discovered during the most recent inspection.

(d) The commissioner must ensure that laws, rules, and codes are uniformly enforced throughout the state by reviewing at least every four years each county agency and local unit of government conducting inspections under this subdivision for compliance with this subdivision and other applicable laws and rules.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 4. Minnesota Statutes 2024, section 245A.042, is amended by adding a subdivision to read:

Subd. 7. **Colocation of certain home and community-based residential settings.** (a) Effective July 1, 2026, the commissioner must not authorize services in or issue an initial license under this chapter or chapter 245D for any of the following residential settings or programs unless the proposed setting meets the heightened home and community-based setting standards described in this subdivision:

(1) a community residential setting, as defined in section 245D.02, subdivision 4a;

(2) an adult foster care home;

(3) a setting providing customized living services with a resident capacity of six or fewer;

(4) a setting providing 24-hour customized living services with a resident capacity of six or fewer; and

(5) an assisted living facility licensed under chapter 144G with a resident capacity of six or fewer.

(b) Newly licensed settings enumerated in paragraph (a) must not be located on the same property or on an adjoining property of any existing community residential setting, any existing adult foster care setting, any existing setting providing family residential services to an adult, any existing setting providing customized living services with a resident capacity of six or fewer, any existing setting providing 24-hour customized living services with a resident capacity of six or fewer, or any existing assisted living facility licensed under chapter 144G with a resident capacity of six or fewer. The requirements of this paragraph apply regardless of who owns or controls the existing setting. The commissioner must comply with section 245A.11, subdivision 4, when authorizing services or issuing an initial license under this subdivision.

(c) For the purposes of this subdivision, "adjoining property" means a property that shares a common boundary line with another property. Adjoining property also includes properties that meet at a common corner point. The presence of a right-of-way or public easement, including but not limited to a bicycle path, alley, or residential street, between adjoining properties, including between properties that but for the right-of-way or public easement would share a common corner point, are adjoining properties.

Sec. 5. Minnesota Statutes 2024, section 245D.12, is amended to read:

245D.12 INTEGRATED COMMUNITY SUPPORTS~~; SETTING CAPACITY REPORT~~.

Subdivision 1. **Setting capacity report.** (a) The license holder providing integrated community support, as defined in section 245D.03, subdivision 1, paragraph (c), clause (8), must submit a setting capacity report to the commissioner to ensure the identified location of service delivery meets the criteria of the home and community-based service requirements as specified in section 256B.492.

(b) The license holder shall provide the setting capacity report on the forms and in the manner prescribed by the commissioner. The report must include:

(1) the address of the multifamily housing building where the license holder delivers integrated community supports and owns, leases, or has a direct or indirect financial relationship with the property owner;

(2) the total number of living units in the multifamily housing building described in clause (1) where integrated community supports are delivered;

(3) the total number of living units in the multifamily housing building described in clause (1), including the living units identified in clause (2);

(4) the total number of people who could reside in the living units in the multifamily housing building described in clause (2) and receive integrated community supports; and

(5) the percentage of living units that are controlled by the license holder in the multifamily housing building by dividing clause (2) by clause (3).

(c) Only one license holder may deliver integrated community supports at the address of the multifamily housing building.

Subd. 2. **Licensure moratorium.** (a) Except as permitted in this subdivision, the commissioner must not issue an initial license under this chapter authorizing integrated community supports under section 245D.03, subdivision 1, paragraph (c), clause (8), and must not approve a license change adding integrated community supports to an existing license under this chapter.

(b) The commissioner may approve an exception to the moratorium only when the applicant or licensee meets all requirements under subdivision 1, the request is not superseded by temporary moratoriums under section 245A.03, subdivision 7a, and the applicant submits documentation demonstrating compliance with:

(1) federal and state home and community-based services requirements for provider-controlled settings;

(2) the prohibition on the use of Medicaid money for room and board under United States Code, title 42, section 1396n(c); and

(3) all licensing requirements applicable to integrated community supports under this chapter.

(c) In determining whether to approve an exception, the commissioner must consider statewide and regional capacity for integrated community supports based on needs determination processes under section 245A.03, subdivision 7, paragraph (e).

(d) A determination under this subdivision is final and not subject to appeal.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 6. Minnesota Statutes 2024, section 256.01, subdivision 21, is amended to read:

Subd. 21. **Interagency ~~agreement~~ agreements with Department of Health.** (a) The commissioner of human services shall amend the interagency agreement with the commissioner of health to certify nursing facilities for participation in the medical assistance program, to require the commissioner of health, as a condition of the agreement, to comply beginning July 1, 2005, with action plans included in the annual survey and certification quality improvement report required under section 144A.10, subdivision 17.

(b) The commissioners of health and human services must execute an interagency agreement to determine on behalf of the commissioner of health whether an assisted living facility for which either an applicant is seeking a provisional license under chapter 144G or a licensee is seeking to relocate under section 144G.195 meets the standards described in section 245A.042, subdivision 7.

Sec. 7. Minnesota Statutes 2025 Supplement, section 256.4792, subdivision 1, is amended to read:

Subdivision 1. **Long-term services and supports loan program.** The commissioner of human services shall establish a loan program to provide operating loans to eligible long-term services and supports providers. ~~The commissioner shall initiate the application process for the loan described in this section on an ongoing basis.~~ The commissioner must not issue any new loans under this program after June 30, 2026.

Sec. 8. Minnesota Statutes 2025 Supplement, section 256.4792, subdivision 7, is amended to read:

Subd. 7. **Loan repayment.** (a) If a borrower is more than 60 calendar days delinquent in the timely payment of a contractual payment under this section, the provisions in paragraphs (b) to (e) apply.

(b) The commissioner may withhold some or all of the amount of the delinquent loan payment, together with any penalties due and owing on those amounts, from any money the department owes to the borrower. The commissioner may, at the commissioner's discretion, also withhold future contractual payments from any money the commissioner owes the provider as those contractual payments become due and owing. The commissioner may continue this withholding until the commissioner determines there is no longer any need to do so.

(c) The commissioner shall give prior notice of the commissioner's intention to withhold by mail, facsimile, or email at least ten business days before the date of the first payment period for which the withholding begins. The notice must be deemed received as of the date of mailing or receipt of the facsimile or electronic notice. The notice must state:

(1) the amount of the delinquent contractual payment;

(2) the amount of the withholding per payment period;

(3) the date on which the withholding is to begin;

(4) whether the commissioner intends to withhold future installments of the provider's contractual payments; and

(5) other contents as the commissioner deems appropriate.

(d) The commissioner, or the commissioner's designee, may enter into written settlement agreements with a provider to resolve disputes and other matters involving unpaid loan contractual payments or future loan contractual payments.

(e) Notwithstanding any law to the contrary, all unpaid loans, plus any accrued penalties, are overpayments for the purposes of section 256B.0641, subdivision 1. The current long-term services and supports provider is liable for the overpayment amount owed by a former owner for any provider sold, transferred, or reorganized.

(f) By January 15 each year, the commissioner must provide to the chairs and ranking minority members of the legislative committees with jurisdiction over nursing facilities a report of all facilities that are delinquent in their repayments. The reporting required under this paragraph expires upon notification by the commissioner to the committees that there are no outstanding balances from loan awards issued under this subdivision.

Sec. 9. Minnesota Statutes 2025 Supplement, section 256.4792, is amended by adding a subdivision to read:

Subd. 11. **Loan program expiration.** This section expires after the commissioner collects all loan repayments incurred on or before June 30, 2026. The commissioner must notify the revisor of statutes once all loan repayments under this section are collected.

Sec. 10. Minnesota Statutes 2024, section 256.975, subdivision 7b, is amended to read:

Subd. 7b. **Exemptions and emergency admissions.** (a) Exemptions from the federal screening requirements outlined in subdivision 7a, paragraphs (b) and (c), are limited to:

(1) a person who, having entered an acute care facility from a certified nursing facility, is returning to a certified nursing facility; or

(2) a person transferring from one certified nursing facility in Minnesota to another certified nursing facility in Minnesota.

(b) Persons who are exempt from preadmission screening for purposes of level of care determination include:

(1) persons described in paragraph (a);

(2) an individual who has a contractual right to have nursing facility care paid for indefinitely by the Veterans Administration; and

(3) an individual enrolled in a demonstration project under section 256B.69, subdivision 8, at the time of application to a nursing facility~~; and~~.

~~(4) an individual currently being served under the alternative care program or under a home and community-based services waiver authorized under section 1915(c) of the federal Social Security Act.~~

(c) Persons admitted to a Medicaid-certified nursing facility from the community on an emergency basis as described in paragraph (d) or from an acute care facility on a nonworking day must be screened the first working day after admission.

(d) Emergency admission to a nursing facility prior to screening is permitted when all of the following conditions are met:

(1) a person is admitted from the community to a certified nursing or certified boarding care facility during Senior LinkAge Line nonworking hours;

(2) a physician, advanced practice registered nurse, or physician assistant has determined that delaying admission until preadmission screening is completed would adversely affect the person's health and safety;

(3) there is a recent precipitating event that precludes the client from living safely in the community, such as sustaining an injury, sudden onset of acute illness, or a caregiver's inability to continue to provide care;

(4) the attending physician, advanced practice registered nurse, or physician assistant has authorized the emergency placement and has documented the reason that the emergency placement is recommended; and

(5) the Senior LinkAge Line is contacted on the first working day following the emergency admission.

(e) Transfer of a patient from an acute care hospital to a nursing facility is not considered an emergency except for a person who has received hospital services in the following situations: hospital admission for observation, care in an emergency room without hospital admission, or following hospital 24-hour bed care and from whom admission is being sought on a nonworking day.

(f) A nursing facility must provide written information to all persons admitted regarding the person's right to request and receive long-term care consultation services as defined in section 256B.0911, subdivision 11. The information must be provided prior to the person's discharge from the facility and in a format specified by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 11. Minnesota Statutes 2024, section 256B.04, is amended by adding a subdivision to read:

Subd. 28. **Interpretive guidelines for disability waiver regulation.** (a) The commissioner must develop and publish interpretive guidelines within 120 calendar days of the effective date of any statutory changes, waiver plan amendments, state or federal administrative rulings, or state or federal court decisions that affect policies or reimbursement for services licensed under chapter 245D, authorized under section 256B.092 or 256B.49, or reimbursed under section 256B.4914.

(b) Interpretive guidelines issued by the commissioner under this subdivision do not have the force and effect of law and have no precedential effect but may be relied on by consumers, providers of service, county agencies, the Department of Human Services, and others concerned until revoked or modified. An interpretive guideline may be expressly revoked or modified by the commissioner or by the issuance of another interpretive guideline but may not be revoked or modified retroactively to the detriment of consumers, providers of service, county agencies, the Department of Human Services, or others concerned. A change in the law or an interpretation of the law occurring after the interpretive guidelines are issued, whether in the form of a statute, court decision, administrative ruling, or subsequent interpretive guideline, results in the revocation or modification of the previously adopted guidelines to the extent that the change affects the guidelines.

EFFECTIVE DATE. This section is effective July 1, 2028, and applies to statutory changes, waiver plan amendments, state or federal administrative rulings, or state or federal court decisions effective or issued on or after that date.

Sec. 12. Minnesota Statutes 2024, section 256B.04, is amended by adding a subdivision to read:

Subd. 29. **Certified assessor team.** The commissioner must employ certified assessors within the department to conduct assessments under section 256B.0911 on behalf of lead agencies under conditions and circumstances determined by the commissioner. Certified assessors employed by the commissioner may conduct assessments in addition to other duties as assigned, except the certified assessors employed by the commissioner must not perform any responsibilities of a lead

agency described in section 256B.0911 other than assessments. Nothing in this subdivision creates an obligation for the commissioner to provide the department's certified assessors to conduct assessments on behalf of a lead agency.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 13. Minnesota Statutes 2024, section 256B.0659, subdivision 12, is amended to read:

Subd. 12. **Documentation of personal care assistance services provided.** (a) Personal care assistance services for a recipient must be documented daily by each personal care assistant, on a time sheet form approved by the commissioner. All documentation may be web-based, electronic, or paper documentation. The completed form must be submitted on a monthly basis to the provider and kept in the recipient's health record.

(b) The activity documentation must correspond to the personal care assistance care plan and be reviewed by the qualified professional.

(c) The personal care assistant time sheet must be on a form approved by the commissioner documenting time the personal care assistant provides services in the home. The following criteria must be included in the time sheet:

(1) full name of personal care assistant and individual provider number;

(2) provider name and telephone numbers;

(3) full name of recipient and either the recipient's medical assistance identification number or date of birth;

(4) consecutive dates, including month, day, and year, and arrival and departure times with a.m. or p.m. notations;

(5) signatures of recipient or the responsible party;

(6) personal signature of the personal care assistant;

(7) any shared ~~care~~ services provided, if applicable;

(8) a statement that it is a federal crime to provide false information on personal care service billings for medical assistance payments;

(9) dates and location of recipient stays in a hospital, care facility, or incarceration; and

(10) any time spent traveling, as described in subdivision 1, paragraph (i), including start and stop times with a.m. and p.m. designations, the origination site, and the destination site.

Sec. 14. Minnesota Statutes 2024, section 256B.0659, subdivision 16, is amended to read:

Subd. 16. **Shared services.** (a) Medical assistance payments for ~~shared~~ personal care assistance services that are shared services are limited according to this subdivision.

(b) ~~Shared service is~~ For the purposes of this section, "shared services" means the provision of personal care assistance services by a personal care assistant to two or three recipients~~,~~ who are all eligible for medical assistance~~,~~ and who each voluntarily enter into an agreement to receive services at the same time and in the same setting.

(c) For the purposes of this subdivision, "setting" means:

(1) the home residence or family foster care home of one or more of the individual recipients; or

(2) a child care program licensed under chapter 142B or operated by a local school district or private school.

(d) Shared ~~personal care assistance~~ services follow the same criteria for covered services as subdivision 2.

(e) Noncovered shared ~~personal care assistance~~ services include the following:

(1) services for more than three recipients by one personal care assistant at one time;

(2) staff requirements for child care programs under chapter 245C;

(3) caring for multiple recipients in more than one setting;

(4) additional units of personal care assistance based on the selection of the option; and

(5) use of more than one personal care assistance provider agency for the shared ~~care~~ services.

(f) The option of shared ~~personal care assistance~~ services is elected by the recipient or the responsible party with the assistance of the assessor. The option must be determined appropriate based on the ages of the recipients, compatibility, and coordination of their assessed care needs. The recipient or the responsible party, in conjunction with the qualified professional, shall arrange the setting and grouping of shared services based on the individual needs and preferences of the recipients. The personal care assistance provider agency shall offer the recipient or the responsible party the option of shared services or one-on-one personal care assistance services or a combination of both. The recipient or the responsible party may withdraw from participating in a shared services arrangement at any time.

(g) Authorization for the shared service option must be determined by the commissioner based on the criteria that the shared service is appropriate to meet all of the recipients' needs and ~~their~~ the recipients' health and safety is maintained. The authorization of shared services is part of the overall authorization of personal care assistance services. Nothing in this subdivision must be construed to reduce the total number of hours authorized for an individual recipient.

(h) A personal care assistant providing shared ~~personal care assistance~~ services must:

(1) receive training specific for each recipient served; and

(2) follow all required documentation requirements for time and services provided.

(i) A qualified professional shall:

(1) evaluate the ability of the personal care assistant to provide services ~~for all of~~ to all the recipients in a shared setting;

(2) visit the shared setting as shared services are being provided at least once every six months or whenever needed for response to a recipient's request for increased supervision of the personal care assistance staff;

(3) provide ongoing monitoring and evaluation of the effectiveness and appropriateness of the shared services;

(4) develop a contingency plan with each of the recipients ~~which~~ that accounts for absence of the recipient in a shared services setting due to illness or other circumstances;

(5) obtain permission from each of the recipients who are sharing a personal care assistant for number of shared hours for services provided inside and outside the home residence; and

(6) document the training completed by the personal care assistants specific to the shared setting and recipients sharing services.

Sec. 15. Minnesota Statutes 2024, section 256B.0659, subdivision 17, is amended to read:

Subd. 17. **Shared services; rates.** (a) For the purposes of this subdivision, "additional revenue for shared services" means the difference between the rate paid to a personal care assistance provider agency for serving a single recipient and the sum of the rates paid to a personal care assistance provider agency for shared services provided to more than one recipient.

(b) For the purposes of this subdivision, "wages and wage-related costs" means increased wages and any corresponding increase in the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation premiums, and contributions to employee retirement accounts if the contribution is a function of wages.

(c) The commissioner shall provide a rate system for shared ~~personal care assistance~~ services. For two ~~persons~~ recipients sharing services, the rate paid to a personal care assistance provider agency for the shared services must not exceed one and one-half times the rate paid for serving a single ~~individual, and~~ recipient. For three ~~persons~~ recipients sharing services, the rate paid to a personal care assistance provider agency for the shared services must not exceed twice the rate paid for serving a single ~~individual~~ recipient. These rates apply only when all ~~of the~~ criteria for ~~the~~ shared ~~care personal care assistance service have been~~ services are met.

(d) Of the additional revenue for shared services provided to two recipients, the personal care assistance provider agency must use 90 percent for the purposes specified in paragraph (e). Of the additional revenue for shared services provided to three recipients, the personal care assistance provider agency must use 90 percent for the purposes specified in paragraph (e).

(e) A personal care assistance provider agency must use the percentages of additional revenue for shared services specified in paragraph (d) for the wages and wage-related costs of the personal care assistant providing the shared services. The personal care assistance provider agency must not

use additional revenue for shared services to pay for mileage reimbursements, uniform allowances, health and dental insurance, life insurance, disability insurance, long-term care insurance, contributions to employee retirement accounts if the contribution is not a function of wages, or any other employee benefits.

Sec. 16. Minnesota Statutes 2024, section 256B.0659, subdivision 19, is amended to read:

Subd. 19. **Personal care assistance choice option; qualifications; duties.** (a) Under personal care assistance choice, the recipient or responsible party shall:

(1) recruit, hire, schedule, and terminate personal care assistants according to the terms of the written agreement required under subdivision 20, paragraph (a);

(2) develop a personal care assistance care plan based on the assessed needs and addressing the health and safety of the recipient with the assistance of a qualified professional as needed;

(3) orient and train the personal care assistant with assistance as needed from the qualified professional;

(4) supervise and evaluate the personal care assistant with the qualified professional, who is required to visit the recipient at least every 180 days;

(5) monitor and verify in writing and report to the personal care assistance choice agency the number of hours worked by the personal care assistant and the qualified professional;

(6) engage in an annual reassessment as required in subdivision 3a to determine continuing eligibility and service authorization;

(7) use the same personal care assistance choice provider agency if shared ~~personal assistance care is~~ services are being used; and

(8) ensure that a personal care assistant driving the recipient under subdivision 1, paragraph (i), has a valid driver's license and the vehicle used is registered and insured according to Minnesota law.

(b) The personal care assistance choice provider agency shall:

(1) meet all personal care assistance provider agency standards;

(2) enter into a written agreement with the recipient, responsible party, and personal care assistants;

(3) not be related as a parent, child, sibling, or spouse to the recipient or the personal care assistant; and

(4) ensure arm's-length transactions without undue influence or coercion with the recipient and personal care assistant.

(c) The duties of the personal care assistance choice provider agency are to:

(1) be the employer of the personal care assistant and the qualified professional for employment law and related regulations including but not limited to purchasing and maintaining workers' compensation, unemployment insurance, surety and fidelity bonds, and liability insurance, and submit any or all necessary documentation including but not limited to workers' compensation, unemployment insurance, and labor market data required under section 256B.4912, subdivision 1a;

(2) bill the medical assistance program for personal care assistance services and qualified professional services;

(3) request and complete background studies that comply with the requirements for personal care assistants and qualified professionals;

(4) pay the personal care assistant and qualified professional based on actual hours of services provided;

(5) withhold and pay all applicable federal and state taxes;

(6) verify and keep records of hours worked by the personal care assistant and qualified professional;

(7) make the arrangements and pay taxes and other benefits, if any, and comply with any legal requirements for a Minnesota employer;

(8) enroll in the medical assistance program as a personal care assistance choice agency; and

(9) enter into a written agreement as specified in subdivision 20 before services are provided.

Sec. 17. Minnesota Statutes 2025 Supplement, section 256B.0911, subdivision 30, is amended to read:

Subd. 30. **Assessment and support planning; supplemental information.** The lead agency must give the person receiving long-term care consultation services or the person's legal representative materials and forms supplied by the commissioner containing the following information:

(1) written recommendations for community-based services and consumer-directed options;

(2) documentation that the most cost-effective alternatives available were offered to the person;

(3) the need for and purpose of preadmission screening conducted by long-term care options counselors according to section 256.975, subdivisions 7a to 7c, if the person selects nursing facility placement. If the person selects nursing facility placement, the lead agency shall forward information needed to complete the level of care determinations and screening for developmental disability and mental illness collected during the assessment to the long-term care options counselor using forms provided by the commissioner;

(4) the role of long-term care consultation assessment and support planning in eligibility determination for waiver and alternative care programs and state plan home care, case management, and other services as defined in subdivision 11, clauses (7) to (10);

(5) information about Minnesota health care programs;

(6) the person's freedom to accept or reject the recommendations of the team;

(7) the person's right to confidentiality under the Minnesota Government Data Practices Act, chapter 13;

(8) the certified assessor's decision regarding the person's need for institutional level of care as determined under criteria established in subdivision 26 and regarding eligibility for all services and programs as defined in subdivision 11, clauses (7) to (10);

(9) the person's right to appeal the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 11, clauses (5), (7) to (10), and (15), and the decision regarding the need for institutional level of care~~, an attestation to no changes in needs or services,~~ or the lead agency's final decisions regarding public programs eligibility according to section 256.045, subdivision 3. The certified assessor must verbally communicate this appeal right to the person and must visually point out where in the document the right to appeal is stated; and

(10) documentation that available options for employment services, independent living, and self-directed services and supports were described to the person.

Sec. 18. Minnesota Statutes 2024, section 256B.0911, subdivision 32, as amended by Laws 2026, chapter 95, article 4, section 17, is amended to read:

Subd. 32. **Administrative activity.** (a) The commissioner shall:

(1) streamline the processes, including timelines for when assessments need to be completed;

(2) provide the services in this section; ~~and~~

(3) implement integrated solutions to automate the business processes to the extent necessary for support plan approval, reimbursement, program planning, evaluation, and policy development~~.~~; and

(4) effective July 1, 2028, grant limited role-based access to a person's support plan in the MnCHOICES system to home and community-based service providers who have been designated as a provider for that person by a lead agency for the purpose of signing the person's support plan electronically and demonstrating that the provider has reviewed, understood, and agrees to deliver services as outlined in the plan.

(b) The commissioner shall work with lead agencies responsible for conducting long-term care consultation services to modify the MnCHOICES application and assessment policies to create efficiencies while ensuring federal compliance with medical assistance and long-term services and supports eligibility criteria.

Sec. 19. Minnesota Statutes 2024, section 256B.0922, is amended by adding a subdivision to read:

Subd. 3. **Billing limits.** (a) Effective January 1, 2027, or upon federal approval, whichever is later, billable unit maximums are established for the following services authorized under this section:

(1) for chore services, a maximum of 24 units per week per recipient, where a unit is defined as a 15-minute increment;

(2) for homemaker services, cleaning and home management may be provided for a maximum of 16 hours combined per week per recipient; and

(3) for personal emergency response system services, a maximum of one unit per month per recipient.

(b) Billing limits under this subdivision apply only to the individual service listed and do not prohibit the recipient from accessing other services for which they are eligible on the same day, week, or month, subject to other applicable requirements.

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

Sec. 20. Minnesota Statutes 2024, section 256B.0949, is amended by adding a subdivision to read:

Subd. 20. **Billing limits.** (a) Effective July 1, 2027, or upon federal approval, whichever is later, the following billing limits apply to early intensive developmental and behavioral intervention services:

(1) intensive services: 40 hours per week per recipient;

(2) travel: two hours per day per recipient;

(3) observation and direction: 20 hours per week per recipient; and

(4) individual treatment and planning: 300 units per year per recipient.

(b) The commissioner must grant exceptions to the billing limits under paragraph (a) when services in excess of the billing limits are determined to be medically necessary. A provider must apply to the commissioner for an exception on the forms and in the manner prescribed by the commissioner. A determination under this paragraph is final and not subject to appeal.

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

Sec. 21. Minnesota Statutes 2024, section 256B.4912, is amended by adding a subdivision to read:

Subd. 17. **Billing limits.** (a) Effective January 1, 2027, or upon federal approval, whichever is later, billable unit maximums are established for the following services authorized under sections 256B.092 and 256B.49:

(1) for assistive technology authorized under section 256B.092, a maximum of $10,000 annually per recipient;

(2) for chore services, a maximum of 24 units per week per recipient, where a unit is defined as a 15-minute increment;

(3) for homemaker services, cleaning and home management may be provided for a maximum of 16 hours combined per week per recipient;

(4) for family training and counseling, a maximum of two hours per week per recipient;

(5) for independent living skills, a maximum of six hours per day per recipient; and

(6) for personal emergency response system services, a maximum of one unit per month per recipient.

(b) The limits in this subdivision do not limit a person's use of other waiver services. Billing limits under this subdivision apply only to the individual service listed and do not prohibit the recipient from accessing other services for which they are eligible on the same day, week, or month, subject to other applicable requirements.

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

Sec. 22. Minnesota Statutes 2024, section 256B.4912, is amended by adding a subdivision to read:

Subd. 18. **Prohibition on room and board payments.** (a) The provider must not use medical assistance money to pay for room and board, including but not limited to rent, mortgage payments, utilities, property taxes, homeowners association fees, or any other housing-related cost, in accordance with federal home and community-based services waiver requirements under United States Code, title 42, section 1396n(c), and Code of Federal Regulations, title 42, section 441.310.

(b) A provider of home and community-based services, including but not limited to integrated community supports under section 245D.03, subdivision 1, paragraph (c), clause (8), must not:

(1) use, allocate, or apply any payment for home and community-based services to cover, subsidize, discount, or otherwise contribute to any room and board expenses for a person receiving services;

(2) apply agency operating margins, reserves, or profits derived from home and community-based services to pay for rent or pay other housing costs for persons receiving services; or

(3) enter into any financial arrangement, discount, concession, or reimbursement structure that has the effect of using medical assistance service revenue to offset the housing costs of a person receiving services.

(c) Nothing in this subdivision prohibits a provider from charging a person for room and board in accordance with chapter 504B or applicable housing support laws, provided the charge is independent of medical assistance payments and complies with all federal home and community-based services setting requirements, including but not limited to tenancy protections under Code of Federal Regulations, title 42, section 441.301(c)(4)(vi)(A).

(d) The commissioner may pursue corrective action, payment recovery, sanctions under section 256B.064, and licensing action under chapter 245A or 245D for a violation of this subdivision.

(e) Notwithstanding paragraphs (a) and (b), payment for room and board is permitted when explicitly included as part of a service authorized in a federally approved home and community-based services waiver under United States Code, title 42, section 1396n(c).

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 23. Minnesota Statutes 2025 Supplement, section 256B.4914, subdivision 3, is amended to read:

Subd. 3. **Applicable services.** Applicable services are those authorized under the state's home and community-based services waivers under sections 256B.092 and 256B.49, including the following, as defined in the federally approved home and community-based services plan:

(1) 24-hour customized living;

(2) adult day services;

(3) adult day services bath;

(4) community residential services;

(5) customized living;

(6) day support services;

(7) employment development services;

(8) employment exploration services;

(9) employment support services;

(10) family residential services;

(11) individualized home supports;

(12) individualized home supports with family training;

(13) individualized home supports with training;

(14) integrated community supports;

(15) life sharing;

(16) effective until the effective date of clauses (17) and (18), night supervision;

(17) effective January 1, 2026, or upon federal approval, whichever is later, awake night supervision;

(18) effective January 1, 2026, or upon federal approval, whichever is later, asleep night supervision;

(19) positive support services;

(20) prevocational services;

(21) residential support services;

(22) transportation services;

(23) effective October 1, 2027, or upon federal approval, whichever is later, integrated community supports access services; and

~~(23)~~ (24) other services as approved by the federal government in the state home and community-based services waiver plan.

Sec. 24. Minnesota Statutes 2025 Supplement, section 256B.4914, subdivision 5a, is amended to read:

Subd. 5a. **Base wage index; calculations.** The base wage index must be calculated as follows:

(1) for supervisory staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099), with the exception of the supervisor of positive supports professional, positive supports analyst, and positive supports specialist, which is 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(2) for registered nurse staff, 100 percent of the median wage for registered nurses (SOC code 29-1141);

(3) for licensed practical nurse staff, 100 percent of the median wage for licensed practical nurses (SOC code 29-2061);

(4) for residential asleep-overnight staff, the minimum wage in Minnesota for large employers;

(5) for residential direct care staff, the sum of:

(i) 15 percent of the subtotal of 50 percent of the median wage for home health and personal care aide (SOC code 31-1120); 30 percent of the median wage for nursing assistant (SOC code 31-1131); and 20 percent of the median wage for social and human services aide (SOC code 21-1093); and

(ii) 85 percent of the subtotal of 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(6) for adult day services staff, 70 percent of the median wage for nursing assistant (SOC code 31-1131); and 30 percent of the median wage for home health and personal care aide (SOC code 31-1120);

(7) for day support services staff and prevocational services staff, 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(8) for positive supports analyst staff, 100 percent of the median wage for substance abuse, behavioral disorder, and mental health counselor (SOC code 21-1018);

(9) for positive supports professional staff, 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(10) for positive supports specialist staff, 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(11) for individualized home supports with family training staff, 20 percent of the median wage for nursing aide (SOC code 31-1131); 30 percent of the median wage for community social service specialist (SOC code 21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(12) for individualized home supports with training services staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(13) for employment support services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(14) for employment exploration services staff, 50 percent of the median wage for education, guidance, school, and vocational counselor (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(15) for employment development services staff, 50 percent of the median wage for education, guidance, school, and vocational counselors (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(16) for individualized home support without training staff, 50 percent of the median wage for home health and personal care aide (SOC code 31-1120); and 50 percent of the median wage for nursing assistant (SOC code 31-1131);

(17) effective until the effective date of clauses (18) and (19), for night supervision staff, 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(18) effective January 1, 2026, or upon federal approval, whichever is later, for awake night supervision staff, 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 of percent the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aid (SOC code 21-1093); ~~and~~

(19) effective January 1, 2026, or upon federal approval, whichever is later, for asleep night supervision staff, the minimum wage in Minnesota for large employers; and

(20) effective October 1, 2027, or upon federal approval, whichever is later, for integrated community support staff, the sum of:

(i) 15 percent of the subtotal of 50 percent of the median wage for home health and personal care aide (SOC code 31-1120); 30 percent of the median wage for nursing assistant (SOC code 31-1131); and 20 percent of the median wage for social and human services aide (SOC code 21-1093); and

(ii) 85 percent of the subtotal of 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093).

Sec. 25. Minnesota Statutes 2024, section 256B.4914, subdivision 6, is amended to read:

Subd. 6. **Residential support services; generally.** (a) For purposes of this section, residential support services includes 24-hour customized living services, community residential services, customized living services, and integrated community supports.

(b) Effective October 1, 2027, or upon federal approval, whichever is later, for purposes of this section, residential support services includes 24-hour customized living services, community residential services, customized living services, and integrated community supports access services.

~~(b)~~ (c) A unit of service for residential support services is a day. Any portion of any calendar day, within allowable Medicaid rules, where an individual spends time in a residential setting is billable as a day. The number of days authorized for all individuals enrolling in residential support services must include every day that services start and end.

~~(c)~~ (d) When the available shared staffing hours in a residential setting are insufficient to meet the needs of an individual who enrolled in residential support services after January 1, 2014, then individual staffing hours shall be used.

Sec. 26. Minnesota Statutes 2024, section 256B.4914, subdivision 6a, is amended to read:

Subd. 6a. **Community residential services; component values and calculation of payment rates.** (a) Component values for community residential services are:

(1) competitive workforce factor: 6.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) general administrative support ratio: 13.25 percent;

(6) program-related expense ratio: 1.3 percent; and

(7) absence and utilization factor ratio: 3.9 percent.

(b) Payments for community residential services must be calculated as follows:

(1) determine the number of shared direct staffing and individual direct staffing hours to meet a recipient's needs provided on site or through monitoring technology;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 and 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of shared direct staffing and individual direct staffing hours provided on site or through monitoring technology and nursing hours by the appropriate staff wages;

(6) multiply the number of shared direct staffing and individual direct staffing hours provided on site or through monitoring technology and nursing hours by the product of the supervision span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6), excluding any shared direct staffing and individual direct staffing hours provided through monitoring technology, and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing cost;

(8) for employee-related expenses, multiply the direct staffing cost, excluding any shared direct staffing and individual hours provided through monitoring technology, by one plus the employee-related cost ratio;

(9) for client programming and supports, add $2,260.21 divided by 365. The commissioner shall update the amount in this clause as specified in subdivision 5b;

(10) for transportation, if provided, add $1,742.62 divided by 365, or $3,111.81 divided by 365 if customized for adapted transport, based on the resident with the highest assessed need. The commissioner shall update the amounts in this clause as specified in subdivision 5b;

(11) subtotal clauses (8) to (10) and the direct staffing cost of any shared direct staffing and individual direct staffing hours provided through monitoring technology that was excluded in clause (8);

(12) sum the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount; and

(14) adjust the result of clause (13) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(c) Effective July 1, 2027, the commissioner must establish the following acuity-based community residential service tool input limits on total individual hours entered, based on the case mix rates determined under this section:

(1) zero individual hours per day for people assessed for case mixes A, C, and L;

(2) no more than six individual hours per day for people assessed for case mixes B, D, and F;

(3) no more than 16 individual hours per day for people assessed for case mixes E, G, I, J, and K; and

(4) no more than 24 individual hours per day for people assessed for case mix H or residing in a community residential setting licensed for one person regardless of case mix level.

(d) The commissioner must provide an exception process under subdivision 14 to the limits in paragraph (c) for individuals with extraordinary needs who might otherwise end up in institutional settings without additional authorized individual hour inputs.

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

Sec. 27. Minnesota Statutes 2024, section 256B.4914, subdivision 6c, is amended to read:

Subd. 6c. **Integrated community supports; component values and calculation of payment rates.** (a) Component values for integrated community supports are:

(1) competitive workforce factor: 6.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) general administrative support ratio: 13.25 percent;

(6) program-related expense ratio: 1.3 percent; and

(7) absence and utilization factor ratio: 3.9 percent.

(b) Payments for integrated community supports must be calculated as follows:

(1) determine the number of shared direct staffing and individual direct staffing hours to meet a recipient's needs. The base shared direct staffing hours must be eight hours divided by the ~~number of people receiving support in~~ approved capacity of the integrated community support setting, and the individual direct staffing hours must be the average number of direct support hours provided directly to the service recipient;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 and 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of shared direct staffing and individual direct staffing hours in clause (1) by the appropriate staff wages;

(6) multiply the number of shared direct staffing and individual direct staffing hours in clause (1) by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6) and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing cost;

(8) for employee-related expenses, multiply the direct staffing cost by one plus the employee-related cost ratio;

(9) for client programming and supports, add $2,260.21 divided by 365. The commissioner shall update the amount in this clause as specified in subdivision 5b;

(10) add the results of clauses (8) and (9);

(11) add the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(12) divide the result of clause (10) by one minus the result of clause (11). This is the total payment amount; and

(13) adjust the result of clause (12) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(c) The commissioner must establish maximum allowable in-person and remote service hours used in the rate methodology for integrated community supports based on the recipient's case mix classification. Effective January 1, 2027, the total number of service hours entered into the rate framework must not exceed the following limits:

(1) for case mix classifications A, C, and L, a maximum of two hours per day;

(2) for case mix classifications B, D, and F, a maximum of four hours per day;

(3) for case mix classifications E, G, I, J, and K, a maximum of six hours per day; and

(4) for case mix classification H, a maximum of eight hours per day.

(d) The daily limit in paragraph (c) does not limit a person's use of other disability waiver services that may be provided on the same day in alignment with the federally approved waiver. Nothing in paragraph (c) prohibits approval of a rate exception for individuals with exceptional or complex needs.

(e) This subdivision expires upon the effective date of subdivisions 6e and 8a.

Sec. 28. Minnesota Statutes 2024, section 256B.4914, subdivision 6d, is amended to read:

Subd. 6d. **Payment for customized living.** (a) The payment methodology for customized living and 24-hour customized living must be the customized living tool. The commissioner shall revise the customized living tool to reflect the services and activities unique to disability-related recipient needs and adjust for regional differences in the cost of providing services.

(b) The rate adjustments described in section 256S.205 do not apply to rates paid under this section.

(c) Customized living and 24-hour customized living rates determined under this section shall not include more than 24 hours of support in a daily unit.

(d) The commissioner shall establish the following acuity-based customized living tool input limits, based on case mix, for customized living and 24-hour customized living rates determined under this section:

(1) no more than two hours of mental health management per day for people assessed for case mixes A, D, and G;

(2) no more than four hours of activities of daily living assistance per day for people assessed for case mix B; and

(3) no more than six hours of activities of daily living assistance per day for people assessed for case mix D.

(e) Effective January 1, 2027, or upon federal approval, whichever is later, customized living monthly service rate limits must equal the monthly service rate limits determined under section 256S.202, subdivisions 1 and 2, multiplied by 126.36 percent.

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

Sec. 29. Minnesota Statutes 2024, section 256B.4914, is amended by adding a subdivision to read:

Subd. 6e. **Integrated community supports access services; component values and calculation of payment rates.** (a) This subdivision is effective October 1, 2027, or upon federal approval, whichever is later.

(b) Component values for integrated community supports access services are:

(1) competitive workforce factor: 6.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) general administrative support ratio: 13.25 percent;

(6) program-related expense ratio: 1.3 percent; and

(7) absence and utilization factor ratio: 3.9 percent.

(c) Payments for integrated community supports access services must be calculated as follows:

(1) the base shared direct staffing hours must be eight hours divided by the approved capacity of integrated community support setting;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 and 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of shared direct staffing hours in clause (1) by the appropriate staff wages;

(6) multiply the number of shared direct staffing hours in clause (1) by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6) and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing cost;

(8) for employee-related expenses, multiply the direct staffing cost by one plus the employee-related cost ratio;

(9) for client programming and supports, add $2,260.21 divided by 365. The commissioner shall update the amount in this clause as specified in subdivision 5b;

(10) add the results of clauses (8) and (9);

(11) add the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(12) divide the result of clause (10) by one minus the result of clause (11). This is the total payment amount; and

(13) adjust the result of clause (12) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing residential services.

Sec. 30. Minnesota Statutes 2024, section 256B.4914, subdivision 7b, is amended to read:

Subd. 7b. **Day support services; component values and calculation of payment rates.** (a) Component values for day support services are:

(1) competitive workforce factor: 6.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 5.6 percent;

(6) client programming and support ratio: 10.37 percent, updated as specified in subdivision 5b;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 1.8 percent; and

(9) absence and utilization factor ratio: 9.4 percent.

(b) A unit of service for day support services is 15 minutes.

(c) Payments for day support services must be calculated as follows:

(1) determine the number of units of service and the staffing ratio to meet a recipient's needs;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 and 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of day program direct staffing hours and nursing hours by the appropriate staff wage;

(6) multiply the number of day program direct staffing hours by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio;

(11) for program facility costs, add $19.30 per week with consideration of staffing ratios to meet individual needs, updated as specified in subdivision 5b;

(12) this is the subtotal rate;

(13) sum the standard general administrative rate support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(14) divide the result of clause (12) by one minus the result of clause (13). This is the total payment amount; and

(15) adjust the result of clause (14) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(d) Effective January 1, 2027, or upon federal approval, whichever is later, the billing limit for day support services is equal to a maximum of eight hours per day per recipient.

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

Sec. 31. Minnesota Statutes 2025 Supplement, section 256B.4914, subdivision 8, is amended to read:

Subd. 8. **Unit-based services with programming; component values and calculation of payment rates.** (a) For the purpose of this section, unit-based services with programming include employment exploration services, employment development services, employment support services, individualized home supports with family training, individualized home supports with training, and positive support services provided to an individual outside of any service plan for a day program or residential support service.

(b) Component values for unit-based services with programming are:

(1) competitive workforce factor: 6.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 15.5 percent;

(6) client programming and support ratio: 4.7 percent, updated as specified in subdivision 5b;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 6.1 percent; and

(9) absence and utilization factor ratio: 3.9 percent.

(c) A unit of service for unit-based services with programming is 15 minutes.

(d) Payments for unit-based services with programming must be calculated as follows, unless the services are reimbursed separately as part of a residential support services or day program payment rate:

(1) determine the number of units of service to meet a recipient's needs;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 and 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of direct staffing hours by the appropriate staff wage;

(6) multiply the number of direct staffing hours by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio;

(11) this is the subtotal rate;

(12) sum the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount;

(14) for services provided in a shared manner, divide the total payment in clause (13) as follows:

(i) for employment exploration services, divide by the number of service recipients, not to exceed five;

(ii) for employment support services, divide by the number of service recipients, not to exceed six;

(iii) for individualized home supports with training and individualized home supports with family training, divide by the number of service recipients, not to exceed three; and

(iv) for night supervision, divide by the number of service recipients, not to exceed two; and

(15) adjust the result of clause (14) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(e) Effective January 1, 2026, or upon federal approval, whichever is later, a provider must not bill more than three consecutive hours and not more than six total hours per day for individualized home supports with training and individualized home supports with family training. This daily limit does not limit a person's use of other disability waiver services, including individualized home supports, which may be provided on the same day by the same provider providing individualized home supports with training or individualized home supports with family training. This paragraph expires upon the effective date of paragraph (f).

(f) Effective January 1, 2027, or upon federal approval, whichever is later, a provider must not bill more than:

(1) for individualized home supports with training, a monthly service limit of 182.5 hours; and

(2) for individualized home supports with family training, not more than six total hours per day.

(g) The limits in paragraph (f), clauses (1) and (2), do not limit a person's use of other disability waiver services, including individualized home supports, which may be provided on the same day by the same provider providing individualized home supports with training or individualized home supports with family training.

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

Sec. 32. Minnesota Statutes 2024, section 256B.4914, is amended by adding a subdivision to read:

Subd. 8a. **Integrated community supports unit-based services with programming; component values and calculation of payment rates.** (a) This subdivision is effective October 1, 2027, or upon federal approval, whichever is later.

(b) Component values for integrated community supports unit-based services with programming are:

(1) competitive workforce factor: 6.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 11.25 percent;

(6) client programming and support ratio: 3.5 percent, updated as specified in subdivision 5b;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 1.3 percent; and

(9) absence and utilization factor ratio: 3.9 percent.

(c) A unit of integrated community supports unit-based services with programming is 15 minutes.

(d) Payments for integrated community supports unit-based services must be calculated as follows:

(1) determine the number of units of service to meet a recipient's needs;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 to 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of direct staffing hours by the appropriate staff wage;

(6) multiply the number of direct staffing hours by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio;

(11) this is the subtotal rate;

(12) sum the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount; and

(14) adjust the result of clause (13) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing residential services.

(e) The commissioner must establish maximum allowable in-person and remote service hours used in the rate methodology for integrated community supports based on the recipient's case mix classification. The total number of service hours entered into the rate framework must not exceed the following limits:

(1) for case mix classifications A, C, and L, a maximum of two hours per day;

(2) for case mix classifications B, D, and F, a maximum of four hours per day;

(3) for case mix classifications E, G, I, J, and K, a maximum of six hours per day; and

(4) for case mix classification H, a maximum of eight hours per day.

(f) The daily limit in paragraph (e) does not limit a person's use of other disability waiver services that may be provided on the same day in alignment with the federally approved waiver. Nothing in paragraph (e) prohibits approval of a rate exception for individuals with exceptional or complex needs.

Sec. 33. Minnesota Statutes 2025 Supplement, section 256B.4914, subdivision 9, is amended to read:

Subd. 9. **Unit-based services without programming; component values and calculation of payment rates.** (a) For the purposes of this section, unit-based services without programming include individualized home supports without training and night supervision provided to an individual outside of any service plan for a day program or residential support service. Unit-based services without programming do not include respite. This paragraph expires upon the effective date of paragraph (b).

(b) Effective January 1, 2026, or upon federal approval, whichever is later, for the purposes of this section, unit-based services without programming include individualized home supports without training, awake night supervision, and asleep night supervision provided to an individual outside of any service plan for a day program or residential support service.

(c) Component values for unit-based services without programming are:

(1) competitive workforce factor: 6.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 7.0 percent;

(6) client programming and support ratio: 2.3 percent, updated as specified in subdivision 5b;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 2.9 percent; and

(9) absence and utilization factor ratio: 3.9 percent.

(d) A unit of service for unit-based services without programming is 15 minutes.

(e) Payments for unit-based services without programming must be calculated as follows unless the services are reimbursed separately as part of a residential support services or day program payment rate:

(1) determine the number of units of service to meet a recipient's needs;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 to 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of direct staffing hours by the appropriate staff wage;

(6) multiply the number of direct staffing hours by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio;

(11) this is the subtotal rate;

(12) sum the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount;

(14) for individualized home supports without training provided in a shared manner, divide the total payment amount in clause (13) by the number of service recipients, not to exceed three; and

(15) adjust the result of clause (14) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(f) Effective January 1, 2027, or upon federal approval, whichever is later, the billing limit for awake night supervision and asleep night supervision is equal to a maximum of ten hours per day per recipient, of which no more than eight hours per day may be asleep night supervision.

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

Sec. 34. Minnesota Statutes 2024, section 256B.4914, subdivision 9a, is amended to read:

Subd. 9a. **Respite services; component values and calculation of payment rates.** (a) For the purposes of this section, respite services include respite services provided to an individual outside of any service plan for a day program or residential support service.

(b) Component values for respite services are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) general administrative support ratio: 13.25 percent;

(6) program-related expense ratio: 2.9 percent; and

(7) absence and utilization factor ratio: 3.9 percent.

(c) A unit of service for respite services is 15 minutes.

(d) Payments for respite services must be calculated as follows unless the service is reimbursed separately as part of a residential support services or day program payment rate:

(1) determine the number of units of service to meet an individual's needs;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 and 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring deaf and hard-of-hearing customization under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of direct staffing hours by the appropriate staff wage;

(6) multiply the number of direct staffing hours by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing rate;

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio;

(9) this is the subtotal rate;

(10) sum the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(11) divide the result of clause (9) by one minus the result of clause (10). This is the total payment amount;

(12) for respite services provided in a shared manner, divide the total payment amount in clause (11) by the number of service recipients, not to exceed three; and

(13) adjust the result of clause (12) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(e) Effective January 1, 2027, or upon federal approval, whichever is later, the billing limit for in-home respite services is equal to a maximum of 30 consecutive days per respite occurrence.

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

Sec. 35. Minnesota Statutes 2024, section 256B.4914, is amended by adding a subdivision to read:

Subd. 10e. **Documentation of staffing; auditing and rate review.** (a) Effective for services provided on or after January 1, 2029, a provider enrolled to provide residential support services under subdivision 6 must maintain documentation of direct staffing hours provided to each person receiving services, including but not limited to documentation identifying:

(1) the name, role, and unique identifier for each staff person who provided services to match records to payroll, time and attendance systems, and any other source documentation;

(2) the date services were provided;

(3) the total number of hours of direct support provided;

(4) awake overnight staffing hours provided, if applicable;

(5) asleep overnight staffing hours provided, if applicable; and

(6) any other staffing information required by the commissioner.

(b) A provider must maintain documentation in a manner and format determined by the commissioner for at least six years. If a provider changes payroll vendors, merges operations, or changes staffing identifiers, the provider must maintain a documented link between prior and current staffing identifiers sufficient to allow tracking of hours worked, turnover, and role classification for each staff person.

(c) A provider must submit the documentation required under paragraph (a) to the commissioner annually, in a manner and format determined by the commissioner. The commissioner must establish multiple submission windows throughout the calendar year and may assign providers to a submission window for administrative efficiency and system capacity. Documentation must reflect staffing provided during the prior calendar year and must be submitted no later than the final business day of the provider's assigned submission window. The commissioner may conduct random or targeted validations and audits of submitted data and may require supplemental documentation as necessary to verify accuracy and compliance.

(d) The commissioner must conduct periodic analysis of documentation submitted under this subdivision and may validate staffing data through random audits or other verification methods.

(e) Based on the analysis under paragraph (d), the commissioner may provide recommendations to lead agencies regarding modifications to the rate of a person receiving services, including increases or decreases necessary to align the rate with staffing provided to the person as demonstrated by the submitted historical staffing documentation. Recommendations must be based on the requirements of this section and applicable federal and state requirements governing rate setting.

(f) If a provider fails to submit documentation requested within the submission window in paragraph (c), the commissioner must issue a written notice of noncompliance. If documentation is not received within 60 days following the notice of noncompliance, the commissioner may temporarily suspend payments to the provider until the required documentation is submitted. The commissioner must make withheld payments to the provider once the required documentation is received. If the noncompliance persists, the commissioner may adjust future rate payments, require the provider to submit a corrective action plan, or pursue other enforcement actions as authorized by law.

(g) The commissioner must publish annual aggregate reports summarizing audit findings and trends related to staffing provided under this section.

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

Sec. 36. Minnesota Statutes 2024, section 256B.4914, subdivision 13, is amended to read:

Subd. 13. **Transportation.** The commissioner shall require that the purchase of transportation services be cost-effective and be limited to market rates where the transportation mode is generally available and accessible. Effective January 1, 2027, or upon federal approval, whichever is later, the billing limit for waiver transportation is equal to a maximum of 28 one-way trips per week per participant.

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

Sec. 37. Minnesota Statutes 2024, section 256B.4914, is amended by adding a subdivision to read:

Subd. 21. **Integrated community supports access services; service standards and billing criteria.** (a) This subdivision is effective October 1, 2027, or upon federal approval, whichever is later.

(b) For the purposes of this section, "integrated community supports access services" means the onsite or on-call availability of trained staff to address an individual's incidental, unplanned support needs in an integrated community supports setting.

(c) A provider billing integrated community supports access services for on-call staff must ensure that on-call staff are only assigned to one setting and can respond in-person to the setting within 30 minutes of receiving a request for support. A provider must ensure that staff providing onsite or on-call availability are specifically trained to support the individual for each integrated community supports access services unit billed.

(d) Providers must collect and maintain documentation on each instance of incidental, unplanned support provided to an individual by onsite or on-call staff. A documented instance of staff providing incidental, unplanned support is not required for each day the integrated community supports access services unit is billed.

(e) Documentation required under this subdivision must include:

(1) the individual's name;

(2) the date and time the individual requested incidental, unplanned support from onsite or on-call staff;

(3) the date and time of the incidental, unplanned support provision;

(4) the name of the staff member providing the incidental, unplanned support;

(5) a description of what incidental, unplanned support was provided; and

(6) an indication if provision of incidental, unplanned support did or did not result in the need for direct one-to-one support billed under subdivision 8a.

(f) A provider must document each instance of incidental, unplanned support provision within 72 hours. If documentation is completed more than 72 hours after provision of incidental, unplanned support, the provider must document extenuating circumstances that resulted in the delay in documentation under this subdivision.

(g) Documentation must be maintained either electronically or in paper form. The provider must produce the documentation upon request by the commissioner or lead agency.

Sec. 38. Minnesota Statutes 2024, section 256B.4914, is amended by adding a subdivision to read:

Subd. 22. **Administrative fees charged by providers and vendors.** Effective July 1, 2027, or upon federal approval, whichever is later, the commissioner must limit administrative fees charged by enrolled providers and vendors approved by lead agencies to no more than six percent of the total cost of the service or purchased goods. This limit applies to the following services and other new market rate services as determined by the commissioner:

(1) chore services billed daily;

(2) transitional services; and

(3) transportation.

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

Sec. 39. Minnesota Statutes 2024, section 256B.492, is amended by adding a subdivision to read:

Subd. 4. **Integrated community supports setting approval moratorium and exception.** (a) For purposes of this subdivision, "integrated community supports setting" means a multifamily housing building where a provider delivers integrated community supports under section 245D.03, subdivision 1, paragraph (c), clause (8), and for which a provider has a provider-controlled or provider-associated financial interest as defined under section 245A.02, subdivision 10b.

(b) The commissioner must not approve a new integrated community supports setting or approve an expansion of an existing integrated community supports setting except as provided in this subdivision.

(c) The commissioner may approve an exception to the moratorium only when the applicant demonstrates indirect control of the setting and compliance with:

(1) the federal home and community-based services requirements under Code of Federal Regulations, title 42, section 441.301(c);

(2) the prohibition on the use of medical assistance money for room and board under section 256B.4912, subdivision 17;

(3) independent lease requirements consistent with chapter 504B; and

(4) all documentation requirements under section 245D.12.

(d) To approve an exception, the commissioner must determine that the lead agency has requested the additional capacity to meet the specific disability-related needs of the person. Priority must be given to geographic regions with insufficient integrated community supports capacity based on statewide or regional needs determination processes.

(e) Nothing in this subdivision authorizes the commissioner to revoke approval of a previously approved setting following a change of ownership permissible under section 245A.043.

(f) A determination under this subdivision is final and not subject to appeal.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 40. Minnesota Statutes 2025 Supplement, section 256B.85, subdivision 7, is amended to read:

Subd. 7. **Community first services and supports; covered services.** Services and supports covered under CFSS include:

(1) assistance to accomplish activities of daily living (ADLs), instrumental activities of daily living (IADLs), and health-related procedures and tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task;

(2) assistance to acquire, maintain, or enhance the skills necessary for the participant to accomplish activities of daily living, instrumental activities of daily living, or health-related tasks;

(3) expenditures for items, services, supports, environmental modifications, or goods, including assistive technology. These expenditures must:

(i) relate to a need identified in a participant's CFSS service delivery plan; and

(ii) increase independence or substitute for human assistance, to the extent that expenditures would otherwise be made for human assistance for the participant's assessed needs;

(4) observation and redirection for behavior or symptoms where there is a need for assistance;

(5) back-up systems or mechanisms, such as the use of pagers or other electronic devices, to ensure continuity of the participant's services and supports;

(6) swimming lessons for a participant younger than 12 years of age whose disability puts the participant at a higher risk of drowning according to the Centers for Disease Control Vital Statistics System;

(7) services described under subdivision 17 provided by a consultation services provider meeting the requirements of subdivision 17a;

(8) services provided by an FMS provider as defined under subdivision 13a~~,~~ that is an enrolled provider with the department;

(9) CFSS services provided by a support worker who is a parent, stepparent, or legal guardian of a participant under age 18, or who is the participant's spouse. Covered services under this clause are subject to the limitations described in subdivision 7b; ~~and~~

(10) shared services meeting the shared services requirements of this section; and

~~(10)~~ (11) worker training and development services as described in subdivision 18a.

Sec. 41. Minnesota Statutes 2024, section 256B.85, is amended by adding a subdivision to read:

Subd. 7c. **Shared services under the agency-provider model.** (a) The commissioner shall authorize shared services arrangements if the commissioner determines that a shared services

arrangement is appropriate to meet all the participants' needs and sufficient to maintain the participants' health and safety. The commissioner must include a decision regarding authorization of shared services during the process of authorizing CFSS under subdivision 8. The commissioner must not reduce the total number of authorized units for a participant who elects to receive shared services.

(b) An agency-provider must offer a participant or the participant's representative the option of shared services, one-on-one services, or a combination of both shared services and one-on-one services when shared services are authorized by the commissioner. The option of shared services may be elected at the sole discretion of either the participant or the participant's representative. The participant or the participant's representative may withdraw from participating in a shared services arrangement at any time.

Sec. 42. Minnesota Statutes 2024, section 256B.85, is amended by adding a subdivision to read:

Subd. 7d. **Shared services rates under the agency-provider model.** The commissioner shall provide a rate system for shared services. For two participants sharing services, the rate paid to an agency-provider for the shared services must not exceed one and one-half times the rate paid for serving a single participant. For three participants sharing services, the rate paid to an agency-provider for the shared services must not exceed twice the rate paid for serving a single participant. These rates apply only when all criteria for shared services are met.

Sec. 43. Minnesota Statutes 2024, section 256B.85, is amended by adding a subdivision to read:

Subd. 7e. **Pass-through for shared services under the agency-provider model.** (a) Of the additional revenue for shared services provided to two participants, the agency-provider must use 90 percent for the purposes specified in paragraph (b). Of the additional revenue for shared services provided to three participants, the agency-provider must use 90 percent for the purposes specified in paragraph (b).

(b) An agency-provider must use the percentages of additional revenue for shared services specified in paragraph (a) for the wages and wage-related costs of the support worker providing the shared services. The agency-provider must not use additional revenue for shared services to pay for mileage reimbursements, uniform allowances, health and dental insurance, life insurance, disability insurance, long-term care insurance, contributions to employee retirement accounts when the contribution is not a function of wages, or any other employee benefits.

Sec. 44. Minnesota Statutes 2024, section 256B.85, is amended by adding a subdivision to read:

Subd. 7f. **Shared services under the budget model.** (a) A participant who intends to elect shared services under the budget model, or the participant's representative, must include a statement of this intention in the CFSS service delivery plan, must develop a plan for shared services when developing or amending the CFSS service delivery plan, and must follow the CFSS process for approval of the plan as required under subdivision 6.

(b) The commissioner shall authorize shared services arrangements if the commissioner determines that a shared services arrangement is appropriate to meet all the participants' needs and sufficient to maintain the participants' health and safety. The commissioner must include a decision regarding authorization of shared services during the process of authorizing CFSS under subdivision

8. The commissioner must not reduce the total authorized dollar amount available to a participant who elects to receive shared services.

(c) The participants, or participants' representatives as needed, who elect to share services under the budget model must jointly develop a shared services agreement with the support of the participants' representatives as needed. Any participant or any participant's representative may at any time withdraw from participating in a shared services agreement.

(d) The commissioner must develop and publish recommendations for negotiating wages for support workers providing shared services under the budget model.

Sec. 45. Minnesota Statutes 2024, section 256B.85, is amended by adding a subdivision to read:

Subd. 7g. **Pass-through for shared services under the budget model.** For shared services provided under the budget model, participant employers must pay the individual provider support worker providing the shared services a percentage of the minimum wage specified in the agreement negotiated under chapter 179A, as made applicable to individual providers under section 179A.54, that is in effect at the time the services are provided. The required percentages are specified in clauses (1) and (2):

(1) for shared services provided by an individual provider support worker to two participant employers, the two participant employers must collectively pay the individual provider support worker at least 150 percent of the applicable minimum wage; and

(2) for shared services provided by an individual provider support worker to three participant employers, the three participant employers must collectively pay the individual support worker at least 200 percent of the applicable minimum wage.

Sec. 46. **[256B.8502] COMMUNITY FIRST SERVICES AND SUPPORTS; DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of this section and sections 256B.85 and 256B.851, the terms in this section have the meanings given.

Subd. 2. **Additional revenue for shared services.** "Additional revenue for shared services" means the difference between the rate paid to an agency-provider for serving a single participant and the sum of the rates paid to an agency-provider for shared services provided to more than one recipient.

Subd. 3. **Individual provider support worker.** "Individual provider support worker" means a support worker who is an individual provider as defined in section 256B.0711, subdivision 1.

Subd. 4. **Wages and wage-related costs.** "Wages and wage-related costs" means increased wages and any corresponding increase in the employer's or participant employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation premiums, and contributions to employee retirement accounts when the contribution is a function of wages.

Sec. 47. **[256R.60] NURSING FACILITY WORKFORCE WAGE SUPPLEMENT PROGRAM.**

Subdivision 1. **Program established.** The commissioner must establish a program to provide supplemental wage payments to nursing home employees as provided in this section.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of human services.

(c) "Covered employee" means a nursing home worker, as defined in section 181.211, subdivision 9, who worked at least 260 hours for a covered employer between January 1, 2026, and June 30, 2026.

(d) "Covered employer" means a nursing home employer as defined in section 181.211, subdivision 8.

Subd. 3. **Eligibility for supplemental wage payments.** (a) A covered employee is eligible to receive a onetime payment of up to $400 if, during the period from January 1, 2026, to June 30, 2026, the employee was:

(1) in a position impacted by the January 1, 2026, wage standards described by Minnesota Rules, parts 5200.2060 to 5200.2090; and

(2) paid at an hourly wage that was less than the applicable January 1, 2026, wage standards described by Minnesota Rules, parts 5200.2060 to 5200.2090.

(b) A covered employee who does not meet the criteria in paragraph (a) is eligible to receive a onetime payment of up to $200.

(c) If appropriations are not sufficient to provide the maximum payment amount for all approved applications, the commissioner must first ensure payments are distributed in an equal amount, up to $400, to all approved applicants meeting the criteria in paragraph (a).

(d) If additional funding exists after making payments under paragraph (c), the commissioner must use the additional funding available to distribute payments in an equal amount, up to $200, to all covered employees not meeting the criteria in paragraph (a).

Subd. 4. **Employee and wage reporting by covered employees.** (a) A covered employer must, by July 31, 2026, provide the commissioner with wage and hour data for the January 1, 2026, to June 30, 2026, period for each covered employee in a form and manner determined by the commissioner.

(b) The commissioner may request additional information from covered employers to validate the data provided under paragraph (a). A covered employer must respond to requests from the commissioner under this paragraph.

(c) A covered employer that fails to comply with this subdivision may be subject to payment reduction under section 256R.09, subdivision 4.

Subd. 5. **Application and payment processes.** (a) As soon as practicable after final enactment of this act, the commissioner must establish a process for accepting applications for payments under this section and begin accepting applications.

(b) The commissioner must:

(1) establish a multilingual temporary help line for applicants; and

(2) offer multilingual applications and multilingual instructions.

(c) To qualify for a payment under this section, a covered employee must submit an application in a form and manner determined by the commissioner. As part of the application, an applicant must certify to the commissioner that the applicant is a covered employee and is eligible for payment under this section.

(d) The commissioner may contract with a third party to implement part or all of the application and payment processes required under this section.

(e) The commissioner's determination of eligibility for payments and amounts is final and is not subject to appeal.

(f) No later than 15 days after the application period is opened under this subdivision, covered employers must provide notice, in a form and manner approved by the commissioner, advising all current employees who may be eligible for payments under this section of the assistance potentially available to them and how to apply for benefits. A covered employer must provide notice using the same means the covered employer uses to provide other work-related notices to employees.

(g) Notice provided under paragraph (f) must be at least as conspicuous as:

(1) posting a copy of the notice at each work site where employees work and where the notice may be readily observed and reviewed by all employees working at the site; or

(2) providing a paper or electronic copy of the notice to all employees.

Subd. 6. **Audits and recoupment.** (a) The commissioner may perform an audit under this section up to six years after a payment is awarded to ensure that:

(1) the covered employee was eligible to receive payment under this section; and

(2) the covered employee received payments only in the amount permitted under this section.

(b) If the commissioner determines that a covered employee received payments not in compliance with this section, the commissioner must attempt to recoup the payment.

Subd. 7. **Payments not to be considered income.** (a) Notwithstanding any law to the contrary, payments provided under this section must not be considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for:

(1) child care assistance programs under chapter 142E;

(2) general assistance and Minnesota supplemental aid under chapter 256D;

(3) food support under chapter 142F;

(4) housing support under chapter 256I;

(5) the Minnesota family investment program and diversionary work program under chapter 142G; and

(6) economic assistance programs under chapter 256P.

(b) The commissioner must not consider grant awards under this section as income or assets under section 256B.056, subdivision 1a, paragraph (a); 3; or 3c, or for persons with eligibility determined under section 256B.057, subdivision 3, 3a, 3b, 4, or 9.

Subd. 8. **Expiration.** This section expires June 30, 2028.

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

Sec. 48. Minnesota Statutes 2024, section 256S.15, is amended by adding a subdivision to read:

Subd. 3. **Billing limits.** (a) Effective January 1, 2027, or upon federal approval, whichever is later, billable unit maximums are established for the following services authorized under section 256B.0913 and this chapter:

(1) for adult companion services, a maximum of six hours per day per recipient and a maximum of 936 hours annually per recipient;

(2) for chore services, a maximum of 24 units per week per recipient, where a unit is defined as a 15-minute increment;

(3) for homemaker services, cleaning and home management may be provided for a maximum of 16 hours combined per week per recipient;

(4) for personal emergency response system services, a maximum of one unit per month per recipient; and

(5) for waiver transportation, a maximum of 28 one-way trips per week per participant.

(b) The limits in this subdivision do not limit a person's use of other waiver services. Billing limits under this subdivision apply only to the individual service listed and do not prohibit the recipient from accessing other services for which they are eligible on the same day, week, or month, subject to other applicable requirements.

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

Sec. 49. Minnesota Statutes 2024, section 256S.21, is amended by adding a subdivision to read:

Subd. 4. **Documentation of staffing; auditing and rate review for residential support services.** (a) For purposes of this subdivision, residential support services include 24-hour customized living services, customized living services, family adult foster care, and corporate adult foster care.

(b) Effective January 1, 2029, a provider enrolled to provide residential support services under this subdivision must maintain documentation of direct staffing hours provided to each person receiving services, including but not limited to documentation identifying:

(1) the name, role, and unique identifier for each staff person who provided services to match records to payroll, time and attendance systems, and any other source documentation;

(2) the date services were provided;

(3) the total number of hours of direct support provided;

(4) awake overnight staffing hours provided, if applicable;

(5) asleep overnight staffing hours provided, if applicable; and

(6) any other staffing information required by the commissioner.

(c) A provider must maintain documentation in a manner and format determined by the commissioner for at least six years. If a provider changes payroll vendors, merges operations, or changes staffing identifiers, the provider must maintain a documented link between prior and current staffing identifiers sufficient to allow tracking of hours worked, turnover, and role classification for each staff person.

(d) A provider must submit the documentation required under paragraph (b) to the commissioner annually, in a manner and format determined by the commissioner. The commissioner must establish multiple submission windows throughout the calendar year and may assign providers to a submission window for administrative efficiency and system capacity. Documentation must reflect staffing provided during the prior calendar year and must be submitted no later than the final business day of the provider's assigned submission window. The commissioner may conduct random or targeted validations and audits of submitted data and may require supplemental documentation as necessary to verify accuracy and compliance.

(e) The commissioner must conduct periodic analysis of documentation submitted under this subdivision and may validate staffing data through random audits or other verification methods.

(f) Based on the analysis under paragraph (e), the commissioner may provide recommendations to lead agencies regarding modifications to the rate of the person receiving services, including increases or decreases necessary to align the rate with staffing provided to the person as demonstrated by the submitted historical staffing documentation. Recommendations must be based on the requirements of this section and applicable federal and state requirements governing rate setting.

(g) If a provider fails to submit documentation requested within the submission window under paragraph (d), the commissioner must issue a written notice of noncompliance. If documentation is not received within 60 days following the notice of noncompliance, the commissioner may temporarily suspend payments to the provider until the required documentation is submitted. The commissioner must make withheld payments to the provider once the required documentation is received. If the noncompliance persists, the commissioner may adjust future rate payments, require the provider to submit a corrective action plan, or pursue other enforcement actions as authorized by law.

(h) The commissioner must publish annual aggregate reports summarizing audit findings and trends related to staffing provided under this section.

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

Sec. 50. Minnesota Statutes 2024, section 256S.21, is amended by adding a subdivision to read:

Subd. 5. **Administrative fees charged by providers or vendors.** The commissioner must limit administrative fees charged by enrolled providers or vendors approved by lead agencies to no more than six percent of the total cost of the service or purchased goods. This limit applies to the following services but allows for the addition of other services determined by the commissioner:

(1) chore services billed daily;

(2) transitional services; and

(3) transportation.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 51. Laws 2021, First Special Session chapter 7, article 13, section 73, as amended by Laws 2025, First Special Session chapter 9, article 2, section 56, is amended to read:

Sec. 73. **WAIVER REIMAGINE PHASE II.**

(a) Effective January 1, 2027, or upon federal approval, whichever is later, the commissioner of human services must implement a two-home and community-based services waiver program structure, as authorized under section 1915(c) of the federal Social Security Act, that serves persons who are determined by a certified assessor to require the levels of care provided in a nursing home, a hospital, a neurobehavioral hospital, or an intermediate care facility for persons with developmental disabilities.

(b) The commissioner of human services must implement an individualized budget methodology, as authorized under section 1915(c) of the federal Social Security Act, that serves persons who are determined by a certified assessor to require the levels of care provided in a nursing home, a hospital, a neurobehavioral hospital, or an intermediate care facility for persons with developmental disabilities.

(c) The commissioner must develop an individualized budget methodology exception to support access to self-directed home care nursing services. Lead agencies must submit budget exception requests to the commissioner in a manner identified by the commissioner. Eligibility for the budget exception in this paragraph is limited to persons meeting all of the following criteria in the person's most recent assessment:

(1) the person is assessed to need the level of care delivered in a hospital setting as evidenced by the submission of the Department of Human Services form 7096, primary medical provider's documentation of medical monitoring and treatment needs;

(2) the person is assessed to receive a support range budget of E or H; and

(3) the person does not receive community residential services, family residential services, integrated community supports services, or customized living services.

(d) Home care nursing services funded through the budget exception developed under paragraph (c) must be ordered by a physician, physician assistant, or advanced practice registered nurse. If the participant chooses home care nursing, the home care nursing services must be performed by a registered nurse or licensed practical nurse practicing within the registered nurse's or licensed practical nurse's scope of practice as defined under Minnesota Statutes, sections 148.171 to 148.285. If after a person's annual reassessment under Minnesota Statutes, section 256B.0911, any requirements of this paragraph or paragraph (c) are no longer met, the commissioner must terminate the budget exception.

(e) The commissioner of human services may seek all federal authority necessary to implement this section.

(f) The commissioner must ensure that the new waiver service menu and individual budgets allow people to live in their own home, family home, or any home and community-based setting of their choice. The commissioner must ensure, within available resources and subject to state and federal regulations and law, that waiver reimagine does not result in unintended service disruptions.

(g) ~~No later than July 1, 2026,~~ The commissioner must:

(1) develop and implement an online support planning and tracking tool to provide information in an accessible format to support informed choice for people using disability waiver services that allows access to the total budget available to a person, the services for which they are eligible, and the services they have chosen and used. This information must be provided to persons currently using disability waiver services at least 12 months prior to the date their services will be subjected to the budget;

(2) explore operability options that facilitate real-time tracking of a person's remaining available budget throughout the service year; and

(3) seek input from people with disabilities about the online support planning and tracking tool prior to the tool's implementation.

(h) The commissioner must establish a phased approach to implementing the two-waiver program structure. The commissioner must consult with the Olmstead Implementation Office prior to seeking federal approval to ensure the phased approach promotes community integration and continuity of care.

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

Sec. 52. Laws 2026, chapter 95, article 4, section 2, is amended to read:

Sec. 2. Minnesota Statutes 2024, section 245A.03, is amended by adding a subdivision to read:

Subd. 7c. **Licensing moratorium exceptions.** (a) The commissioner may approve exceptions to the foster care and community residential settings moratoria described under subdivision 7b as provided in this subdivision.

(b) When approving an exception under this subdivision to the foster care or community residential setting moratorium described in subdivision 7b, the commissioner shall consider the resource need determination process in subdivision 7d, the availability of foster care licensed beds in the geographic area in which the licensee seeks to operate, the results of the person's choices during the person's annual assessment and service plan review, and the recommendation of the local county board. The determination by the commissioner is final and not subject to appeal.

(c) Permissible exceptions to the moratorium include:

(1) a license for a person in a foster care setting that is not the primary residence of the license holder and where at least 80 percent of the residents are 55 years of age or older;

(2) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under subdivision 7d for the closure of a nursing facility, an intermediate care facility for individuals with developmental disabilities, or regional treatment center; restructuring of state-operated services that limits the capacity of state-operated facilities; or movement to the community of people who no longer require the level of care provided in state-operated facilities as provided under section 256B.092, subdivision 13, or 256B.49, subdivision 24; ~~and~~

(3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under subdivision 7d for persons requiring hospital-level care~~.~~; and

(4) new foster care licenses or community residential setting licenses for people receiving customized living or 24-hour customized living services under the brain injury or community access for disability inclusion waiver plans under section 256B.49 and residing in the customized living setting before July 1, 2026, for which a license is required. A customized living service provider subject to this exception may rebut the presumption that a license is required by seeking a reconsideration of the commissioner's determination. The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14. The exception is available until June 30, 2027. This exception is available when:

(i) the person's customized living services are provided in a customized living service setting serving four or fewer people under the brain injury or community access for disability inclusion waiver plans under section 256B.49 in a single-family home operational on or before June 30, 2026. For purposes of this clause, "operational" has the meaning given in section 256B.49, subdivision 28;

(ii) the person's case manager provided the person with information about the choice of service, service provider, and location of service, including in the person's home, to help the person make an informed choice; and

(iii) the person's services provided in the licensed foster care or community residential setting are less than or equal to the cost of the person's services delivered in the customized living setting as determined by the lead agency.

Sec. 53. **WAIVER CASE MANAGEMENT ADVISORY WORKING GROUP.**

Subdivision 1. **Establishment; purpose.** The commissioner of human services shall convene a waiver case management advisory working group. The purpose of the working group is to evaluate

and make recommendations regarding the quality, workforce sustainability, accountability, and long-term stability of home and community-based waiver case management services provided under Minnesota Statutes, sections 256B.0913, 256B.092, 256B.0922, and 256B.49, and chapter 256S.

Subd. 2. **Membership.** The commissioner shall appoint members representing diverse geographic regions of the state, including metropolitan and greater Minnesota areas, with at least 30 percent of the members living or working outside the seven-county metropolitan area and including:

(1) representatives of the Department of Human Services;

(2) lead agencies, as defined in Minnesota Statutes, section 256B.0911, subdivision 10;

(3) contracted waiver case management providers;

(4) waiver case managers with current direct service responsibilities;

(5) individuals receiving waiver services or their family members or advocates;

(6) representatives of disability advocacy organizations;

(7) representatives of the Minnesota Disability Law Center;

(8) representatives of culturally specific or Tribal communities; and

(9) workforce representatives with experience in human services.

Subd. 3. **Compensation; expenses.** Members of the working group may receive compensation and expense reimbursement as provided in Minnesota Statutes, section 15.059, subdivision 3.

Subd. 4. **Meetings; administrative support.** (a) The first meeting of the working group must be convened no later than August 1, 2026. The working group must meet at least monthly. Meetings are subject to Minnesota Statutes, chapter 13D. The working group may meet by telephone or interactive technology consistent with Minnesota Statutes, section 13D.015.

(b) The Department of Human Services shall provide staff and administrative support to convene the working group, facilitate working group meetings, and prepare the final report.

Subd. 5. **Duties.** The working group shall:

(1) evaluate the impact of current funding levels, workforce capacity, administrative requirements, and caseload expectations on service delivery and quality outcomes;

(2) examine accountability and oversight mechanisms and grievance processes across delivery models;

(3) review available data related to workforce vacancies, turnover, compensation, and service access;

(4) identify barriers to maintaining high-quality and culturally responsive case management services;

(5) examine case management training requirements and core competencies;

(6) evaluate client transfer and service continuity processes; and

(7) develop recommendations, including potential legislative or administrative changes, to ensure a stable, accountable, and high-quality waiver case management system that supports person-centered planning and informed choice.

Subd. 6. **Report.** By September 1, 2027, the commissioner shall submit a report summarizing the working group's findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance.

Subd. 7. **Expiration.** The working group expires upon submission of the report required under subdivision 6.

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

Sec. 54. **DIRECTION TO COMMISSIONER; HCBS WAIVER CASE MANAGEMENT EVALUATION AND REPORT.**

(a) The commissioner of human services must evaluate reimbursement rates and lead agency duties associated with home and community-based services (HCBS) case management under Minnesota Statutes, sections 256B.092 and 256B.49, and chapter 256S. The commissioner must develop an updated payment methodology for waiver case management that reasonably covers the cost to provide high-quality, person-centered, and culturally responsive case management services. The report must, at a minimum, include:

(1) an evaluation of costs and workforce pressures that impact the delivery of case management services;

(2) an evaluation of costs to provide culturally responsive case management services;

(3) an evaluation of current reimbursement rates, methodologies, and the extent to which rates cover costs to provide services and attract and retain case managers;

(4) an evaluation of current caseload sizes and recommended best practices for caseload and case mix;

(5) identification and evaluation of the required professional qualifications, experience, and training of case management professionals; and

(6) recommended HCBS waiver rate methodology, specified cost components, weighted values, and modeled rate frameworks.

(b) The commissioner must consult with interested parties, including but not limited to lead agencies, contracted case management services providers, individuals receiving services and their families, advocacy organizations, and relevant experts. The commissioner must consider the recommendations of the waiver case management advisory working group under section 53 when developing recommendations under this section.

(c) The commissioner may contract with rate experts to develop and model recommended rates.

(d) By December 15, 2028, the commissioner of human services must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services with the findings and recommendations of the evaluation.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 55. **INTEGRATED COMMUNITY SUPPORTS REFORM STUDY.**

Subdivision 1. **Review and evaluation.** (a) The commissioner of human services must review the medical assistance integrated community supports (ICS) service provided under the home and community-based waivers authorized under Minnesota Statutes, sections 256B.092 and 256B.49, and evaluate the need for statutory, regulatory, and programmatic reforms. At a minimum, the evaluation must include:

(1) an examination of current provider standards, service delivery models, and oversight mechanisms applicable to ICS providers;

(2) an assessment of the effectiveness of ICS in supporting individuals to live independently in community settings, including outcomes related to service utilization and health and safety;

(3) a review of payment methodologies, including rate structures, administrative components, and alignment with federal Medicaid requirements under home and community-based services waivers and state plan authorities;

(4) an environmental scan of comparable supportive housing and community-based service models in other states, including best practices for program integrity, quality assurance, and service coordination;

(5) an assessment of program integrity risks, including billing practices and service verification; and

(6) identification of opportunities to improve coordination between ICS providers and lead agencies.

(b) The commissioner may hire a third-party contractor to perform activities necessary to complete the evaluation. Any contract with a contractor under this section is not subject to the statewide contracting provisions under Minnesota Statutes, sections 16C.05, subdivisions 1 to 4, and 16C.06.

Subd. 2. **Community consultation.** The commissioner must consult with the community in conducting the review under this section. The community must include, at a minimum:

(1) individuals who receive ICS services and self-advocates;

(2) family members and caregivers of individuals who receive ICS services;

(3) ICS providers;

(4) counties and Tribal Nations serving as lead agencies; and

(5) advocacy organizations representing people with disabilities.

Subd. 3. **Reports.** (a) The commissioner must develop recommendations for legislative and administrative changes to strengthen the ICS program. Recommendations may include but are not limited to:

(1) establishing risk-based provider oversight and program integrity requirements;

(2) clarifying allowable services and service limits consistent with federal Medicaid requirements, including prohibitions on payment for room and board;

(3) improving service verification, documentation, and accountability measures;

(4) enhancing recipient protections, including person-centered planning and grievance processes;

(5) aligning ICS with home and community-based services settings requirements under Code of Federal Regulations, title 42, section 441.301; and

(6) modifications to the ICS rate methodology.

(b) The commissioner must submit an initial report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by March 1, 2027, and a final report by January 1, 2028. The reports must include findings, community feedback, and specific legislative proposals related to ICS reform.

Sec. 56. **MARKET RATE STUDY FOR HOME AND COMMUNITY-BASED SERVICES.**

(a) The commissioner of human services must conduct a market rate study to evaluate the adequacy, sustainability, and equity of payment rates for specific home and community-based services under the home and community-based services waivers authorized under Minnesota Statutes, sections 256B.092 and 256B.49.

(b) The study must include, at minimum, an analysis of the following services:

(1) employment support services delivered in remote or virtual settings;

(2) 24-hour emergency assistance;

(3) assistive technology;

(4) environmental accessibility adaptations;

(5) chore services;

(6) transitional services;

(7) independent living skills training; and

(8) specialist services, including positive support services and orientation and mobility services.

(c) In planning and conducting the market rate study, the commissioner must consult with interested parties, including but not limited to service providers, people with disabilities, lead agencies, Tribal Nations, culturally specific and community-based providers, and disability advocacy organizations. The consultation process must be designed to ensure meaningful participation from providers in greater Minnesota and from providers serving communities of color and Tribal Nations.

(d) In conducting the study, the commissioner must analyze provider costs, workforce availability, wage competitiveness, regional market conditions, inflationary impacts, and access issues. The commissioner must also evaluate whether current reimbursement methodologies reflect actual costs of providing services and support long-term access to qualified providers.

(e) By February 15, 2027, the commissioner must submit a report with findings and recommendations, including but not limited to any proposed statutory changes, to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance.

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

Sec. 57. **MNCHOICES REDESIGN WORKING GROUP.**

Subdivision 1. **Establishment.** The commissioner of human services shall convene a MnCHOICES redesign working group to develop recommendations related to state provision of MnCHOICES assessments under Minnesota Statutes, section 256B.0911, subdivision 14, paragraph (g).

Subd. 2. **Membership.** At a minimum, the working group must include the following members:

(1) two individuals receiving waiver services or the individuals' family members or advocates, appointed by the commissioner in consultation with organizations representing individuals with lived experience of disability and waiver services;

(2) three county representatives, appointed by the Minnesota Association of County Social Service Administrators, including:

(i) at least one representative of a lead agency located in a metropolitan county, as defined in Minnesota Statutes, section 473.121, subdivision 4; and

(ii) at least two representatives of lead agencies located outside of a metropolitan county, as defined in Minnesota Statutes, section 473.121, subdivision 4;

(3) one staff member from the Minnesota Social Service Association, appointed by the Minnesota Social Service Association;

(4) at least three representatives from Tribal Nations, appointed by the commissioner;

(5) two representatives of disability advocacy organizations, appointed by the commissioner; and

(6) additional nonvoting participants as determined by the commissioner, which may include staff from the Department of Human Services and other interested parties.

Subd. 3. **Duties.** The working group shall make recommendations to shift the responsibility and administration of conducting MnCHOICES assessments to the state. Recommendations must include:

(1) defined roles and responsibilities between county, Tribal Nation, and state functions;

(2) revised payment methodologies and financing of duties;

(3) efficient workflows between local and state functions;

(4) service continuity for people seeking and receiving long-term services and supports; and

(5) methods for gathering public feedback and providing public awareness.

Subd. 4. **Terms, compensation, and removal.** The terms, compensation, and removal of the working group members are governed by Minnesota Statutes, section 15.059.

Subd. 5. **Meetings; administrative support.** (a) The first meeting of the working group must be convened no later than August 1, 2026. The working group must meet at least monthly. The working group may meet by telephone or interactive technology consistent with Minnesota Statutes, section 13D.015.

(b) The Department of Human Services shall provide staff and administrative support to convene the working group, facilitate working group meetings, and prepare the final report.

Subd. 6. **Report.** By September 1, 2027, the commissioner must submit a report of the working group's findings and recommendations, including but not limited to any legislative changes necessary to implement the recommendations, to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance.

Subd. 7. **Expiration.** The working group expires upon submission of the report required under subdivision 6.

Sec. 58. **DIRECTION TO COMMISSIONER; ENVIRONMENTAL ACCESSIBILITY ADAPTATIONS FOR HOMES.**

By October 1, 2026, the commissioner of human services must submit to the Centers for Medicare and Medicaid Services waiver plan amendments for the brain injury, community access for disability inclusion, community alternative care, and developmental disabilities 1915(c) waivers to implement the following reforms to environmental accessibility adaptations for homes:

(1) separate the treatment of home modifications from the treatment of vehicle modifications;

(2) replace the existing $40,000 annual limit for home modifications with a $40,000 three-year limit;

(3) replace the existing provisions that permit a two-year limit of $80,000 to be authorized during a two-year period with provisions permitting a six-year limit of $80,000 to be authorized in a five-year period;

(4) limit permissible authorizations for home modifications to only modifications meeting an assessed need that cannot be met in a less costly way in the person's current home;

(5) limit the number of similar or duplicative home modifications to modifications that are necessary for the health and safety of the person; and

(6) establish caps on the number, size, and cost of common home modifications.

Sec. 59. **DIRECTION TO COMMISSIONER; ENVIRONMENTAL ACCESSIBILITY ADAPTATIONS FOR VEHICLES.**

(a) By October 1, 2026, the commissioner of human services must submit to the Centers for Medicare and Medicaid Services waiver plan amendments for the brain injury, community access for disability inclusion, community alternative care, and developmental disabilities 1915(c) waivers to implement the following reforms to environmental accessibility adaptations for vehicles:

(1) separate the treatment of vehicle modifications from the treatment of home modifications;

(2) replace the existing $40,000 annual limit for vehicle modifications with a $40,000 five-year limit; and

(3) permit multiple authorizations for vehicle modifications in a five-year period when a vehicle is sold, provided that subsequent authorizations are limited to:

(i) for a purchased adapted vehicle, the portion of the original purchase cost attributable to the vehicle modifications minus the book value of the purchase price attributable to the vehicle modifications; or

(ii) for vehicle modifications, the original purchase and installation cost of the modifications minus the book value of the modifications.

(b) For purposes of this section, "book value" means the original cost minus the product of 20 percent of the original cost multiplied by the number of years during which the adapted vehicle was used by the person.

Sec. 60. **DIRECTION TO COMMISSIONER; HOME AND COMMUNITY-BASED SERVICES ACCESS RULE IMPLEMENTATION.**

The commissioner of human services must develop systems and capacity to comply with the requirements of the federal access rule to improve access to care, quality and health outcomes, and program integrity in medical assistance home and community-based services. The initial phase of implementation efforts for home and community-based services must include:

(1) updating critical incident oversight by implementing a system to track trends, resolution of incidents, and other information to enhance protections and improve outcomes for recipients;

(2) establishing a home and community-based services grievance procedure and work unit to accept, investigate, and resolve grievances for home and community-based service recipients related to service providers, lead agencies, and the department;

(3) establishing an advisory body for interested parties to advise on services, including direct care workers, beneficiaries, authorized representatives, and other individuals impacted by service rates;

(4) establishing an advisory body for current and former beneficiaries, family members, and caregivers to advise the commissioner on policy and program administration;

(5) publishing all medical assistance fee-for-service fee schedule payment rates; and

(6) developing and reporting on home and community-based service program integrity and quality measures to demonstrate state outcomes on wait list times; access to certain services, including the average time from eligibility determination to service commencement; service utilization; and other quality metrics.

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

Sec. 61. **REVISOR INSTRUCTION.**

(a) The revisor of statutes shall renumber the definitions in Minnesota Statutes, section 256B.85, subdivision 2, and the definitions in Minnesota Statutes, section 256B.851, subdivision 2, as subdivisions in Minnesota Statutes, section 256B.8502, rearranging the renumbered and existing definitions in Minnesota Statutes, section 256B.8502, as necessary to place them in alphabetical order. The revisor of statutes shall revise all statutory cross-references consistent with this recoding.

(b) If a provision of Minnesota Statutes, section 256B.85, subdivision 2, or 256B.851, subdivision 2, is amended or repealed in the 2026 regular legislative session, the revisor of statutes shall codify the amendment or repealer in Minnesota Statutes, section 256B.8502, notwithstanding any other law to the contrary.

Sec. 62. **REPEALER.**

(a) Minnesota Statutes 2024, section 256B.0911, subdivision 21, is repealed.

(b) Minnesota Statutes 2025 Supplement, section 256B.0911, subdivisions 24a and 25a, are repealed.

(c) Minnesota Statutes 2024, section 256B.0921, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective January 1, 2027. Paragraph (b) is effective the day following final enactment.

ARTICLE 10

ELECTRONIC VISIT VERIFICATION

Section 1. Minnesota Statutes 2025 Supplement, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health

care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

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

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

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

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

(4) public transportation, within the meaning of "public transportation" as defined in section 174.22, subdivision 7; or

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

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

(e) Effective January 1, 2027, or upon federal approval, whichever is later, medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service. All nonemergency medical transportation providers must bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria and comply with the requirements under section 256B.073. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements in this paragraph.

~~(e)~~ (f) An organization may be terminated, denied, or suspended from enrollment if:

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

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

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

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

~~(f)~~ (g) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner;

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

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

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(g)~~ (h) Effective July 1, 2026, for medical fee-for-service and January 1, 2027, for prepaid medical assistance, the administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner;

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

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

~~(h)~~ (i) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph ~~(n)~~ (o), clauses (4), (5), (6), and (7). This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(i)~~ (j) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, physician assistant, or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical

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

~~(j)~~ (k) Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(k)~~ (l) Effective July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance, nonemergency medical transportation providers must take clients to the health care provider using the most direct route and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the administrator.

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

~~(m)~~ (n) The administrative agency shall use the level of service process established by the commissioner to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

~~(n)~~ (o) The covered modes of transportation are:

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

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

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

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

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

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

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

~~(o)~~ (p) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph ~~(n)~~ (o) according to paragraphs ~~(r)~~ (s) to ~~(t)~~ (u) when the commissioner has developed, made available, and funded the web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(p)~~ (q) The commissioner shall:

(1) verify that the mode and use of nonemergency medical transportation is appropriate;

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

(3) investigate all complaints and appeals.

~~(q)~~ (r) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

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

(1) $0.22 per mile for client reimbursement;

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

(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $12.10 for the base rate and $1.43 per mile when provided by a nonemergency medical transportation provider;

(4) $14.30 for the base rate and $1.43 per mile for assisted transport;

(5) $19.80 for the base rate and $1.70 per mile for lift-equipped/ramp transport;

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

(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(s)~~ (t) Effective July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance, payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph ~~(m)~~ (n), not the type of vehicle used to provide the service.

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

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

(2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph ~~(r)~~ (s), clauses (1) to (7). This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(u)~~ (v) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs ~~(r)~~ (s) to ~~(t)~~ (u), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(v)~~ (w) The commissioner, when determining reimbursement rates for nonemergency medical transportation, shall exempt all modes of transportation listed under paragraph ~~(n)~~ (o) from Minnesota Rules, part 9505.0445, item R, subitem (2).

~~(w)~~ (x) Effective for the first day of each calendar quarter in which the price of gasoline as posted publicly by the United States Energy Information Administration exceeds $3.00 per gallon, the commissioner shall adjust the rate paid per mile in paragraph ~~(r)~~ (s) by one percent up or down for every increase or decrease of ten cents for the price of gasoline. The increase or decrease must be calculated using a base gasoline price of $3.00. The percentage increase or decrease must be calculated using the average of the most recently available price of all grades of gasoline for Minnesota as posted publicly by the United States Energy Information Administration. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

Sec. 2. Minnesota Statutes 2024, section 256B.0625, subdivision 17b, is amended to read:

Subd. 17b. **Documentation required.** (a) As a condition for payment, nonemergency medical transportation providers must document each occurrence of a service provided to a recipient according to this subdivision. Providers must maintain records sufficient to distinguish individual trips with specific vehicles and drivers. The documentation may be collected and maintained using electronic systems or software or in paper form but must be made available and produced upon request. Program

funds paid for transportation that is not documented according to this subdivision may be subject to recovery by the commissioner pursuant to section 256B.064.

(b) A nonemergency medical transportation provider must compile transportation trip records that are written in English and legible according to the standard of a reasonable person and that include each of the following elements:

(1) the recipient's name;

(2) the date or dates the service is provided, if different than the date the entry was made;

(3) either the printed name of the driver sufficient to distinguish the driver of service or the driver's provider number;

(4) the date and the signature of the driver attesting that the record accurately represents the services provided and the actual miles driven, and acknowledging that misreporting information that results in ineligible or excessive payments may result in civil or criminal action;

(5) the date and the signature of the recipient or authorized party attesting that transportation services were provided as indicated on the transportation trip record, or the signature of the medical services provider certifying that the recipient was transported to the medical services provider destination. In the event that both the medical services provider and the recipient or authorized party refuse or are unable to provide signatures, the driver must document on the transportation trip record that signatures were requested and not provided;

(6) the address, or the description if the address is not available, of both the origin and destination, and the mileage for the most direct route from the origin to the destination;

(7) the name or number of the mode of transportation in which the service is provided;

(8) the license plate number of the vehicle used to transport the recipient;

(9) the time of the recipient pickup;

(10) the time of the recipient drop-off;

(11) the odometer reading of the vehicle used to transport the recipient taken at the time of pickup;

(12) the odometer reading of the vehicle used to transport the recipient taken at the time of drop-off;

(13) the name of the extra attendant when an extra attendant is used to provide special transportation service; and

(14) the documentation indicating the method that was used to determine the most direct route.

(c) In determining whether the commissioner will seek recovery, the documentation requirements in this section apply retroactively to audit findings beginning January 1, 2020, and to all audit findings thereafter.

(d) Effective January 1, 2027, or upon federal approval, whichever is later, records that comply with section 256B.073 may be used to meet the requirements under this subdivision if all required elements are included in the record.

Sec. 3. Minnesota Statutes 2024, section 256B.073, subdivision 1, is amended to read:

Subdivision 1. **Documentation; establishment and operation.** The commissioner of human services shall establish ~~implementation requirements and standards for~~ and maintain the requirements and standards for the ongoing operation of electronic visit verification to comply with the 21st Century Cures Act, Public Law 114-255. Within available appropriations, the commissioner shall take steps to comply with the electronic visit verification requirements in the 21st Century Cures Act, Public Law 114-255.

Sec. 4. Minnesota Statutes 2024, section 256B.073, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given ~~them~~.

(b) "Data aggregator" means the entity designated by the commissioner to collect, store, and transmit electronic visit verification data from providers and third-party systems to the commissioner in accordance with the standards and requirements established under this section.

~~(b)~~ (c) "Electronic visit verification" or "EVV" means the ~~electronic documentation of the~~ process required under this section and United States Code, title 42, section 1396b(l), used to electronically verify the:

(1) type of service performed;

(2) individual receiving the service;

(3) date of the service;

(4) location of the service delivery;

(5) individual providing the service; and

(6) time the service begins and ends.

(d) "Electronic visit verification data" means information collected through an electronic visit verification system, including data elements required under United States Code, title 42, section 1396b(l), and any additional data elements specified by the commissioner under this section.

~~(c)~~ (e) "Electronic visit verification system" means a system ~~that provides electronic verification of services~~ used to collect, verify, and transmit electronic visit verification data to the commissioner or the commissioner's designated data aggregator that complies with the 21st Century Cures Act, Public Law 114-255, and the requirements of subdivision 3.

(f) "Electronic visit verification vendor" means any entity that develops, provides, or supports an electronic visit verification system, including the state-provided vendor and any third-party vendor.

(g) "Financial management services provider" means an entity enrolled with the commissioner to provide financial management services under section 256B.85 or other applicable law and responsible for fiscal, payroll, and reporting functions on behalf of participant employers.

(h) "Home health agency" means a home care provider agency that is Medicare certified under Code of Federal Regulations, title 42, part 484, and licensed as a home care provider under chapter 144A.

(i) "Individual" means a person who receives services subject to electronic visit verification under the medical assistance program.

(j) "Managed care organization" means a public or private organization that contracts with the commissioner under section 256B.69 or other applicable law to deliver health care services to individuals eligible for medical assistance or MinnesotaCare.

(k) "Manual visit" means a visit:

(1) entered administratively and not by the caregiver at the time of service delivery; or

(2) where data elements are edited after the time of service delivery.

(l) "Provider" means an individual or organization that meets one or more of the following conditions:

(1) is enrolled as a Minnesota health care programs provider;

(2) provides services through a managed care organization under contract with the commissioner under section 256B.69;

(3) is a financial management services provider; or

(4) is a participant employer under section 256B.85, subdivision 7, or an employer of record that is directing services under section 256B.49, subdivision 16.

~~(d)~~ (m) "Service" means one of the following:

(1) personal care assistance services as defined in section 256B.0625, subdivision 19a, and provided according to section 256B.0659;

(2) community first services and supports under section 256B.85;

(3) home health services under section 256B.0625, subdivision 6a; ~~or~~

(4) adult companion services;

(5) adult day services;

(6) adult rehabilitative mental health services;

(7) assertive community treatment;

(8) early intensive developmental and behavioral intervention;

(9) integrated community supports;

(10) nonemergency medical transportation services;

(11) recovery peer support;

(12) home and community-based services reimbursed at an hourly or specified minute-based rate and provided according to a federally approved waiver plan as authorized under chapter 256S or section 256B.0913, 256B.092, or 256B.49; or

(13) other medical supplies and equipment or home and community-based services that are required to be electronically verified by the 21st Century Cures Act, Public Law 114-255.

(n) "State-provided electronic visit verification system" means the electronic visit verification system made available by the commissioner to providers at no cost for services subject to federal electronic visit verification requirements.

(o) "Third-party electronic visit verification system" means an electronic visit verification system purchased or operated by a provider or vendor other than the state-provided system designated by the commissioner.

(p) "Verification method" means the electronic process used to capture and verify visit information, including telephone, fixed visit verification devices, or mobile applications, as approved by the commissioner.

(q) "Visit" means a single occurrence of service delivery subject to electronic visit verification.

(r) "Worker" means an individual who provides personal care assistance services, community first services and supports, home health services, consumer-directed community supports, or other services identified by the commissioner as subject to electronic visit.

Sec. 5. Minnesota Statutes 2024, section 256B.073, subdivision 3, is amended to read:

Subd. 3. **Requirements.** (a) In ~~developing implementation requirements for~~ administering electronic visit verification, the commissioner ~~shall~~ must ensure that the system and related requirements:

(1) are ~~minimally~~ administratively and financially ~~burdensome to a provider~~ reasonable for providers of services;

(2) ~~are minimally burdensome~~ support continued access to ~~the~~ services and are designed to avoid disruption to service ~~recipient and the least disruptive to the service recipient in receiving and maintaining allowed services~~ delivery or receipt;

(3) consider existing best practices and use of electronic visit verification;

(4) are conducted according to all state and federal laws;

(5) are effective methods for preventing fraud when balanced against the requirements of clauses (1) and (2); and

(6) are consistent with the Department of Human Services' policies related to covered services, flexibility of service use, and quality assurance.

(b) The commissioner ~~shall~~ must make training and guidance available to providers of services on the electronic visit verification ~~system~~ requirements and system use.

(c) The commissioner ~~shall~~ must establish baseline measurements related to preventing fraud and establish measures to determine the effect of electronic visit verification requirements on program integrity.

(d) The commissioner ~~shall~~ must make a ~~state-selected~~ state-provided electronic visit verification system available to providers of services.

(e) The commissioner ~~shall~~ must make available and publish on the agency website the name and contact information for the vendor of the ~~state-selected~~ state-provided electronic visit verification system and the other vendors that offer alternative electronic visit verification systems. The information provided must state that the ~~state-selected~~ state-provided electronic visit verification system is offered at no cost to the provider of services and that the provider of services may choose an alternative system that may be at a cost to the provider.

(f) The commissioner may establish implementation dates and implementation schedules for system functions subject to electronic visit verification under this section, including but not limited to verification methods or technical requirements.

(g) The commissioner may waive the requirements under this section for any service component or setting when the application of electronic visit verification is contrary to paragraph (a).

Sec. 6. Minnesota Statutes 2024, section 256B.073, is amended by adding a subdivision to read:

Subd. 4a. **Electronic visit verification system options.** (a) A provider of services must use an electronic visit verification system that complies with the requirements established by the commissioner. A provider of services may use either the state-provided system or a third-party system. All systems used for compliance must provide data to the commissioner in the format and with the frequency required by the commissioner.

(b) The commissioner must make a state-provided electronic visit verification system available at no cost to providers of services. The commissioner must provide training on the system to all providers of services.

(c) The commissioner must allow providers of services to utilize a third-party electronic visit verification system that the commissioner determines meets the requirements under this section.

(d) A provider of services using a third-party electronic visit verification system that meets all technical specifications and federal and state laws must:

(1) collect and submit all data for each visit to the commissioner, including but not limited to manual entries;

(2) maintain compliance identified by the commissioner, including but not limited to incorporating into the system any changes in data requirements that must be transmitted to the commissioner; and

(3) integrate the system with the data aggregator to accurately send data.

(e) The data aggregator must be available at no cost to a provider of services for purposes of transmitting electronic visit verification data from approved third-party systems to the commissioner. Any costs associated with the development and use of a third-party system are the responsibility of the provider.

(f) If a provider is unable to integrate a third-party system with the data aggregator, the provider of services must use the state-provided electronic visit verification system.

(g) The commissioner must provide training on reviewing and correcting imported data in the data aggregator to providers of services.

Sec. 7. Minnesota Statutes 2024, section 256B.073, is amended by adding a subdivision to read:

Subd. 4b. **Provider responsibilities.** A provider of services must:

(1) use an electronic visit verification system that meets all technical and data submission requirements established by the commissioner;

(2) enroll with the state-provided electronic visit verification system or the data aggregator, as applicable;

(3) provide all information requested by the commissioner for enrollment, access, and data submission and ensure that the information remains accurate and up to date;

(4) maintain records for each individual receiving services subject to electronic visit verification, including but not limited to all required data elements;

(5) maintain a current list of workers providing services subject to electronic visit verification to individuals receiving services under medical assistance;

(6) provide the commissioner and any managed care organization with immediate, direct, and on-site or remote access to the electronic visit verification system;

(7) at the request of the commissioner or a managed care organization, allow review or copying of electronic visit verification documentation at no cost;

(8) ensure that electronic visit verification systems and related processes meet accessibility and confidentiality requirements under state and federal law;

(9) comply with all policies, procedures, and technical specifications issued by the commissioner under this section; and

(10) ensure that workers, participants, and other individuals using electronic visit verification are trained and comply with all documentation and data entry requirements established by the commissioner.

Sec. 8. Minnesota Statutes 2024, section 256B.073, subdivision 5, is amended to read:

Subd. 5. **Vendor requirements.** (a) The vendor of the electronic visit verification system ~~selected~~ provided by the commissioner and the vendor's affiliate must comply with the requirements of this subdivision.

(b) The vendor of the ~~state-selected~~ state-provided electronic visit verification system and the vendor's affiliate must:

(1) notify the provider of services that the provider may choose the ~~state-selected~~ state-provided electronic visit verification system at no cost to the provider;

(2) offer the ~~state-selected~~ state-provided electronic visit verification system to the provider of services prior to offering any fee-based electronic visit verification system;

(3) notify the provider of services that the provider may choose any fee-based electronic visit verification system prior to offering the vendor's or its affiliate's fee-based electronic visit verification system; and

(4) when offering the ~~state-selected~~ state-provided electronic visit verification system, clearly differentiate between the ~~state-selected~~ state-provided electronic visit verification system and the vendor's or its affiliate's alternative fee-based system.

(c) The vendor of the ~~state-selected~~ state-provided electronic visit verification system and the vendor's affiliate must not use state data that are not available to other vendors of electronic visit verification systems to promote or sell the vendor's or its affiliate's alternative electronic visit verification system.

(d) Upon request from the provider, the vendor of the ~~state-selected~~ state-provided electronic visit verification system must provide proof of compliance with the requirements of paragraph (b).

(e) An agreement between the vendor of the ~~state-selected~~ state-provided electronic visit verification system or its affiliate and a provider of services for an electronic visit verification system that is not the ~~state-selected~~ state-provided system entered into on or after July 1, 2023, is subject to immediate termination by the provider if the vendor violates any of the requirements of paragraph (b).

Sec. 9. Minnesota Statutes 2024, section 256B.073, is amended by adding a subdivision to read:

Subd. 6. **Data and documentation.** (a) A provider of services must submit electronic visit verification data to the commissioner or the data aggregator in accordance with the technical standards, format, and frequency established under this section. The commissioner may use integrated electronic visit verification data for oversight, quality assurance, and program integrity purposes consistent with state and federal law.

(b) The commissioner and managed care organizations must use electronic visit verification data to validate claims for payment under medical assistance. Claims that cannot be validated in accordance with electronic visit verification requirements may be subject to actions by the

commissioner as authorized under state and federal law, including actions related to payment, program integrity, or provider compliance.

(c) A provider of services must record all required electronic visit verification data at the time of service delivery using an approved verification method. To be compliant with electronic visit verification requirements, a provider of services must document a visit with all required data elements recorded at the time of service delivery.

(d) A manual visit does not comply with electronic visit verification requirements. A manual visit must be confirmed and verified according to processes established by the commissioner before being used to validate or support a claim for payment.

(e) A worker providing services subject to electronic visit verification must record the start and end times of each visit at the time the service is delivered using an approved verification method. A worker must complete and verify all time documentation, including but not limited to verification of service type, date, and duration, on the date the service occurs and be consistent with documentation requirements of the service being provided. A provider of services must maintain documentation demonstrating compliance with this subdivision and make the documentation available to the commissioner or a managed care organization upon request.

Sec. 10. Minnesota Statutes 2024, section 256B.073, is amended by adding a subdivision to read:

Subd. 7. **Third-party system responsibilities.** (a) This subdivision is effective for Early Intensive Developmental and Behavioral Intervention services beginning July 1, 2027, or upon federal approval, whichever is later. This subdivision is effective for all other services subject to this subdivision beginning January 1, 2027, or upon federal approval, whichever is later.

(b) A provider of services using a third-party electronic visit verification system must ensure that the system meets all technical, functional, and data-exchange requirements established by the commissioner and transmits data to the commissioner or the data aggregator in the format and with the frequency required by the commissioner.

(c) A third-party electronic visit verification vendor must:

(1) comply with all technical, contractual, privacy, and security standards established by the commissioner;

(2) not use or disclose state data for any purpose other than fulfilling the requirements under this section or federal law;

(3) provide the commissioner access to system documentation, data mapping, and audit records upon request; and

(4) immediately report to the commissioner any data transmission failure, breach, or interruption affecting the commissioner's ability to receive required electronic visit verification data.

(d) A provider of services remains responsible for ensuring compliance with this section even when using a third-party electronic visit verification system.

(e) The third-party vendor must ensure training on the system is available to providers of services.

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

Sec. 11. **ELECTRONIC VISIT VERIFICATION AND MEDICAL ASSISTANCE CLAIMS VALIDATION.**

(a) The commissioner of human services must develop, test, and implement systems changes necessary to integrate data collected through electronic visit verification systems, as described under Minnesota Statutes, section 256B.073, with Minnesota's Medicaid Management Information System. Data collected through electronic visit verification systems must be used as part of the commissioner's processes for validating claims for services subject to electronic visit verification.

(b) The commissioner of human services must require that managed care plans and county-based purchasing plans ensure electronic visit verification and claims system interoperability by January 1, 2027.

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

Sec. 12. **REPEALER.**

Minnesota Statutes 2024, section 256B.073, subdivision 4, is repealed.

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

ARTICLE 11

MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 142E.16, is amended by adding a subdivision to read:

Subd. 1a. **Training required for payments.** (a) As a condition of payment and prior to authorization, all providers receiving child care assistance payments must complete compliance training developed by the commissioner that addresses program integrity requirements including but not limited to record keeping and billing requirements. The commissioner shall develop criteria, reporting requirements, and standards for when providers need to renew training after their initial registration.

(b) Providers that do not have an active registration to receive child care assistance on or before April 10, 2028, must complete the training under this subdivision prior to authorization. Providers with an active registration on or before April 10, 2028, must complete the training under this subdivision before the provider's first renewal after April 10, 2028, or April 9, 2029, whichever is later.

Sec. 2. Minnesota Statutes 2024, section 245.096, is amended to read:

245.096 CHANGES TO GRANT PROGRAMS.

Prior to implementing any ~~substantial~~ changes to a grant funding formula disbursed through allocations administered by the commissioner, the commissioner must provide a report on the nature of the changes, the effect the changes will have, whether any funding will change, and other relevant information, to the chairs and ranking minority members of the legislative committees with jurisdiction over human services. The report must be provided prior to the start of a regular session, and the proposed changes cannot be implemented until after the adjournment of that regular session.

Sec. 3. **DIRECTION TO COMMISSIONER; ASSESSMENT OF ADMINISTRATIVE ROLES.**

(a) The commissioners of human services and children, youth, and families, in consultation with Minnesota's Tribal Nations and counties, must conduct a study to assess and recommend improvements to the roles and responsibilities of the Departments of Human Services and Children, Youth, and Families, the counties, and Minnesota's Tribal Nations in administering human services programs.

(b) The study must include a comprehensive review of programs administered by the departments, including but not limited to medical assistance, MinnesotaCare, behavioral health services, long-term services and supports, housing and homelessness programs, Minnesota supplemental aid, general assistance, economic assistance, child support, child care and early learning, and licensing and oversight functions.

(c) The study must evaluate the:

(1) current roles and responsibilities held by the departments, the counties, and Minnesota's Tribal Nations in administering human services programs, including but not limited to the challenges and benefits of the current delegation of roles and responsibilities;

(2) lived experience of people accessing human services programs related to the delegation of administrative duties;

(3) financing of human services program administration across the departments, the counties, and Minnesota's Tribal Nations;

(4) variations in service delivery between different geographical regions of the state; and

(5) administration of human services programs in other states, focusing on the roles and responsibilities of the local governments versus the state Medicaid or human services agency, and identifying the benefits, challenges, and financing of the delegation of duties.

(d) The study must focus on the goals of transforming the human services system to ensure a transparent, accessible, accountable, equitable, and effective human services system.

(e) The study must provide recommendations for the optimal delegation of duties between the departments, the counties, and Minnesota's Tribal Nations in the delivery of human services. Recommendations must include:

(1) how the delegation of duties will improve the experience of people accessing human services;

(2) implementation and timing considerations to ensure continuity of services;

(3) systems technology adaptations required;

(4) workforce considerations; and

(5) financing strategies and the estimated fiscal impact to the state budget.

(f) Notwithstanding Minnesota Statutes, chapter 13, or other statutes or rules to the contrary, counties must provide financial, human resources, and other information necessary to complete the study in the form and manner and on the timeline requested by the commissioners.

(g) By October 1, 2028, the commissioners must submit a report on the study and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health; human services; and children, youth, and families policy and finance.

Sec. 4. **DIRECTION TO COMMISSIONER; TRANSFER ASSESSMENT.**

(a) The commissioner of human services must procure a contract with a vendor to assess the current status of administration of medical assistance and plan for a transfer of administration of medical assistance to the commissioner by January 1, 2033. The commissioner must submit the assessment and plan to the chairs and ranking minority members of the legislative committees with jurisdiction over human services and health care policy and finance by October 1, 2028.

(b) The assessment and plan must include:

(1) a comprehensive assessment of medical assistance eligibility functions performed by counties and Tribal governments, including identification of handoffs between county and Tribal eligibility workers and state eligibility workers, and a catalog of eligibility functions performed by state eligibility workers;

(2) examination of current expenditures, administrative budgets, and federal financial participation in county and Tribal administrative work related to medical assistance eligibility activities;

(3) eligibility system review, mapping, and recommended updates; and

(4) recommendations for a successful transition of centralized eligibility functions based on consultation with stakeholders, review of information provided by county and Tribal governments, review of other states' best practices for maximizing federal dollars, a feasible timeline of activities, and required legislative changes and actions.

(c) The commissioner must consult with Minnesota's Tribal Nations, the Association of Minnesota Counties, and the Minnesota Association of County Social Service Administrators on the final deliverables included in the assessment.

Sec. 5. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; EVALUATION OF DHS STRUCTURE AND PROCESSES.**

(a) The commissioner of human services must contract with an external consultant to continue and complete the project initiated under Executive Order 25-10, section 1, paragraph (g), to make recommendations to improve the Department of Human Services' performance as the state's Medicaid agency. The external consultant must evaluate the department's structure and processes and assess

the adequacy of the department's current policies, procedures, systems, organizational structure, staffing levels, and funding to effectively increase program integrity, minimize fraud, and more effectively serve as the state's Medicaid agency.

(b) Within 60 days of receiving the external consultant's recommendations, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, including information on the recommendations of the external consultant and any actions the commissioner has taken in response to the external consultant's recommendations or other actions taken by the commissioner pursuant to Executive Order 25-10, section 1, paragraph (g).

(c) Within 60 days of receiving the external consultant's recommendations, the commissioner must submit a summary of the recommendations of the external consultant with whom the commissioner contracted under Executive Order 25-10, section 1, paragraph (g), and any actions the commissioner has taken in response to either the external consultant's recommendations or other actions taken by the commissioner pursuant to Executive Order 25-10, section 1, paragraph (g). The summary must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance.

(d) Within 60 days of receiving the external consultant's recommendations, the commissioner must submit the external consultant's report summarizing the evaluation and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance. The commissioner must also submit draft legislative language to implement the recommendations of the external consultant's recommendations.

Sec. 6. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; CODIFYING THE OFFICE OF INSPECTOR GENERAL.**

(a) By December 1, 2026, the commissioner of human services must provide statutory language that codifies the Department of Human Services Office of Inspector General to the chairs and ranking minority members of the legislative committees with jurisdiction over human services and the nonpartisan staff from House Research Department and Senate Counsel, Research, and Fiscal Analysis whose drafting areas include human services. The statutory language must only contain:

(1) existing legal authority identified by the office that the office relies upon to carry out its duties; and

(2) policies and procedures necessary for the office to carry out its existing duties.

(b) The commissioner must not include desired policy changes to the office, its structure, or its duties within the codification language required under paragraph (a).

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

ARTICLE 12

DHS APPROPRIATIONS

Section 1. **HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2025, First Special Session chapter 3, article 20, and Laws 2025, First Special Session chapter 9, article 12, to the agency and for purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. Base adjustments mean the addition to or subtraction from the base level adjustment set in Laws 2025, First Special Session chapter 3, article 20, and Laws 2025, First Special Session chapter 9, article 12. Appropriations and reductions to appropriations for the fiscal year ending June 30, 2026, are effective the day following final enactment unless a different effective date is explicit.

	APPROPRIATIONS Available for the Year Ending June 30 2026	2027
Sec. 2. **TOTAL APPROPRIATION**	$ (10,098,000)	$ (50,711,000)
Sec. 3. **CENTRAL OFFICE; OPERATIONS**	$ -0-	$ 27,743,000

Subdivision 1. **Evaluation of DHS Structure and Processes**

$500,000 in fiscal year 2027 is for a comprehensive evaluation of the Department of Human Services structure and processes. This is a onetime appropriation and is available until June 30, 2028.

Subd. 2. **Assessment of State, County, and Tribal Nation Roles in Administering Human Services Programs**

$3,000,000 in fiscal year 2027 is for an assessment of state, county, and Tribal Nation roles in administering human services programs. This is a onetime appropriation and is available until June 30, 2029.

Subd. 3. **Prepayment Review Vendor Contract**

$2,500,000 in fiscal year 2027 is to conduct ongoing prepayment claims analysis technology for services provided under medical assistance. This is a onetime appropriation.

Subd. 4. **Prepayment Review Technology Contract**

$4,000,000 in fiscal year 2027 is for a competitively awarded vendor contract to support prepayment review technology to build on and reference existing claims edits infrastructure, prior authorization criteria, and continuous refining of the prepayment review analytic module to automate fraud detection and payment integrity based on findings over time.

Subd. 5. **Base Level Adjustment**

The general fund base is increased by $22,617,000 in fiscal year 2028 and increased by $20,320,000 in fiscal year 2029.

Sec. 4. **CENTRAL OFFICE; HEALTH CARE** **$ -0- $ 4,169,000**

Subdivision 1. **Medical Assistance Eligibility Study**

$2,000,000 in fiscal year 2027 is for a study on the transfer of eligibility functions of the medical assistance program performed by county and Tribal governments to the Department of Human Services. This is a onetime appropriation and is available until June 30, 2029.

Subd. 2. **Base Level Adjustment**

The general fund base is increased by $2,627,000 in fiscal year 2028 and increased by $3,782,000 in fiscal year 2029.

Sec. 5. **CENTRAL OFFICE; AGING AND DISABILITY SERVICES** **$ (3,745,000) $ 19,404,000**

Subdivision 1. **Market Rate and Homemaker Services Rate Study**

$500,000 in fiscal year 2027 is for a study on rate setting methodologies for services currently offered under market rate methodologies and homemaker services. This is onetime appropriation and is available until June 30, 2028.

Subd. 2. **MnCHOICES Redesign Working Group**

$450,000 in fiscal year 2027 is for a contract related to the MnCHOICES redesign working group. The base for this appropriation is $500,000 in fiscal year 2028, $250,000 in fiscal year 2029, $0 in fiscal year 2030, and $0 in fiscal year 2031.

Subd. 3. **Waiver Case Management Advisory Working Group**

$350,000 in fiscal year 2027 is for a contract related to the waiver case management advisory working group. The base for this appropriation is $150,000 in fiscal year 2028 and $0 in fiscal year 2029.

Subd. 4. **HCBS Waiver Case Management Evaluation and Report**

$200,000 in fiscal year 2027 is for a rates study for case management and home and community-based services. This is a onetime appropriation and is available until June 30, 2028. The base for this appropriation is $400,000 in fiscal year 2028 and $0 in fiscal year 2029.

Subd. 5. **Nursing Facility Workforce Wage Supplement Program**

$3,000,000 in fiscal year 2027 is for a contract to administer the nursing facility workforce wage supplement program under Minnesota Statutes, section 256R.60. This is a onetime appropriation and is available until June 30, 2028.

Subd. 6. **Integrated Community Supports Reform Study**

$300,000 in fiscal year 2027 is for an integrated community supports reform study. This is a onetime appropriation and is available until June 30, 2028.

Subd. 7. **Base Level Adjustment**

The general fund base is increased by $24,811,000 in fiscal year 2028 and increased by $32,767,000 in fiscal year 2029.

Sec. 6. **CENTRAL OFFICE; BEHAVIORAL HEALTH** **$** **-0-** **$** **2,382,000**

Subdivision 1. **Access to Services for Incarcerated Individuals Evaluation**

$150,000 in fiscal year 2027 is for community engagement and evaluation related reentry services.

Subd. 2. **Base Level Adjustment**

The general fund base is increased by $2,974,000 in fiscal year 2028 and increased by $2,957,000 in fiscal year 2029.

Sec. 7. **CENTRAL OFFICE; OFFICE OF INSPECTOR GENERAL** **$** **-0-** **$** **16,328,000**

Subdivision 1. **Postpayment Review of Managed Care Organization Billing**

The base must include $30,000,000 in fiscal year 2028 and $30,000,000 in fiscal year 2029 for a competitively awarded vendor contract to support postpayment review of managed care organization billing.

Subd. 2. **Base Level Adjustment**

The general fund base is increased by $49,482,000 in fiscal year 2028 and increased by $49,333,000 in fiscal year 2029. The special revenue government fund base is increased by $1,426,000 in fiscal year 2028 and increased by $2,352,000 in fiscal year 2029.

Sec. 8. **FORECASTED PROGRAMS; HOUSING SUPPORT** **$** **-0-** **$** **12,524,000**

Sec. 9. **FORECASTED PROGRAMS; MEDICAL ASSISTANCE** **$** **-0-** **$** **(122,888,000)**

Sec. 10. **FORECASTED PROGRAMS; ALTERNATIVE CARE** **$** **-0-** **$** **(213,000)**

Sec. 11. **FORECASTED PROGRAMS; BEHAVIORAL HEALTH FUND** **$** **-0-** **$** **(19,248,000)**

Sec. 12. **GRANT PROGRAM; OTHER LONG-TERM CARE GRANTS** **$** **(972,000)** **$** **7,683,000**

Subdivision 1. **Nursing Facility Workforce Wage Supplement Program**

$9,508,000 in fiscal year 2027 is for the nursing facility workforce wage supplement program under Minnesota Statutes, section 256R.60. This is a onetime appropriation and is available until June 30, 2028.

Subd. 2. **Linguistically and Culturally Specific Training**

$250,000 in fiscal year 2027 is for a grant to Isuroon to support its mission to provide: (1) linguistically and culturally specific services and in-person training to bilingual individuals, particularly bilingual women from diverse ethnic backgrounds, to navigate health care systems, to advocate for their well-being when accessing health care, to develop financial literacy, to increase civic engagement, and to develop leadership skills; and (2) technical assistance to health care providers through training, resources, and ongoing support. The base for this appropriation is $500,000 in fiscal year 2028 and $500,000 in fiscal year 2029.

Subd. 3. **Base Level Adjustment**

The general fund base is decreased by $1,425,000 in fiscal year 2028 and decreased by $1,425,000 in fiscal year 2029.

Sec. 13. **GRANT PROGRAM; AGING AND ADULT SERVICES GRANTS** **$** **(477,000)** **$** **-0-**

Sec. 14. **GRANT PROGRAM; DISABILITIES GRANTS**	**$**	**(2,256,000)**	**$**	**(145,000)**

Base Level Adjustment. The general fund base is decreased by $956,000 in fiscal year 2028 and decreased by $956,000 in fiscal year 2029.

Sec. 15. **GRANT PROGRAMS; HOUSING GRANTS**	**$**	**(1,112,000)**	**$**	**1,250,000**

Subdivision 1. **Housing Support Capacity-Building Grants**

$1,250,000 in fiscal year 2027 is for housing support capacity-building grants. This is a onetime appropriation and is available until June 30, 2028.

Subd. 2. **Base Level Adjustment**

The general fund base for this appropriation is $0 in fiscal year 2028 and $0 in fiscal year 2029.

Sec. 16. **GRANT PROGRAMS; ADULT MENTAL HEALTH GRANTS**	**$**	**(20,000)**	**$**	**-0-**

Sec. 17. **GRANT PROGRAMS; CHILD MENTAL HEALTH GRANTS**	**$**	**(1,516,000)**	**$**	**-0-**

Sec. 18. **GRANT PROGRAMS; SUBSTANCE USE DISORDER GRANTS**	**$**	**-0-**	**$**	**300,000**

Subdivision 1. **Todd County; Peer Recovery Support**

$300,000 in fiscal year 2027 is for a grant to Todd County for a contract with an organization operating in Todd County to provide daily peer recovery support services and special sessions for individuals who are in substance use recovery, are transitioning out of incarceration, or have experienced trauma.

Subd. 2. **Thrive Family Recovery Resources**

$200,000 in fiscal year 2027 is for a grant to Thrive Family Recovery Resources for a pilot program that provides family peer services, education, resource navigation, and general support for families impacted by substance use disorder. By January 20, 2028, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services that evaluates the results of the pilot program and makes recommendations for developing an ongoing grant program to provide supportive services and education for families impacted by substance use disorder. This is a onetime appropriation.

Sec. 19. Laws 2025, First Special Session chapter 3, article 20, section 19, subdivision 1, is amended to read:

Subdivision 1. ~~**Intensive Residential Treatment Services**~~ **Community Health Unit; Hennepin County**

$563,000 in fiscal year 2026 is for a grant to the city of Brooklyn Park ~~as start-up funding for an intensive residential treatment services and residential crisis stabilization services facility~~ for the city of Brooklyn Park's Community Health Unit, operating out of the Brooklyn Park Police Department. This is a onetime appropriation and is available until June 30, ~~2027~~ 2028.

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

Sec. 20. Laws 2025, First Special Session chapter 3, article 21, section 3, subdivision 2, is amended to read:

Subd. 2. **Substance Use Treatment, Recovery, and Prevention Grants**

$3,000,000 in fiscal year 2026 and $3,000,000 in fiscal year 2027 are from the general fund for substance use treatment, recovery, and prevention grants under Minnesota Statutes, section 342.72. The

commissioner may use up to $300,000 of this appropriation for administration.

Sec. 21. **TRANSFERS AND CANCELLATIONS.**

Subdivision 1. **MnCHOICES modification grants.** The fiscal year 2027 general fund base appropriation for MnCHOICES modifications first established under Laws 2023, chapter 61, article 9, section 2, subdivision 16, is reduced from $125,000 to $0. The general fund base for this purpose is $0 in fiscal year 2028 and $0 in fiscal year 2029.

Subd. 2. **Day training and habilitation facility grants.** The fiscal year 2028 and fiscal year 2029 general fund base for grant allocations to counties for day training and habilitation services for adults with developmental disabilities when provided as a social service under Minnesota Statutes, sections 252.41 to 252.46, are reduced from $811,000 to $0.

Subd. 3. **Innovation grants.** The fiscal year 2027 general fund base appropriation for the innovation grants program under Minnesota Statutes, section 256B.0921, is reduced from $1,925,000 to $0. The general fund base for this purpose is $0 in fiscal year 2028 and $0 in fiscal year 2029.

Subd. 4. **Preadmission screening grant program.** The fiscal year 2027 general fund base appropriation for the preadmission screening grant program under Minnesota Statutes, section 256.975, subdivision 7d, paragraph (b), is reduced from $20,000 to $0. The general fund base for this purpose is $0 in fiscal year 2028 and $0 in fiscal year 2029.

Subd. 5. **2023 Long-term services and supports loan program.** (a) $65,234,000 in fiscal year 2026 from the long-term services and supports loan program under Minnesota Statutes, section 256.4792, subdivision 8a, is transferred from the long-term services and supports loan account in the special revenue fund to the general fund and is canceled.

(b) Any unencumbered and unexpended amount of the long-term services and supports loan program under Minnesota Statutes, section 256.4792, subdivision 8a, estimated to be $5,620,000, is transferred from the long-term services and supports loan account in the special revenue fund to the general fund and is canceled in fiscal year 2028.

Subd. 6. **2024 Long-term services and supports loan program.** Any unencumbered and unexpended amount of the fiscal year 2026 general fund base appropriation for the long-term services and supports loan program first established under Laws 2024, chapter 125, article 8, section 2, subdivision 12, paragraph (e), estimated to be $822,000, is canceled.

Subd. 7. **Long-term services and supports loan program administrative funding.** Any unencumbered and unexpended amount of the fiscal year 2024 appropriation in Laws 2023, chapter 61, article 9, section 2, subdivision 5, paragraph (g), clause (3), for administration of the long-term services and supports loan program under Minnesota Statutes, section 256.4792, estimated to be $8,433,000, is transferred from the long-term services and supports loan account in the special revenue fund to the general fund and is canceled.

Subd. 8. **Motion analysis advancements clinical study and patient care.** Any unencumbered and unexpended amount of the fiscal year 2024 appropriation in Laws 2023, chapter 61, article 9,

section 2, subdivision 16, paragraph (l), for the motion analysis advancement clinical study and patient care grant, estimated to be $97,000, is canceled.

Subd. 9. **Aging and disability services for immigrant and refugee communities.** Any unencumbered and unexpended amount of the fiscal year 2025 appropriation in Laws 2024, chapter 125, article 8, section 2, subdivision 14, paragraph (h), for the aging and disability services for immigrant and refugee communities grant, estimated to be $250,000, is canceled.

Subd. 10. **Health awareness hub pilot project.** (a) Any unencumbered and unexpended amount of the fiscal year 2026 appropriation in Laws 2025, First Special Session chapter 9, article 12, section 15, subdivision 1, for the health awareness hub pilot project grant, estimated to be $150,000, is canceled.

(b) Any unencumbered and unexpended amount of the fiscal year 2027 appropriation in Laws 2025, First Special Session chapter 9, article 12, section 15, subdivision 1, for the health awareness hub pilot project grant, estimated to be $150,000, is canceled.

Subd. 11. **Own home services provider capacity-building.** The amount of the fiscal year 2025 appropriation in Laws 2024, chapter 125, article 8, section 2, subdivision 14, paragraph (j), for the own home services provider capacity-building grant, is reduced by $288,000.

Subd. 12. **License transition support for small disability waiver providers.** Any unencumbered and unexpended amount of the fiscal year 2025 appropriation in Laws 2024, chapter 125, article 8, section 2, subdivision 14, paragraph (i), for the license transition support for small disability waiver providers grant, estimated to be $1,262,000, is canceled.

Subd. 13. **Parent-to-parent programs.** Any unencumbered and unexpended amount of the fiscal year 2025 appropriation in Laws 2023, chapter 61, article 9, section 2, subdivision 16, paragraph (n), for the parent-to-parent programs grant, estimated to be $109,000, is canceled.

Subd. 14. **Dakota County disability services workforce shortage pilot project.** Any unencumbered and unexpended amount of the fiscal year 2025 appropriation in Laws 2024, chapter 125, article 8, section 2, subdivision 14, paragraph (b), for the Dakota County disability services workforce shortage pilot project grant, estimated to be $250,000, is canceled.

Subd. 15. **Disability services person-centered engagement and navigation study.** Any unencumbered and unexpended amount of the fiscal year 2025 appropriation in Laws 2024, chapter 125, article 8, section 2, subdivision 4, paragraph (b), for the disability services person-centered engagement and navigation study, estimated to be $438,000, is canceled.

Subd. 16. **Reimbursement for community-first services and supports workers report.** Any unencumbered and unexpended amount of the fiscal year 2025 appropriation in Laws 2024, chapter 125, article 8, section 2, subdivision 4, paragraph (d), for the reimbursement for community-first services and supports workers report, estimated to be $99,000, is canceled.

Subd. 17. **Aging and disability services administration.** The amount of the fiscal year 2024 appropriation in Laws 2023, chapter 61, article 9, section 2, subdivision 5, paragraph (g), clause (1), for general administrative purposes for the aging and disability services administration, is reduced by $1,797,000.

Subd. 18. **Aging and disability services administration carryforward.** The amount of the fiscal year 2025 carryforward authorization in Laws 2024, chapter 125, article 8, section 2, subdivision 4, paragraph (e), for aging and disability services administration, is reduced by $1,411,000. Of this reduced amount, $1,083,000 is from the presumptive eligibility study, $200,000 is from administration of license transition support for small disability waiver providers, and $128,000 is from administration of the Dakota County disability services workforce shortage pilot project.

Subd. 19. **Aging and adult services.** The fiscal year 2026 general fund base appropriation in Laws 2025, First Special Session chapter 9, article 12, section 16, for aging and adult services grants is reduced by $477,000.

Subd. 20. **Youth peer recovery support services pilot project.** Any unencumbered and unexpended amount of the fiscal year 2025 appropriation in Laws 2024, chapter 125, article 8, section 2, subdivision 16, for the youth peer recovery support services pilot project, estimated to be $250,000, is canceled.

Subd. 21. **Child mental health.** The fiscal year 2026 general fund base appropriation in Laws 2025, First Special Session chapter 3, article 20, section 20, for child mental health grants is reduced by $266,000.

Subd. 22. **Psychiatric residential treatment facility start-up.** Any unencumbered and unexpended amount of the fiscal year 2024 and fiscal year 2025 appropriations in Laws 2023, chapter 70, article 20, section 2, subdivision 30, paragraph (a), for the psychiatric residential treatment facility start-up grant, estimated to be $1,000,000, are canceled.

Subd. 23. **Mental health innovation grant program.** Any unencumbered and unexpended amount of the fiscal year 2025 appropriation in Laws 2024, chapter 125, article 8, section 2, subdivision 15, paragraph (c), for the mental health innovation grant program, estimated to be $20,000, is canceled.

Subd. 24. **Housing and support services.** The amount of the fiscal year 2026 general fund base appropriation in Laws 2025, First Special Session chapter 3, article 20, section 18, for housing and support services grants, is reduced by $1,112,000. Of this reduced amount:

(1) $250,000 is from transition housing program grants;

(2) $160,000 is from emergency services program grants;

(3) $495,000 is from Homeless Youth Act grants;

(4) $140,000 is from safe harbor grants; and

(5) $67,000 is from shelter-linked mental health grants.

Subd. 25. **Recovery community organization.** Any unencumbered and unexpended amount for the recovery community organization grants first established under Laws 2023, chapter 61, article 9, section 2, subdivision 10, paragraph (h), estimated to be $200,000, is canceled.

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

Sec. 22. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation, transfer, or cancellation in this article is enacted more than once during the 2026 regular session, the appropriation, transfer, or cancellation must be given effect once.

Sec. 23. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2027, unless a different expiration date is explicit.

ARTICLE 13

OTHER AGENCY APPROPRIATIONS

Section 1. **OTHER AGENCY APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2025, First Special Session chapter 9, article 14, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the addition or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. Base adjustments mean the addition to or subtraction from the base level adjustment set in Laws 2025, First Special Session chapter 9, article 14. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2026, are effective the day following final enactment unless a different effective date is explicit.

	APPROPRIATIONS Available for the Year Ending June 30	
	2026	**2027**
Sec. 2. **COMMISSIONER OF HEALTH; TOTAL APPROPRIATION**	**$ -0-**	**$ 805,000**
The amounts that may be spent for each purpose are specified in the following sections.		
Sec. 3. **HEALTH PROTECTION**	**$ -0-**	**$ 805,000**
Subdivision 1. **Small Assisted Living Facility Licensure**		
$150,000 in fiscal year 2027 is for the commissioner of health to develop small assisted living facility licensure draft		

legislation. This is a onetime appropriation and is available until June 30, 2028.

Subd. 2. **Base Level Adjustment**

The general fund base is increased by $630,000 in fiscal year 2028 and $630,000 in fiscal year 2029.

Sec. 4. **COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES**	**$**	**-0-**	**$**	**5,924,000**
Subdivision 1. **Operations and Administration; Agency-Wide Supports**		-0-		5,777,000

(a) **Analysis of Governance Roles for DCYF Programs.** $2,500,000 in fiscal year 2027 is for a study to analyze the governance roles for DCYF programs. This is a onetime appropriation and is available until June 30, 2029.

(b) **Base Level Adjustment.** The general fund base is increased by $3,226,000 in fiscal year 2028 and $3,013,000 in fiscal year 2029.

Subd. 2. **Operations and Administration; Early Childhood**		-0-		147,000

Base Level Adjustment. The general fund base is increased by $526,000 in fiscal year 2028 and $687,000 in fiscal year 2029.

Subd. 3. **Grant Programs; Support Services Grants**		-0-		-0-

Fraud Prevention Investigation Grants. The base must include $803,000 in fiscal year 2028 and $803,000 in fiscal year 2029 for additional fraud prevention investigation grants under Minnesota Statutes, section 256.983.

Sec. 5. **COMMISSIONER OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**	**$**	**-0-**	**$**	**1,000,000**

$1,000,000 in fiscal year 2027 is for a grant to Turning Point Inc., a 501(c)(3) nonprofit organization, to predesign, design, construct, renovate, furnish, and equip a 32-bed

residential facility to be known as "Ms. Bea's" in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. This appropriation includes money for major projects to preserve or replace mechanical, electrical, plumbing, HVAC, and life safety systems; renovation and construction of space for bedrooms, a commercial kitchen, indoor recreation, bathrooms, a workforce development and resource room, and community common areas; upgrades to achieve compliance with the Americans with Disabilities Act (ADA); and site improvements that prepare the space for future expansion. This appropriation is onetime and is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

Sec. 6. **RETURN OF UNUSED TAX-FORFEITED SETTLEMENT APPROPRIATION; CANCELLATION.**

Subdivision 1. **Return of funds.** Notwithstanding the cancellation deadline established in Laws 2024, chapter 113, section 1, subdivision 5, on June 29, 2026, the claims administrator appointed under Laws 2024, chapter 113, to settle litigation related to the state's retention of tax-forfeited lands, surplus proceeds from the sale of tax-forfeited lands, and mineral rights in those lands, must return to the commissioner of management and budget $7,000,000 of the appropriation under Laws 2024, chapter 113, section 1, subdivision 5, that constitutes unspent money in the net settlement fund, as provided in the settlement and final judgment filed on December 16, 2024.

Subd. 2. **Cancellation.** The commissioner of management and budget must cancel the amount received under subdivision 1 to the general fund within one day of the receipt of the money.

Subd. 3. **Application.** The money returned under subdivision 1 are in addition to any other requirements enacted during the 2026 regular legislative session for the claims administrator to return unspent money in the net settlement fund.

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

Sec. 7. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation, transfer, or cancellation in this article is enacted more than once during the 2026 regular session, the appropriation, transfer, or cancellation must be given effect once.

Sec. 8. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2027, unless a different expiration date is explicit."

Delete the title and insert:

"A bill for an act relating to state government; modifying provisions relating to continuity of care, long-term care facilities, health care, Department of Human Services Office of Inspector General policy, background studies, uniform services standards, aging and disability services, and electronic visit verification; making conforming changes; authorizing rulemaking; providing for civil penalties; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 13.46, subdivision 7; 142E.16, by adding a subdivision; 144.1503, subdivision 7; 144.294, subdivision 2; 144A.291, subdivision 2; 144A.471, subdivision 8; 144G.15; 144G.16, by adding a subdivision; 144G.195, subdivision 1; 144G.45, subdivision 3; 245.095, subdivisions 2, 5, as amended, by adding a subdivision; 245.096; 245.462, by adding a subdivision; 245.4661, subdivision 10, by adding subdivisions; 245.4711, subdivision 5; 245.4881, subdivision 5; 245.4882, subdivision 6; 245.735, subdivision 6; 245A.02, subdivisions 5a, 13; 245A.04, subdivisions 2, 2a; 245A.042, by adding a subdivision; 245A.043, subdivision 2; 245A.07, subdivision 2a; 245A.10, by adding a subdivision; 245A.26, subdivisions 3, 4, 5; 245A.65, subdivision 1a; 245C.02, subdivision 18; 245C.03, subdivisions 1, 3a, 9, by adding subdivisions; 245C.04, subdivision 1; 245C.10, subdivision 8; 245C.15, subdivisions 2, 3, 4; 245C.24, subdivision 2; 245D.04, subdivision 3; 245D.081, subdivision 3; 245D.10, subdivision 4; 245D.12; 245G.03, subdivision 1; 245I.011, subdivisions 3, 5, by adding a subdivision; 245I.02, subdivisions 33, 39, by adding subdivisions; 245I.03, subdivision 4, by adding a subdivision; 245I.06, subdivisions 1, 2; 245I.07; 245I.10, subdivisions 6, as amended, 8, by adding a subdivision; 245I.23, subdivisions 4, 5, 8, 12, 16, 17; 254A.03, subdivision 2; 254B.17; 256.01, subdivision 21, by adding a subdivision; 256.975, subdivision 7b; 256B.02, by adding a subdivision; 256B.04, subdivisions 5, 10, 23, by adding subdivisions; 256B.0623, subdivisions 1, 3, 12, by adding a subdivision; 256B.0624, subdivisions 1, 4, as amended, by adding a subdivision; 256B.0625, subdivision 17b, by adding a subdivision; 256B.064, subdivisions 1b, 1c, 1d, 2, 3, 4, 5, by adding subdivisions; 256B.0651, subdivision 17; 256B.0659, subdivisions 12, 16, 17, 19; 256B.0671, by adding a subdivision; 256B.073, subdivisions 1, 2, 3, 5, by adding subdivisions; 256B.076, subdivision 1, by adding subdivisions; 256B.0761, subdivisions 2, 3; 256B.0911, subdivision 32, as amended; 256B.092, subdivision 14; 256B.0922, by adding a subdivision; 256B.094, subdivisions 2, 3, 6; 256B.0943, subdivision 2, by adding a subdivision; 256B.0949, subdivision 17, by adding a subdivision; 256B.27, subdivision 3; 256B.49, subdivision 25; 256B.4912, by adding subdivisions; 256B.4914, subdivisions 6, 6a, 6c, 6d, 7b, 9a, 13, by adding subdivisions; 256B.492, by adding a subdivision; 256B.69, subdivisions 5a, 37, by adding subdivisions; 256B.85, subdivision 23a, by adding subdivisions; 256S.15, by adding a subdivision; 256S.21, by adding subdivisions; 297E.02, subdivision 3; Minnesota Statutes 2025 Supplement, sections 15.013, by adding a subdivision; 144.0724, subdivision 11; 245.4661, subdivision 9; 245.4835, subdivision 2; 245.4871, subdivision 4; 245.735, subdivision 4d; 245A.03, subdivision 2; 245A.04, subdivisions 1, as amended, 7; 245A.043, subdivision 2a; 245A.05; 245A.07, subdivision 3; 245A.10, subdivisions 3, 4; 245A.142, subdivision 3; 245A.242, subdivision 2; 245C.02, subdivision 15a; 245C.05, subdivision 5; 245C.07; 245C.13, subdivision 2; 245C.15, subdivision 4a; 245C.16, subdivision 1; 245C.22, subdivision 5; 245I.04, subdivisions 5, 17, as amended; 245I.06, subdivision 3; 245I.23, subdivisions 7, 10; 254B.02, subdivision 5; 254B.0503, subdivision 1; 254B.0505, by adding a subdivision; 254B.0509, subdivision 2; 256.01, subdivision 2; 256.4792, subdivisions 1, 7, by adding a subdivision; 256B.04, subdivision 21, as amended; 256B.0625, subdivisions 5m, as amended, 17, 18i, 20; 256B.0659, subdivision 21; 256B.0701, subdivision 9; 256B.0911, subdivision 30; 256B.0924, subdivision 6, as amended; 256B.0943, subdivisions 3, 12; 256B.0949, subdivision 16, as amended; 256B.4914, subdivisions 3, 5a, 8, 9; 256B.85, subdivisions 7, 12, 17a; 256I.04,

subdivision 2a; 256L.03, subdivision 5, as amended; 260E.03, subdivision 6; 260E.11, subdivision 1; 260E.14, subdivision 1; 626.5572, subdivision 13, as amended; Laws 2021, First Special Session chapter 7, article 13, section 73, as amended; Laws 2025, First Special Session chapter 3, article 8, section 43; article 20, section 19, subdivision 1; article 21, section 3, subdivision 2; Laws 2025, First Special Session chapter 9, article 4, sections 2; 23; 38; 39; 40; 41; 42; 43; 44; 50; 57; Laws 2026, chapter 95, article 4, section 2; article 5, section 23, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 245A; 245I; 256B; 256R; repealing Minnesota Statutes 2024, sections 245.735, subdivisions 1a, 2a, 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 4a, 4b, 4c, 4e, 7, 8; 245C.03, subdivision 7; 245I.20, subdivision 9; 245I.23, subdivision 23; 256B.055, subdivision 14; 256B.0623, subdivisions 2, 4, 5, 6, 9; 256B.0624, subdivisions 2, 3, 4a, 5, 6, 6a, 6b, 7, 8, 9, 11; 256B.073, subdivision 4; 256B.0911, subdivision 21; 256B.0921; 256B.0943, subdivisions 4, 5, 5a, 6, 7, 11; Minnesota Statutes 2025 Supplement, sections 245.735, subdivisions 3, 4d; 245A.10, subdivision 3a; 256B.0701, subdivision 11; 256B.0911, subdivisions 24a, 25a; 256B.0943, subdivisions 1, 9; Minnesota Rules, part 9505.2165, subpart 4."

We request the adoption of this report and repassage of the bill.

Senate Conferees: John Hoffman, Omar Fateh, Melissa Wiklund

House Conferees: Joe Schomacker, Dawn Gillman, Mohamud Noor, Heather Keeler

Senator Hoffman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 4476 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The roll was called, and there were yeas 36 and nays 29, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kunesh	Murphy	Weber
Carlson	Gustafson	Kupec	Oumou Verbeten	Westlin
Champion	Hauschild	Latz	Pappas	Wiklund
Clark	Hawj	Mann	Pha	Xiong
Cwodzinski	Hemmingsen-Jaeger	Marty	Port	
Dahms	Hoffman	Maye Quade	Putnam	
Dibble	Johnson Stewart	McEwen	Rest	
Fateh	Klein	Mohamed	Seeberger	

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senator: Carlson.

Those who voted in the negative were:

Abeler	Duckworth	Housley	Lang	Pratt
Bahr	Farnsworth	Howe	Lieske	Rarick
Coleman	Green	Jasinski	Limmer	Rasmusson
Dornink	Gruenhagen	Johnson	Lucero	Utke
Draheim	Heintzeman	Koran	Mathews	Wesenberg
Drazkowski	Holmstrom	Kreun	Miller	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Duckworth.

The motion prevailed. So the recommendations and Conference Committee report were adopted.

S.F. No. 4476 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 35 and nays 31, as follows:

Those who voted in the affirmative were:

Abeler	Dibble	Hoffman	Marty	Port
Boldon	Fateh	Johnson Stewart	McEwen	Putnam
Carlson	Frentz	Klein	Mohamed	Rest
Champion	Gustafson	Kunesh	Murphy	Seeberger
Clark	Hauschild	Kupec	Oumou Verbeten	Westlin
Cwodzinski	Hawj	Latz	Pappas	Wiklund
Dahms	Hemmingsen-Jaeger	Mann	Pha	Xiong

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senator: Carlson.

Those who voted in the negative were:

Bahr	Green	Johnson	Mathews	Utke
Coleman	Gruenhagen	Koran	Maye Quade	Wesenberg
Dornink	Heintzeman	Kreun	Miller	Westrom
Draheim	Holmstrom	Lang	Nelson	
Drazkowski	Housley	Lieske	Pratt	
Duckworth	Howe	Limmer	Rarick	
Farnsworth	Jasinski	Lucero	Rasmusson	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Duckworth.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2077, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2077: A bill for an act relating to state government; appropriating money for environment and natural resources; appropriating money from environment and natural resources trust fund; modifying prior appropriations; modifying fees and surcharges; modifying disposition of certain funds; modifying and establishing duties, authorities, and prohibitions regarding environment and natural resources; modifying and creating environment and natural resources programs; modifying and creating grant programs; providing civil and criminal penalties; authorizing

rulemaking; modifying state trail, state forest, and state park provisions; authorizing sales, conveyances, and leases of certain state lands; modifying forestry provisions; modifying game and fish provisions; making technical changes; requiring reports; amending Minnesota Statutes 2024, sections 84.027, by adding a subdivision; 86B.415, subdivision 7; 97A.223, subdivision 1; 97A.421, by adding a subdivision; 97A.465, by adding a subdivision; 97A.475, subdivisions 2, 6; 103G.271, subdivision 6; 103G.301, subdivision 2; 115B.421; 116.07, by adding a subdivision; 116.073, subdivisions 1, 2; Laws 2023, chapter 60, article 1, sections 2, subdivisions 2, 7, 10; 3, subdivision 6; Laws 2024, chapter 83, section 2, subdivisions 3, 8; proposing coding for new law in Minnesota Statutes, chapters 84; 86B; 325F.

Senate File No. 2077 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 17, 2026

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2438, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2438 is herewith transmitted to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 17, 2026

CONFERENCE COMMITTEE REPORT ON H. F. No. 2438

A bill for an act relating to transportation; establishing a budget for transportation; appropriating money for transportation purposes, including Department of Transportation, Department of Public Safety, and Metropolitan Council activities; modifying prior appropriations; transferring money; modifying various policy and finance provisions; modifying and providing for allocation of certain fees; directing certain rulemaking; requiring studies; modifying and requiring certain legislative reporting; amending Minnesota Statutes 2024, sections 4.076, subdivisions 4, 5; 161.115, subdivision 177; 161.178, subdivisions 1, 2a, 8, by adding a subdivision; 162.16; 168.002, subdivision 6; 168.013, subdivision 1m; 168.091; 168.1287, subdivisions 1, 5; 168.27, subdivisions 8, 11, 16, 22; 168.33, by adding a subdivision; 168A.11, subdivision 1; 168E.01, by adding subdivisions; 168E.05, subdivision 1; 169.011, subdivision 36; 169.06, subdivision 5; 169.09, subdivision 8; 169.14, subdivision 1a; 169.686, subdivision 1; 169.865, subdivisions 1a, 3; 169A.55, subdivision 5; 171.01, by adding a subdivision; 171.05, subdivision 1; 171.06, by adding a subdivision; 171.0605, subdivision 2, by adding a subdivision; 171.061, by adding a subdivision; 171.13, subdivisions 7, 8; 171.17, subdivision 1; 171.2405, subdivision 1; 171.301, subdivision 1; 171.306, subdivisions 1, 4; 174.02, by adding a subdivision; 174.03, subdivision 12, by adding a subdivision; 174.07, subdivision 3; 174.38, subdivision 4; 174.49, by adding a subdivision; 174.56; 174.634, subdivision 2; 289A.51, subdivisions 1, 3, 4; 297A.993, subdivision 2a; 299A.01, by adding a subdivision; 360.511, by adding subdivisions; 360.55, subdivisions 4, 4a, 8, by adding a subdivision; 398A.04, by adding a subdivision; 473.13, by adding a subdivision; 473.39, subdivision 6, by adding

subdivisions; 473.408, by adding a subdivision; 473.4465, subdivision 4, by adding a subdivision; Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 2, as amended; Laws 2021, First Special Session chapter 14, article 11, section 45; Laws 2023, chapter 60, article 10, section 9; Laws 2023, chapter 68, article 1, section 2, subdivisions 2, 3; article 4, section 109; Laws 2024, chapter 127, article 1, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 137; 168; 168A; 174.

May 17, 2026

The Honorable Lisa M. Demuth
Speaker of the House of Representatives

The Honorable Bobby Joe Champion
President of the Senate

We, the undersigned conferees for H. F. No. 2438 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2438 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

FEDERAL CONFORMITY

Section 1. Minnesota Statutes 2024, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 2. Minnesota Statutes 2024, section 290.01, subdivision 19, as amended by Laws 2026, chapter 88, article 1, section 170, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136 and 290.035.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, ~~and~~ 290.0135 to 290.0137, and 290.035.

(c) In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

(d) The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

(e) The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

(f) The Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026, applies for taxable years beginning after December 31, 1996.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by section 290.035 and the additions provided in section 290.0131, subdivisions 8 to 10, 16, 17, ~~and~~ 19, and 24 to 26, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, 28, ~~and~~ 31, 40, and 41, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by section 290.035 and the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, 17, ~~and~~ 19, and 24 to 26, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, 28, ~~and~~ 31, 40, and 41, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 3. Minnesota Statutes 2024, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 4. Minnesota Statutes 2024, section 290.0122, subdivision 4, is amended to read:

Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable contributions. The deduction equals the amount of the charitable contribution deduction allowable to the taxpayer under section 170 of the Internal Revenue Code, including the denial of the deduction under section 408(d)(8), except that ~~the provisions of section 170(b)(1)(G) apply regardless of~~, notwithstanding section 170(b)(1)(I) of the Internal Revenue Code, the deduction is limited to contributions in excess of one percent of the taxpayer's contribution base for the taxable year.

(b) For taxable years beginning after December 31, 2017, the determination of carryover amounts must be made by applying the rules under section 170 of the Internal Revenue Code based on the charitable contribution deductions claimed and allowable under this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 5. Minnesota Statutes 2024, section 290.0131, subdivision 15, is amended to read:

Subd. 15. **529 plan addition.** The lesser of the following amounts is an addition:

(1) the total distributions for the taxable year from a qualified plan under section 529 of the Internal Revenue Code, owned by the taxpayer, that are expended for:

(i) qualified higher education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for tuition for elementary or secondary public, private, or religious school); and

(ii) qualified postsecondary credentialing expenses, as defined in section 529(f) of the Internal Revenue Code; or

(2) the total amount required to be reported to the taxpayer by any trustee of a qualified tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue Service Form 1099Q for the taxable year.

EFFECTIVE DATE. This section is effective retroactively from the same time as the changes under section 70414 of Public Law 119-21 became effective.

Sec. 6. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 21. **Disallowed educational assistance payments.** (a) The amount of disallowed educational assistance payments is an addition.

(b) For the purposes of this subdivision, "disallowed educational assistance payments" means the following amounts that are excluded from gross income under section 127 of the Internal Revenue Code:

(1) payments of principal and interest described in section 127(c)(1)(B) of the Internal Revenue Code; plus

(2) the combined amount of educational assistance described in sections 127(c)(1)(A) and 127(c)(1)(C) of the Internal Revenue Code in excess of $5,250.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 7. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 22. **Qualified transportation fringe.** (a) The amount of qualified transportation fringe in excess of the prior law limit is an addition.

(b) For the purposes of this subdivision:

(1) "prior law limit" means the limitation under section 132(f)(2) of the Internal Revenue Code, except adjusted for inflation by substituting "1998" for "1997" in section 132(f)(6) of the Internal Revenue Code; and

(2) "qualified transportation fringe" has the meaning given in section 132(f) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 8. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 23. **Services performed in the Sinai Peninsula and other areas.** The amount excluded from gross income attributable to services performed in the areas listed in section 70118 of Public Law 119-21 is an addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 9. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 24. **Opportunity zone capital gain income.** (a) The amount of opportunity zone capital gain income is an addition.

(b) For the purposes of this subdivision, "opportunity zone capital gain income" equals the sum of:

(1) the amount of gains the taxpayer excluded from gross income or deferred in the taxable year under section 1400Z-2(a) of the Internal Revenue Code due to a deferral under section 1400Z-2(b)(1) of the Internal Revenue Code; and

(2) for a gain on an investment in the taxable year, the amount by which the taxpayer's basis in the investment was increased under section 1400Z-2(b)(2)(B) or 1400Z-2(c) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 10. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 25. **Interest on loans secured by rural or agricultural real property.** The amount of interest excluded from gross income under section 139L of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective retroactively from the same time as section 70435 of Public Law 119-21 became effective.

Sec. 11. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 26. **Business meals provided on fishing boats or at fish processing facilities; expenses for bona fide transactions.** The sum of the following amounts is an addition:

(1) the amount of business meal expenses in excess of the 50 percent limitation that are allowed as a deduction under section 274(n)(2)(C) of the Internal Revenue Code; plus

(2) the amount of expenses allowed as a deduction under section 274(e)(8) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 12. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 40. **Previously taxed capital gains in an opportunity zone.** The amount of a gain that was deferred under section 1400Z-2 of the Internal Revenue Code that was previously recognized as an addition under section 290.0131, subdivision 24, and was recognized in the taxable year is a subtraction. The subtraction is not allowed for the increase in basis described in section 290.0131, subdivision 24, paragraph (b), clause (2).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 13. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 41. **Net CFC tested income.** The amount calculated under section 290.034, paragraph (a), clause (2), is a subtraction. The subtraction must not exceed the amount of net CFC tested income calculated under section 290.034 for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 14. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision to read:

Subd. 16. **Research and experimental expenditures amortization.** (a) Eighty percent of the amount of the deduction claimed for domestic research or experimental expenditures under section 174A(a) of the Internal Revenue Code is an addition.

(b) For a taxpayer making the election under Public Law 119-21, section 70302, subsection (f)(1), 80 percent of the amount of any deduction claimed retroactively for a taxable year is an addition.

(c) For a taxpayer making an election under Public Law 119-21, section 70302, subsection (f)(2)(A)(i) or (ii), the amount of the deduction claimed for unamortized amounts is an addition.

EFFECTIVE DATE. Paragraphs (a) and (c) are effective retroactively for taxable years beginning after December 31, 2024. Paragraph (b) is effective retroactively for taxable years beginning after December 31, 2021.

Sec. 15. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision to read:

Subd. 17. **Opportunity zone capital gain income.** (a) The amount of opportunity zone capital gain income is an addition.

(b) For the purposes of this subdivision, "opportunity zone capital gain income" equals the sum of:

(1) the amount of gains the taxpayer excluded from gross income or deferred in the taxable year under section 1400Z-2(a) of the Internal Revenue Code due to a deferral under section 1400Z-2(b)(1) of the Internal Revenue Code; and

(2) for a gain on an investment in the taxable year, the amount by which the taxpayer's basis in the investment was increased under section 1400Z-2(b)(2)(B) or 1400Z-2(c) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 16. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision to read:

Subd. 18. **Interest on loans secured by rural or agricultural real property.** The amount of interest excluded from gross income under section 139L of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective retroactively from the same time as section 70435 of Public Law 119-21 became effective.

Sec. 17. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision to read:

Subd. 19. **Business meals provided on fishing boats or at fish processing facilities; expenses for bona fide transactions.** The sum of the following amounts is an addition:

(1) the amount of business meal expenses in excess of the 50 percent limitation that are allowed as a deduction under section 274(n)(2)(C) of the Internal Revenue Code; plus

(2) the amount of expenses allowed as a deduction under section 274(e)(8) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 18. Minnesota Statutes 2024, section 290.0134, is amended by adding a subdivision to read:

Subd. 22. **Research and experimental expenditures amortization.** (a) In each of the four taxable years immediately following the taxable year in which an addition is required under section 290.0133, subdivision 16, paragraph (a) or (b), an amount equal to one-fourth of the amount of the addition is a subtraction.

(b) For the taxable year in which an addition is required under section 290.0133, subdivision 16, paragraph (c), and for each of the taxable years immediately following that taxable year, an amount equal to the amortized amount is a subtraction. For purposes of this paragraph, "amortized amount" means the amount of the deduction allowed for an expenditure in a taxable year under section 174A of the Internal Revenue Code if the taxpayer did not make the election under Public Law 119-21, section 70302, subsection (f)(2)(A)(i) or (ii).

EFFECTIVE DATE. Paragraph (a) is effective retroactively for taxable years beginning after December 31, 2022. Paragraph (b) is effective retroactively for taxable years beginning after December 31, 2024.

Sec. 19. Minnesota Statutes 2024, section 290.0134, is amended by adding a subdivision to read:

Subd. 23. **Previously taxed capital gains in an opportunity zone.** The amount of a gain that was deferred under section 1400Z-2 of the Internal Revenue Code that was previously recognized as an addition under section 290.0133, subdivision 17, and was recognized in the taxable year is a subtraction. The subtraction is not allowed for the increase in basis described in section 290.0133, subdivision 21, paragraph (b), clause (2).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 20. Minnesota Statutes 2024, section 290.0134, is amended by adding a subdivision to read:

Subd. 24. **Net CFC tested income.** The amount calculated under section 290.034, paragraph (a), clause (2), is a subtraction. The subtraction must not exceed the amount of net CFC tested income calculated under section 290.034 for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 21. Minnesota Statutes 2024, section 290.033, is amended to read:

290.033 NET INVESTMENT INCOME TAX.

(a) For purposes of this section, "net investment income" has the meaning given in section 1411(c) of the Internal Revenue Code, ~~excluding~~ except:

(1) net investment income excludes the net gain attributable to the disposition of property classified as class 2a under section 273.13, subdivision 23; and

(2) net investment income is adjusted for capital gains in an opportunity zone, as provided in paragraph (e).

(b) In addition to the tax computed under section 290.06, subdivision 2c, a tax is imposed on the net investment income of individuals, estates, and trusts in excess of $1,000,000 at a rate of one percent.

(c) For an individual who is not a Minnesota resident for the entire taxable year, the tax under this subdivision must be calculated as if the individual is a Minnesota resident for the entire year, and that amount must be multiplied by a fraction in which:

(1) the numerator is net investment income allocable under section 290.17 to Minnesota; and

(2) the denominator is the total amount of net investment income for the taxable year.

(d) For an estate or trust, the tax on net investment income must be computed by multiplying the net investment income tax liability by a fraction, the numerator of which is the amount of the estate or trust's net investment income allocated to the state pursuant to the provisions of sections 290.17, 290.191, and 290.20, and the denominator of which is the taxpayer's total net investment income.

(e) For a taxpayer with an addition under section 290.0131, subdivision 24, net investment income is increased by the amount of the addition. For a taxpayer with a subtraction under section 290.0132, subdivision 40, net investment income is reduced by the amount of the subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 22. **[290.034] NET CFC TESTED INCOME.**

(a) The amount of net CFC tested income for Minnesota purposes is calculated as follows:

(1) any amounts included in federal taxable income pursuant to section 951A of the Internal Revenue Code as modified under section 290.035; minus

(2) the amount calculated under section 951A(b)(2)(A) of the Internal Revenue Code, as amended through May 1, 2023. The calculation excludes section 951A(b)(2)(B). Any internal references to the calculation refer to the Internal Revenue Code as amended through May 1, 2023.

(b) The result of the calculation under paragraph (a) must not be less than zero.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 23. **[290.035] ADJUSTMENT FOR NET CFC TESTED INCOME AND SUBPART F INCOME.**

For purposes of determining a United States shareholder's Net CFC tested income under section 951A of the Internal Revenue Code or subpart F income under section 951 of the Internal Revenue Code, the provisions of Public Law 119-21 relating to the permanent extension of the look-thru rule under section 70351 do not apply.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 24. Minnesota Statutes 2025 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

(1) On the first $38,770, 5.35 percent;

(2) On all over $38,770, but not over $154,020, 6.8 percent;

(3) On all over $154,020, but not over $269,010, 7.85 percent;

(4) On all over $269,010, 9.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts after the adjustment required in subdivision 2d.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

(1) On the first $26,520, 5.35 percent;

(2) On all over $26,520, but not over $87,110, 6.8 percent;

(3) On all over $87,110, but not over $161,720, 7.85 percent;

(4) On all over $161,720, 9.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

(1) On the first $32,650, 5.35 percent;

(2) On all over $32,650, but not over $131,190, 6.8 percent;

(3) On all over $131,190, but not over $214,980, 7.85 percent;

(4) On all over $214,980, 9.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than $100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to $1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, 17, 19, and 20 to 26, and 290.0137, paragraph (a); and reduced by

(ii) the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132, subdivisions 9, 14, 15, 18, 27, 31, ~~and~~ 32, 40, and 41, and 290.0137, paragraph (c), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, 17, 19, and 20 to 26, and 290.0137, paragraph (a); and reduced by

(ii) the subtractions under sections 290.0132, subdivisions 2, 9, 14, 15, 18, 27, 31, ~~and~~ 32, 40, and 41, and 290.0137, paragraph (c).

(f) If an individual who is not a Minnesota resident for the entire year is a qualifying owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as provided in paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

(1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the addition under section 290.0131, subdivision 5; and

(2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the subtraction under section 290.0132, subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 25. Minnesota Statutes 2024, section 290.06, subdivision 2h, is amended to read:

Subd. 2h. **Section 529 plan recapture.** (a) For the purposes of this subdivision:

(1) the definitions under section 290.0684 apply;

(2) "account owner" means an individual who owns one or more qualified accounts;

(3) "credit ratio" means the ratio of (i) two times the total amount of credits that an account owner claimed under section 290.0684 for contributions to the account owner's qualified accounts to (ii) the total contributions in all taxable years to the account owner's qualified accounts;

(4) "qualified higher education expenses" has the meaning given in section 529(e)(3) of the Internal Revenue Code, except:

(i) section 529(c)(7) does not apply; and

(ii) qualified higher education expenses do not include qualified postsecondary credentialing expenses, as defined in section 529(f) of the Internal Revenue Code; and

(5) "subtraction ratio" means the ratio of (i) the total amount of subtractions that an account owner claimed under section 290.0132, subdivision 23, for contributions to the account owner's qualified accounts to (ii) the total contributions in all taxable years to the account owner's qualified accounts.

(b) If a distribution from a qualified account is used for a purpose other than to pay for qualified higher education expenses, the account owner must pay an additional tax equal to:

(1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

(2) ten percent of the product of the subtraction ratio and the amount of the distribution.

(c) The additional tax under this subdivision does not apply to any portion of a distribution that is subject to the additional tax under section 529(c)(6) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively from the same time as the changes under section 70414 of Public Law 119-21 became effective.

Sec. 26. Minnesota Statutes 2024, section 290.067, is amended to read:

290.067 DEPENDENT CARE CREDIT.

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer ~~and a spouse, if any,~~ under this chapter an amount equal to ~~the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer~~ the taxpayer's eligible dependent care expenses, as determined under subdivision 1a, multiplied by the taxpayer's credit percentage, as determined under subdivision 1b. The credit is reduced by five percent of adjusted gross income in excess of $65,610.

~~(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualifying individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.~~

~~(c) If a taxpayer:~~

~~(1) has a child who has not attained the age of one year at the close of the taxable year; and~~

~~(2) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the earned income of the taxpayer or (ii) the amount of the maximum limit for one qualifying individual under section 21(c) and (d) of the Internal Revenue Code will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.~~

~~(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:~~

~~(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or~~

~~(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.~~

~~In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.~~

~~(e)~~ (b) In the case of a nonresident or part-year resident, the credit determined under this section ~~21 of the Internal Revenue Code~~ must be allocated ~~based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse~~ using the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

~~(f) For residents of Minnesota, the subtractions for military pay under section 290.0132, subdivisions 11 and 12, are not considered "earned income not subject to tax under this chapter."~~

~~(g) For residents of Minnesota, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."~~

~~(h) For taxpayers with federal adjusted gross income in excess of $52,230, the credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the amount equal to $600 minus five percent of federal adjusted gross income in excess of $52,230 for taxpayers with one qualifying individual, or $1,200 minus five percent of federal adjusted gross income in excess of $52,230 for taxpayers with two or more qualifying individuals, but in no case is the credit less than zero.~~

(c) For the purposes of this section, the following terms have the meanings given:

(1) "employment-related expenses" has the meaning given in section 21(b)(2) of the Internal Revenue Code; and

(2) "qualifying individual" has the meaning given in section 21(b)(1) of the Internal Revenue Code, except that in determining whether the child qualified as a dependent income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer.

Subd. 1a. **Eligible dependent care expenses.** (a) A taxpayer's eligible dependent care expenses equals the amount of employment-related expenses incurred during the taxable year, subject to the limitation in paragraph (b).

(b) A taxpayer's eligible dependent care expenses are limited to:

(1) $3,000 if there was one qualifying individual with respect to the taxpayer; or

(2) $6,000 if there were two or more qualifying individuals with respect to the taxpayer.

(c) The limits under paragraph (b), clauses (1) and (2), are reduced by the amount of dependent care assistance excluded from gross income under section 129 of the Internal Revenue Code for the taxable year.

(d) For the purposes of determining employment-related expenses, the provisions of section 21(d) of the Internal Revenue Code apply.

Subd. 1b. **Credit percentage.** (a) The credit percentage equals 35 percent, subject to the reductions in paragraph (b).

(b) A taxpayer's credit percentage is reduced by one percentage point for each $2,000, or fraction thereof, by which the taxpayer's adjusted gross income exceeds $15,000, until the credit percentage equals 20 percent.

Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the ~~dollar amount of the income threshold at which the maximum credit begins to be reduced under~~ adjusted gross income amount in subdivision 1, paragraph (a), as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2026.

Subd. 2c. **Deemed expenses.** (a) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. The amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care up to the maximum eligible expenses allowed, as determined under subdivisions 1a and 1b.

(b) If a taxpayer, regardless of filing status:

(1) has a qualifying individual who has not attained the age of one year at the close of the taxable year; and

(2) used the deemed amount under paragraph (a) in lieu of the actual employment-related expenses paid for that child, the amount of deemed employment-related expenses equals the lesser of:

(i) the earned income of the taxpayer; or

(ii) the amount of the maximum limit for one qualified individual under subdivision 1a.

The earned income limitation of section 21(d) of the Internal Revenue Code does not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

Subd. 3. **Credit to be refundable; appropriation.** If the amount of credit which a claimant would be eligible to receive pursuant to this subdivision exceeds the claimant's tax liability under this chapter, the excess amount of the credit shall be refunded to the claimant by the commissioner of revenue. The amount needed to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 4. **Right to file claim.** The right to file a claim under this section shall be personal to the claimant and shall not survive death, but such right may be exercised on behalf of a claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim the amount thereof shall be disbursed to another member of the household as determined by the commissioner of revenue. If the claimant was the only member of a household, the claim may be paid to the claimant's personal representative, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.

Subd. 7. **Special rules.** For purposes of this section, the special rules of section 21(e) of the Internal Revenue Code apply.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 27. Minnesota Statutes 2025 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given.

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(1)(D) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a person with a disability;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.0131, subdivision 2;

(6) the amount of ~~addition~~ additions required by section 290.0131, subdivisions 9, 10, ~~and~~ 16, and 21 to 26;

(7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent not included in the addition required under clause (6); and

(8) to the extent not included in federal alternative minimum taxable income, the amount of foreign-derived intangible income deducted under section 250 of the Internal Revenue Code;

less the sum of the amounts determined under the following:

(i) interest income as defined in section 290.0132, subdivision 2;

(ii) an overpayment of state income tax as provided by section 290.0132, subdivision 3, to the extent included in federal alternative minimum taxable income;

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(iv) amounts subtracted from federal taxable or adjusted gross income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, 31, and 34 to ~~39~~ 41;

(v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); and

(vi) the amount allowable as a Minnesota itemized deduction under section 290.0122, subdivision 7.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code, except alternative minimum taxable income must be increased by the addition in section 290.0131, subdivision 16.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section, section 290.033, and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 28. Minnesota Statutes 2024, section 290.21, subdivision 9, is amended to read:

Subd. 9. **Controlled foreign corporations.** The net income of a corporation that is included pursuant to section 951 of the Internal Revenue Code as modified under section 290.035 is dividend income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 29. Minnesota Statutes 2024, section 290.21, subdivision 10, is amended to read:

Subd. 10. ~~**Global intangible low-taxed**~~ **Net CFC tested income.** ~~Any amounts included in taxable income pursuant to section 951A of the Internal Revenue Code, are~~ The amount of net CFC tested income calculated under section 290.034 is dividend income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 30. Minnesota Statutes 2024, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 31. Minnesota Statutes 2024, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code, increased by the value of any property in which the decedent had a qualifying income interest for life and for which an election was made under section 291.03, subdivision 1d, for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026.

(4) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included in the estate which has its situs outside Minnesota, and (b) including any property omitted from the federal gross estate which is includable in the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(7) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply to determinations of domicile under this chapter.

(8) "Situs of property" means, with respect to:

(i) real property, the state or country in which it is located;

(ii) tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death or for a gift of tangible personal property within three years of death, the state or country in which it was normally kept or located when the gift was executed;

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

(iv) intangible personal property, the state or country in which the decedent was domiciled at death or for a gift of intangible personal property within three years of death, the state or country in which the decedent was domiciled when the gift was executed.

For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property, including qualified works of art, is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

(9) "Pass-through entity" includes the following:

(i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;

(ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

(iii) a single-member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or

(iv) a trust to the extent the property is includable in the decedent's federal gross estate; but excludes

(v) an entity whose ownership interest securities are traded on an exchange regulated by the Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

ARTICLE 2

INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 41A.30, subdivision 1, is amended to read:

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

(b) "Aircraft" has the meaning given in section 296A.01, subdivision 3.

(c) "Aviation gasoline" has the meaning given in section 296A.01, subdivision 7.

(d) "Commissioner" means the commissioner of agriculture.

(e) "Jet fuel" has the meaning given in section 296A.01, subdivision 8.

(f) "Qualifying taxpayer" means a taxpayer, as defined in section 290.01, subdivision 6, that is engaged in the business of:

(1) producing sustainable aviation fuel; or

(2) blending sustainable aviation fuel with aviation gasoline or jet fuel.

(g) "Sustainable aviation fuel" means liquid fuel that:

(1) is derived from:

(i) biomass, as defined in section 41A.15, subdivision 2e, that is produced in the United States, provided that any agricultural feedstocks are from planted crops and crop residue harvested from agricultural land cleared or cultivated any time prior to December 19, 2007, that is either actively managed or fallow;

(ii) gaseous carbon oxides; or

(iii) hydrogen that has a carbon intensity not greater than four kilograms of carbon dioxide equivalent per kilogram of hydrogen produced;

(2) is not derived from palm fatty acid distillates; and

(3) achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as determined by a test that shows:

(i) that the fuel production pathway achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model that accounts for reduced emissions throughout the fuel production process; or

(ii) that the fuel production pathway achieves at least a 50 percent reduction of the aggregate attributional core life cycle emissions and the positive induced land use change values under the life cycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2024, for sustainable aviation fuel sold after June 30, 2025.

Sec. 2. Minnesota Statutes 2024, section 41A.30, subdivision 2, is amended to read:

Subd. 2. **Tax credit establishment.** (a) A qualifying taxpayer may claim a tax credit against the tax due under chapter 290 equal to $1.50 for each gallon of sustainable aviation fuel that is:

(1) produced in Minnesota or blended with aviation or gasoline or jet fuel in Minnesota, provided that carbon oxides sequestered as part of the production process are not used as a tertiary injectant in a qualified enhanced oil recovery project; and

(2) sold in Minnesota to a purchaser who certifies that the sustainable aviation fuel is for use as fuel in an aircraft departing from an airport in Minnesota.

(b) The credit may be claimed only after approval and certification by the commissioner and is limited to the amount stated on the credit certificate issued under subdivision 3. A qualifying taxpayer must apply to the commissioner for certification and allocation of a credit in a form and manner prescribed by the commissioner.

(c) A qualifying taxpayer may claim a credit for blending or producing sustainable aviation fuel, but not both. If sustainable aviation fuel is blended with aviation gasoline or jet fuel, the credit is allowed only for the portion of sustainable aviation fuel that is included in the blended fuel.

(d) If the amount of credit that the taxpayer is eligible to receive under this section exceeds the liability for tax under chapter 290, the commissioner of revenue must refund the excess to the taxpayer.

(e) Subject to the commissioner's certification, a qualifying taxpayer may claim a supplemental tax credit against the tax due under chapter 290 equal to the rate of $0.02 per gallon for each additional whole percentage carbon intensity reduction beyond 50 percent, but capped at $2.00 per gallon.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2024, for sustainable aviation fuel sold after June 30, 2025.

Sec. 3. Minnesota Statutes 2025 Supplement, section 41A.30, subdivision 5, is amended to read:

Subd. 5. **Allocation limits.** (a) Subject to additional rollover allocation as provided in paragraph (b), for tax credits allowed under subdivision 2, the commissioner must not issue credit certificates for more than ~~$11,600,000~~ $36,900,000 in total, allocated as follows:

(1) $7,400,000 for fiscal year 2025; ~~and~~

(2) $2,100,000 for ~~each of~~ fiscal ~~years~~ year 2026 ~~and 2027~~;

(3) $7,400,000 for fiscal year 2027;

(4) $5,300,000 for fiscal year 2028; and

(5) $2,100,000 for each fiscal year from 2029 through 2035.

(b) Any portion of a fiscal year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent fiscal years until ~~all credits have been allocated~~ the entire allocation has been made, except that the commissioner must not issue any credit certificates for fiscal years beginning after June 30, ~~2030~~ 2035, and any unallocated amounts cancel on that date.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2025.

Sec. 4. Minnesota Statutes 2024, section 41A.30, subdivision 7, is amended to read:

Subd. 7. **Expiration.** This section expires for taxable years beginning after December 31, ~~2030~~ 2035.

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

Sec. 5. Minnesota Statutes 2025 Supplement, section 41B.0391, subdivision 2, is amended to read:

Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural assets may take a credit against the tax due under chapter 290 for the sale or rental of agricultural assets to a beginning farmer in the amount allocated by the authority under subdivision 4, or, for taxable years beginning after December 31, 2025, and before January 1, 2027, subdivision 4a. An owner of agricultural assets is eligible for allocation of a credit equal to:

(1) eight percent of the lesser of the sale price or the fair market value of the agricultural asset, up to a maximum of $50,000;

(2) ten percent of the gross rental income in each of the first, second, and third years of a rental agreement, up to a maximum of $7,000 per year; or

(3) 15 percent of the cash equivalent of the gross rental income in each of the first, second, and third years of a share rent agreement, up to a maximum of $10,000 per year.

(b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent agreement. The agricultural asset must be rented at prevailing community rates as determined by the authority.

(c) The credit may be claimed only after approval and certification by the authority, and is limited to the amount stated on the certificate issued under subdivision 4. An owner of agricultural assets must apply to the authority for certification and allocation of a credit, in a form and manner prescribed by the authority.

(d) An owner of agricultural assets or beginning farmer may terminate a rental agreement, including a share rent agreement, for reasonable cause upon approval of the authority. If a rental agreement is terminated without the fault of the owner of agricultural assets, the tax credits shall not be retroactively disallowed. In determining reasonable cause, the authority must look at which party was at fault in the termination of the agreement. If the authority determines the owner of agricultural assets did not have reasonable cause, the owner of agricultural assets must repay all credits received as a result of the rental agreement to the commissioner of revenue. The repayment is additional income tax for the taxable year in which the authority makes its decision or when a final adjudication under subdivision 5, paragraph (a), is made, whichever is later.

(e) The credit is limited to the liability for tax as computed under chapter 290 for the taxable year. If the amount of the credit determined under this section for any taxable year exceeds this limitation, the excess is a beginning farmer incentive credit carryover according to section 290.06, subdivision 37.

(f) For purposes of the credit for the sale of agricultural land only, the family member definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply. For a sale to a family member to qualify for the credit, the sales price of the agricultural land must equal or exceed the assessed value of the land as of the date of the sale. For purposes of this paragraph, "sale to a family member" means a sale to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a family member of:

(1) the owner of the agricultural land; or

(2) a partner, member, shareholder, or trustee of the owner of the agricultural land.

(g) For a sale to a limited land access farmer, the credit rate under paragraph (a), clause (1), is 12 percent rather than eight percent.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 6. Minnesota Statutes 2025 Supplement, section 41B.0391, subdivision 4, is amended to read:

Subd. 4. **Authority duties.** (a) The authority shall:

(1) approve and certify or recertify beginning farmers as eligible for the program under this section;

(2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2 subject to the allocation limits in paragraph (c), provided that the allocation limits in paragraph (c) do not apply for credits allocated in taxable years beginning after December 31, 2025, and before January 1, 2027;

(3) provide necessary and reasonable assistance and support to beginning farmers for qualification and participation in financial management programs approved by the authority;

(4) refer beginning farmers to agencies and organizations that may provide additional pertinent information and assistance; and

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section. For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.

(b) The certification of a beginning farmer or an owner of agricultural assets under this section is valid for the year of the certification and the two following years, after which time the beginning farmer or owner of agricultural assets must apply to the authority for recertification.

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than $6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and $4,000,000 for taxable years beginning after December 31, 2023. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to limited land access farmers. Any portion of a taxable year's newly allocated credits that is reserved for limited land access farmers that is not allocated by September 30 of the taxable year is available for allocation to other credit allocations beginning on October 1.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 7. Minnesota Statutes 2024, section 41B.0391, is amended by adding a subdivision to read:

Subd. 4a. **Temporary removal of allocation limitation.** For taxable years beginning after December 31, 2025, and before January 1, 2027, the allocation limitations in subdivision 4, paragraph (c), do not apply. This subdivision expires January 1, 2027.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 8. Minnesota Statutes 2025 Supplement, section 41B.0391, subdivision 6a, is amended to read:

Subd. 6a. **Report to legislature.** (a) No later than February 1 each year the Rural Finance Authority, in consultation with the commissioner of revenue, must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture, economic development, rural development, and taxes, in compliance with sections 3.195 and 3.197, on the beginning farmer tax credits under this section.

(b) The report must include background information on beginning farmers in Minnesota and any other information the commissioner and authority find relevant to evaluating the effect of the credits on increasing opportunities for and the number of beginning farmers.

(c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report must include:

(1) the number and amount of credits issued under each clause;

(2) the geographic distribution of credits issued under each clause;

(3) the type of agricultural assets for which credits were issued under clause (1);

(4) the number and geographic distribution of beginning farmers whose purchase or rental of assets resulted in credits for the seller or owner of the asset;

(5) the number and amount of credits disallowed under subdivision 2, paragraph (d);

(6) data on the number of beginning farmers by geographic region, including:

(i) the number of beginning farmers by race and ethnicity, as those terms are applied in the 2020 United States Census; and

(ii) to the extent available, the number of beginning farmers who are limited land access farmers; and

(7) the number and amount of credit applications that exceeded the allocation available under subdivision 4 in each year.

(d) For credits issued under subdivision 3, the report must include:

(1) the number and amount of credits issued;

(2) the geographic distribution of credits;

(3) a listing and description of each approved financial management program for which credits were issued; and

(4) a description of the approval procedure for financial management programs not on the list maintained by the authority, as provided in subdivision 3, paragraph (a).

EFFECTIVE DATE. This section is effective for reports due for credits issued for taxable years beginning after December 31, 2025.

Sec. 9. Minnesota Statutes 2024, section 289A.08, subdivision 7a, is amended to read:

Subd. 7a. **Pass-through entity tax.** (a) For the purposes of this subdivision, the following terms have the meanings given:

(1) "income" has the meaning given in section 290.01, subdivision 19, paragraph (i). The income of a resident qualifying owner of a qualifying entity that is a partnership or limited liability company taxed as a partnership under the Internal Revenue Code is not subject to allocation outside this state as provided for resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying owner of a qualifying entity and the income of a resident qualifying owner of a qualifying entity that is an S corporation, including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code, are allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

(2) "qualifying entity" means a partnership, limited liability company taxed as a partnership or S corporation, or S corporation including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code that has at least one qualifying owner. Qualifying entity does not include a publicly traded partnership, as defined in section 7704 of the Internal Revenue Code; and

(3) "qualifying owner" means:

(i) a resident or nonresident individual or estate that is a partner, member, or shareholder of a qualifying entity;

(ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an S corporation; or

(iii) a disregarded entity that has a qualifying owner as its single owner.

(b) For taxable years beginning after December 31, 2020, a qualifying entity may elect to file a return and pay the pass-through entity tax imposed under paragraph (c). The election:

(1) must be made on or before the due date or extended due date of the qualifying entity's pass-through entity tax return;

(2) must exclude partners, members, shareholders, or owners who are not qualifying owners;

(3) may only be made by qualifying owners who collectively hold more than 50 percent of the ownership interests in the qualifying entity held by qualifying owners;

(4) is binding on all qualifying owners who have an ownership interest in the qualifying entity; and

(5) once made is irrevocable for the taxable year.

(c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

(d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount of the qualifying owner's income multiplied by the highest tax rate for individuals under section 290.06, subdivision 2c. The computation of a qualifying owner's net investment income tax liability must be computed under section 290.033. When making this determination:

(1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed; and

(2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

(e) The amount of each credit and deduction used to determine a qualifying owner's tax liability under paragraph (d) must also be used to determine that qualifying owner's income tax liability under chapter 290.

(f) This subdivision does not negate the requirement that a qualifying owner pay estimated tax if the qualifying owner's tax liability would exceed the requirements set forth in section 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's tax liability as determined under paragraph (d) is, however, satisfied when the qualifying entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated tax.

(g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the treatment of distributions, is determined as if the election to pay the pass-through entity tax under paragraph (b) is not made.

(h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a pass-through entity tax return must be treated as a composite return and a qualifying entity filing a pass-through entity tax return must be treated as a partnership filing a composite return.

(i) The provisions of subdivision 17 apply to the election to pay the pass-through entity tax under this subdivision.

(j) If a nonresident qualifying owner of a qualifying entity making the election to file and pay the tax under this subdivision has no other Minnesota source income, filing of the pass-through entity tax return is a return for purposes of subdivision 1, provided that the nonresident qualifying owner must not have any Minnesota source income other than the income from the qualifying entity, other electing qualifying entities, and other partnerships electing to file a composite return under subdivision 7. If it is determined that the nonresident qualifying owner has other Minnesota source income, the inclusion of the income and tax liability for that owner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the qualifying owner as part of the pass-through entity tax return is allowed as a payment of the tax by the qualifying owner on the date on which the pass-through entity tax return payment was made.

(k) Once a credit is claimed by a qualifying owner under section 290.06, subdivision 40, a qualifying entity cannot receive a refund for tax paid under this subdivision for any amounts claimed under that section by the qualifying owners. Once a credit is claimed under section 290.06, subdivision 40, any refund must be claimed in conjunction with a return filed by the qualifying owner.

(l) This subdivision expires ~~at the same time and on the same terms as section 164(b)(6)(B) of the Internal Revenue Code~~ for taxable years beginning after December 31, 2027, except that the expiration of this subdivision does not affect the commissioner's authority to audit or power of examination and assessments for credits claimed under this section.

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

Sec. 10. **[289A.081] DIRECT FREE FILING OF INDIVIDUAL RETURNS.**

(a) The commissioner must establish an electronic filing system through which taxpayers may directly file an electronic individual income tax return free of charge. The commissioner may contract with a software vendor to develop the filing system required under this section, but the vendor must not offer paid tax preparation services for Minnesota individual income taxpayers for tax years that the system is active, and the filing system must be made available on the Department of Revenue website. The commissioner must not limit access to the system based on a taxpayer's income.

(b) To the extent feasible, the commissioner must coordinate the state filing system under this section with any federal filing systems established for free filing of federal tax returns.

(c) The commissioner must make the system required under this section available for taxable years beginning after December 31, 2026. At a minimum, the system must allow taxpayers to claim:

(1) the marriage penalty credit under section 290.0675;

(2) the education credit under section 290.0674;

(3) the child and working family credits under sections 290.0661 and 290.0671;

(4) the dependent care credit under section 290.067;

(5) the student loan credit under section 290.0682; and

(6) the renter's credit under section 290.0693.

(d) The commissioner may establish an electronic filing system through which individual taxpayers may file a federal income tax return for free.

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

Sec. 11. Minnesota Statutes 2024, section 290.01, subdivision 19, as amended by Laws 2026, chapter 88, article 1, section 170, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

(c) In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

(d) The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

(e) The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

(f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for taxable years beginning after December 31, 1996.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, 17, and 19, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, 17, and 19, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. ~~The income of both a resident~~

~~and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.~~

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

Sec. 12. Minnesota Statutes 2025 Supplement, section 290.06, subdivision 23a, is amended to read:

Subd. 23a. **Pass-through entity tax paid to another state.** (a) A credit is allowed against the tax imposed on a qualifying entity under section 289A.08, subdivision 7a, for pass-through entity tax paid to another state. The credit under this subdivision is allowed as a credit for taxes paid to another state under subdivision 22, paragraph (a), and may only be claimed by a qualifying owner. The credit allowed under this subdivision must be claimed in a manner prescribed by the commissioner.

(b) This subdivision expires ~~at the same time and on the same terms as section 164(b)(6)(B) of the Internal Revenue Code~~ for taxable years beginning after December 31, 2027, except that the expiration of this subdivision does not affect the commissioner's authority to audit or power of examination and assessments for credits claimed under this section.

(c) As used in this subdivision, the following terms have the meanings given:

(1) "income" has the meaning provided in section 290.01, subdivision 19, paragraph (i);

(2) "pass-through entity tax" means an entity-level tax imposed on the income of a partnership, limited liability corporation, or S corporation;

(3) "qualifying entity" has the meaning provided in section 289A.08, subdivision 7a, paragraph (a); and

(4) "qualifying owner" has the meaning provided in section 289A.08, subdivision 7a, paragraph (b).

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

Sec. 13. Minnesota Statutes 2024, section 290.06, subdivision 40, is amended to read:

Subd. 40. **Pass-through entity tax credit.** (a) A qualifying owner of a qualifying entity that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may claim a credit against the tax due under this chapter equal to the amount of the owner's tax liability as calculated under section 289A.08, subdivision 7a, paragraph (d). The commissioner may disallow a credit if the tax liability of the qualifying entity has not been paid.

(b) If the amount of the credit the taxpayer may claim under this subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the excess to the taxpayer. The amount necessary to pay the claim for the refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.

(c) For purposes of this subdivision, "qualifying entity," "qualifying owner," and "tax liability" have the meanings given in section 289A.08, subdivision 7a, paragraphs (a) and (d).

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

Sec. 14. Laws 2023, chapter 64, article 15, section 24, is amended to read:

Sec. 24. **TAX FILING MODERNIZATION.**

Subdivision 1. **Account established; appropriation.** A tax filing modernization account is established in the special revenue fund. All funds in the tax filing modernization account are appropriated to the commissioner of revenue for the purposes specified in subdivision 3.

Subd. 2. **Transfer.** $5,000,000 in fiscal year 2024 is transferred to the tax filing modernization account from the general fund. This is a onetime transfer.

Subd. 3. **Eligible uses.** ~~(a)~~ The commissioner of revenue may use funds in the tax filing modernization account to ~~modernize the state process for filing individual income tax returns, including:~~

~~(1) updating and reviewing changes to individual income tax forms resulting from this act;~~

~~(2) coordinating the process for filing state individual income tax returns with free filing options for the federal income tax; and~~

~~(3) development and implementation of~~ develop and implement state free filing options for the individual income tax as provided in Minnesota Statutes, section 289A.081.

~~(b) Beginning July 1, 2026, the commissioner of revenue may use any unspent funds in the tax filing modernization account to make taxpayer assistance grants to eligible organizations qualifying under section 7526A(c)(2)(B) of the Internal Revenue Code.~~

Subd. 4. **Unspent funds.** Any unspent funds in the tax filing modernization account cancel to the general fund on June 30, ~~2027~~ 2029.

Subd. 5. **Sunset.** This section expires and the account is abolished on July 1, 2029.

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

Sec. 15. **INCOME TAX SUBTRACTION; NURSING FACILITY WORKFORCE WAGE SUPPLEMENT PROGRAM.**

(a) For purposes of this section:

(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply to this section; and

(2) the definitions in Minnesota Statutes, section 290.01.

(b) The amount of supplemental wage payments provided under Minnesota Statutes, section 256R.60, is a subtraction.

(c) Payments under this section are excluded from income, as defined in Minnesota Statutes, section 290A.03, subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025, and before January 1, 2027, only if S.F. 4476 is finally enacted at the 2026 regular legislative session.

Sec. 16. **PASS-THROUGH ENTITY TAX; 2026 ESTIMATED PAYMENTS.**

For estimated payments due from pass-through entities under Minnesota Statutes, section 289A.08, subdivision 7a, paragraph (f), for taxable years beginning after December 31, 2025, and before January 1, 2027, no addition to tax is imposed under Minnesota Statutes, section 289A.25, subdivision 2, if the first estimated payment is paid in full with the second estimated payment, as required under Minnesota Statutes, section 289A.25, subdivision 3.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2025, and before January 1, 2027.

Sec. 17. **REVIVAL AND REENACTMENT.**

Minnesota Statutes, sections 289A.08, subdivision 7a, and 290.06, subdivision 23a, are revived and reenacted retroactively from January 1, 2026.

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

Sec. 18. **APPROPRIATION; DIRECT FREE FILING SYSTEM.**

$2,300,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of revenue for the direct free filing system required under Minnesota Statutes, section 289A.081. The base for this appropriation is $3,500,000 in fiscal year 2028 and $3,500,000 in fiscal year 2029.

ARTICLE 3

SALES AND USE TAXES

Section 1. Minnesota Statutes 2024, section 297A.68, is amended by adding a subdivision to read:

Subd. 9a. **Championship golf tournaments admission and related events.** (a) The granting of the privilege of admission to a world championship golf tournament sponsored by the Professional Golfers' Association of America and to related events sponsored by the Professional Golfers' Association of America is exempt.

(b) This subdivision expires July 1, 2030.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2026.

Sec. 2. Minnesota Statutes 2024, section 428B.02, subdivision 4, is amended to read:

Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a service charge on a business pursuant to this chapter for the purpose of providing activities and improvements that will provide benefits to a business that is located within the tourism improvement district and

subject to the tourism improvement district service charge. Each business paying a service charge within a district must benefit directly or indirectly from improvements provided by a tourism improvement association, provided, however, the business need not benefit equally. Service charges must be based on a percent of gross business revenue, a fixed dollar amount per transaction, or any other reasonable method based upon benefit and approved by the municipality. A business may, but is not required to, collect the service charge imposed by this section from the purchaser. If separately stated on the invoice, bill of sale, or similar document given to the purchaser, the service charge is excluded from the sales price for purposes of the tax imposed under chapter 297A.

(b) Service charges may be used to cover the costs of collections, as well as other administrative costs associated with operating, forming, or maintaining the district.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2025.

ARTICLE 4

PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes 2025 Supplement, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** ~~For fiscal year 2015 and later,~~ A district's general education aid equals:

(1) general education revenue, excluding operating capital revenue, equity revenue, local optional revenue, and transition revenue; plus

(2) operating capital aid under section 126C.10, subdivision 13b; plus

(3) equity aid under section 126C.10, subdivision 30; plus

(4) transition aid under section 126C.10, subdivision 33; plus

(5) shared time aid under section 126C.01, subdivision 7; plus

(6) referendum aid under section 126C.17, subdivisions 7 ~~and~~, 7a, and 7c; plus

(7) online learning aid under section 124D.096; plus

(8) local optional aid according to section 126C.10, subdivision 2e, paragraph (f).

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2028 and later.

Sec. 2. Minnesota Statutes 2024, section 126C.17, is amended by adding a subdivision to read:

Subd. 7c. **Seasonal tax base replacement aid.** (a) For purposes of this subdivision, "eligible school district" means a school district for which the seasonal tax base adjustment factor under paragraph (c) is at least equal to 0.15. A school district determined eligible under this paragraph for

aid in fiscal year 2028 or any later fiscal year remains an eligible school district for aid in any subsequent fiscal year.

(b) An eligible school district's seasonal tax base replacement aid equals the product of (1) the seasonal tax base adjustment factor, and (2) the district's referendum equalization levy calculated under subdivision 6, after any adjustment under subdivisions 7a and 7b.

(c) A district's seasonal tax base adjustment factor equals the lesser of 0.50 or the ratio of (1) the seasonal market value for the district, to (2) the sum of the referendum market value and the seasonal market value for the district. For the purposes of this paragraph, "seasonal market value" means the market value of all taxable property classified as class 4c(12) under section 273.13.

(d) The amount calculated under paragraph (b) must be used to reduce the district's referendum levy determined after the adjustments under subdivisions 7a and 7b.

EFFECTIVE DATE. This section is effective for taxes payable in 2027 and later.

Sec. 3. Minnesota Statutes 2024, section 272.02, subdivision 101, is amended to read:

Subd. 101. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

(1) is located in a city of the first class with a population less than 100,000 as of the 2010 federal census;

(2) was on January 1, 2016, and is for the current assessment, owned by a federally recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota; and

(3) is used exclusively as a medical clinic or for a parking lot used exclusively to serve the medical clinic.

(b) Property that qualifies for the exemption under this subdivision is limited to no more than ~~two contiguous~~ five parcels and structures that do not exceed, in the aggregate, 30,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption. The exemption created by this subdivision expires with taxes payable in ~~2028~~ 2038.

EFFECTIVE DATE. This section is effective beginning with assessment year 2027.

Sec. 4. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 110. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

(1) is located in a city with a population greater than 12,400 but less than 12,800 according to the 2020 federal census;

(2) was on January 1, 2026, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state; and

(3) is used to store medical clinic equipment and materials.

(b) Property that qualifies for exemption under this subdivision is limited to one parcel. Any portion of the property used for housing, parking facilities, agriculture, or forestry does not qualify for this exemption.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2027. For assessment year 2026 only, an exemption application under this section must be filed with the county assessor by July 1, 2026.

Sec. 5. Minnesota Statutes 2025 Supplement, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first $500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds $500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the person who is blind and the spouse of the person who is blind;

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

(3) the surviving spouse of a veteran who was permanently and totally disabled homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first $50,000 market value of class 1b property has a net classification rate of 0.45 percent of its market value. The remaining market value of class 1b property is classified as class 1a property, class 2a property, or class 4d(2) property, whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department

of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first ~~$600,000~~ $1,500,000 of market value is tier I, the next ~~$1,700,000~~ $3,000,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective beginning with assessment year 2026.

Sec. 6. Minnesota Statutes 2025 Supplement, section 412.341, subdivision 3, is amended to read:

Subd. 3. **Change in membership; procedures.** (a) The number of commission members may be increased or decreased by ordinance within the permitted number of commissioner members as provided in subdivision 1, paragraph (a). The ordinance ~~changing~~ modifying the number of commission members must include a provision for maintaining staggered terms for commission members, provided that if the number of members is reduced, the reduction must be effected in such a manner that all incumbent members are permitted to serve their full terms. An ordinance adopted under this subdivision must not be effective until at least 45 days after its adoption.

(b) An ordinance ~~reducing~~ modifying the size of the commission shall not take effect and the question of whether to ~~reduce~~ modify the size of the commission must be placed on the ballot at the next general or special election if: (1) within 45 days of the ordinance's adoption by the city council, a petition is filed with the city clerk requesting that a referendum be held on ~~reducing~~ modifying the size of the commission; and (2) the petition is signed by a number of eligible voters equal to at least 15 percent of the number of electors voting at the most recent general election. The ballot question shall be substantially stated as follows:

"Shall the size of the public utilities commission be reduced (increased) from ..... members to.....members?"

The question shall be followed by the words "Yes" and "No" with an appropriate oval or similar target shape before each in which a voter may record a choice. If a majority of the votes cast on the question are in favor of ~~reducing~~ modifying the size of the commission, the ordinance shall be considered approved and shall be effective immediately. If the majority of votes cast on the question are against ~~reducing~~ modifying the size of the commission, the ordinance shall not take effect.

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

Sec. 7. Minnesota Statutes 2024, section 469.0773, is amended to read:

469.0773 LAKE CITY.

Subdivision 1. **Establishment.** The city of Lake City may establish a port authority commission that has the same powers as a port authority established under section 469.049 or other law, except that the port authority shall have no power to issue debt or bonds of any kind or exercise powers of eminent domain. The port authority may request the city of Lake City to levy a tax for the benefit of the port authority. Notwithstanding section 469.053, subdivision 4, the city of Lake City may grant or deny the request to levy a tax. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 469.048 to 469.068 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission.

Subd. 2. **Municipal housing and redevelopment authority.** If the city of Lake City establishes a port authority commission under subdivision 1, the commission may exercise the same powers as a municipal housing and redevelopment authority established under sections 469.001 to 469.047 or other law, except that the port authority shall have no power to levy taxes, issue debt or bonds of any kind, or exercise powers of eminent domain. The city shall then exercise all the powers relating to the municipal housing and redevelopment authority granted to a city by sections 469.001 to 469.047 or other law.

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

Sec. 8. Minnesota Statutes 2024, section 469.081, subdivision 3a, is amended to read:

Subd. 3a. **Terms of members.** Notwithstanding the enabling resolution or section 469.050, subdivision 4, the term length for an appointee to the Red Wing Port Authority for a term beginning on or after January 1, 2011, shall be ~~three~~ six years.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Red Wing and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. Minnesota Statutes 2024, section 477A.30, subdivision 8, is amended to read:

Subd. 8. **Expiration.** Distributions under this section expire after aids payable in ~~2028~~ 2032 have been distributed.

Sec. 10. **CITY OF LAKE CITY; VALIDATION OF PRIOR ACT.**

Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Lake City may approve, by resolution, Laws 2021, chapter 19, section 1, and file its approval with the secretary of state by January 1, 2027. If approved under this paragraph, actions undertaken by the city in accordance with Laws 2021, chapter 19, section 1, and Minnesota Statutes, section 469.0773, are validated.

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

Sec. 11. **ONETIME INCREASE IN HOMESTEAD CREDIT REFUND.**

Subdivision 1. **Homestead credit refund.** For claims filed based on taxes payable in 2026, the commissioner shall increase by 14.88 percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2.

Subd. 2. **No notification of appeal rights.** In adjusting homestead credit refunds under this section, the commissioner is not required to provide information concerning appeal rights that ordinarily must be provided whenever the commissioner adjusts refunds payable under Minnesota Statutes, chapter 290A. Taxpayers retain all rights to appeal adjustments under this section.

Subd. 3. **Appropriation.** The amount necessary to make the payments required under this section is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective only for refunds based on property taxes payable in 2026.

Sec. 12. **ONETIME SCHOOL DISTRICT SEASONAL TAX BASE REPLACEMENT AID.**

Subdivision 1. **Aid amount.** (a) For purposes of this subdivision, "eligible school district" means a school district for which the seasonal tax base adjustment factor under paragraph (c) is at least equal to 0.15.

(b) For fiscal year 2027 only, an eligible school district's seasonal tax base replacement aid equals the product of (1) the seasonal tax base adjustment factor, and (2) the district's referendum equalization levy calculated for fiscal year 2027 under Minnesota Statutes, section 126C.17, subdivision 6, after any adjustment under Minnesota Statutes, section 126C.17, subdivisions 7a and 7b.

(c) A district's seasonal tax base adjustment factor equals the lesser of 0.50 or the ratio of (1) the seasonal market value for the district, to (2) the sum of the referendum market value and the seasonal market value for the district. For the purposes of this paragraph, "seasonal market value" means the market value of all taxable property classified as class 4c(12) under Minnesota Statutes, section 273.13. The market values used for the calculation under this paragraph must be the market values used to calculate levies payable in 2026.

Subd. 2. **Entitlement limit.** If the total initial aid entitlement calculated under subdivision 1 exceeds $2,542,000, the commissioner of education must prorate the aid entitlement for each district proportionately.

Subd. 3. **Payment.** This aid is 100 percent payable in fiscal year 2027.

Subd. 4. **Appropriation.** $2,542,000 is appropriated in fiscal year 2027 from the general fund to the commissioner of education for onetime school district seasonal tax base replacement aid under this section. This is a onetime appropriation.

Sec. 13. **2027 AID CALCULATION.**

(a) Notwithstanding Minnesota Statutes, sections 477A.013 and 477A.014, for aids payable in 2027 only, the commissioner of revenue must calculate and certify aid under Minnesota Statutes,

section 477A.013, subdivisions 8 and 9, as if Northern Township is eligible to receive the aid in calendar year 2027. If, by January 31, 2027, Northern Township has not incorporated as a city, the commissioner of revenue must within 30 days recalculate and recertify aid under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, without including the township.

(b) The 2026 aid for the jurisdiction under paragraph (a) is assumed to be $109.35 multiplied by the jurisdiction's 2024 population when calculating aid under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, for aids payable in 2027 only.

EFFECTIVE DATE. This section is effective for aids payable in 2027 only.

ARTICLE 5

MINERALS TAXES

Section 1. Minnesota Statutes 2024, section 298.225, is amended to read:

298.225 APPROPRIATION.

Subdivision 1. **Guaranteed distribution.** (a) Except as provided under ~~paragraph~~ paragraphs (c) to (f), the distribution of the taconite production tax as provided in section 298.28, subdivisions 3 to 5, 6, ~~paragraph~~ paragraphs (b) and (c), 7, and 8, shall equal the lesser of the following amounts:

(1) the amount distributed pursuant to this section and section 298.28, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced proportionately at the rate of two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons; or

(2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production;

(ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b) and (d), 75 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production provided that the aid guarantee for distributions under section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton for production years 2014 and thereafter.

(b) The distribution of the taconite production tax as provided in section 298.28, subdivision 2, shall equal the following amount:

(1) if the production for the year prior to the distribution year is at least 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production; or

(2) if the production for the year prior to the distribution year is less than 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999

production, reduced proportionately at the rate of two percent for each 1,000,000 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

(c) The distribution of the taconite production tax under section 298.28, subdivision 3, paragraph (a), must equal the amount distributed under 298.28, with respect to 1983 production.

(d) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distribution of the taconite production tax under section 298.28, subdivision 4, paragraph (b), clause (1), must equal the amount distributed under section 298.28, with respect to 2023 production.

(e) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distributions of the taconite production tax under section 298.28, subdivision 4, paragraph (b), clause (2), items (i) to (v), must equal the amounts distributed under section 298.28, with respect to 2023 production, and the distributions of the taconite production tax to each school district under section 298.28, subdivision 4, paragraph (b), clause (2), item (vi), subitems (A) and (B), must equal $150,000.

(f) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distributions of the taconite production tax to each school district under section 298.28, subdivision 4, paragraph (d), clause (3), items (i) and (ii), must equal $100,000.

(g) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distribution of the taconite production tax under section 298.28, subdivision 11, paragraph (d), must equal 75 percent of the amount that each school district received under Minnesota Statutes 1978, section 294.26, in calendar year 1977.

(h) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distributions of the taconite production tax to each of the city of Orr and the city of Winton under section 298.282, subdivision 1, paragraph (a), must equal $25,000, and the distributions of the taconite production tax to each of the city of Cook and the city of Two Harbors under section 298.282, subdivision 1, paragraph (a), must equal $75,000.

Subd. 2. **Funding guaranteed distribution level.** (a) The money necessary for funding the difference between the initial distribution made pursuant to section 298.28 and the amount guaranteed in subdivision 1, paragraphs (a) to (c), is appropriated in equal proportions from the initial current year distributions to the taconite environmental protection fund and to the Douglas J. Johnson economic protection trust pursuant to section 298.28. If the initial distributions to the taconite environmental protection fund and the Douglas J. Johnson economic protection trust are insufficient to fund the difference, the commissioner of Iron Range resources and rehabilitation shall make the payments of any remaining difference from the corpus of the taconite environmental protection fund and the corpus of the Douglas J. Johnson economic protection trust fund in equal proportions as directed by the commissioner of revenue.

(b) The money necessary for funding the difference between the initial distribution made pursuant to section 298.28 and the amount guaranteed in subdivision 1, paragraphs (d) to (h), is appropriated from the initial current year distribution to the Douglas J. Johnson economic protection trust pursuant to section 298.28. If the initial distribution to the Douglas J. Johnson economic protection trust is

insufficient to fund the difference, the commissioner of Iron Range resources and rehabilitation shall make the payments of any remaining difference from the corpus of the Douglas J. Johnson economic protection trust fund as directed by the commissioner of revenue.

(c) If a taconite producer ceases beneficiation operations permanently and is required by a special law to make bond payments for a school district, the Douglas J. Johnson economic protection trust fund shall assume the payments of the taconite producer if the producer ceases to make the needed payments. The commissioner of Iron Range resources and rehabilitation shall make these school bond payments from the corpus of the Douglas J. Johnson economic protection trust fund in the amounts certified by the commissioner of revenue.

Sec. 2. Minnesota Statutes 2024, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) Except as provided in paragraph (b), an amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the commissioner of Iron Range resources and rehabilitation in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or for research and development in Minnesota on new mining, taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose. If a proposed expenditure is not approved by the commissioner, after consultation with the advisory board, the funds must be deposited in the taconite environmental protection fund under sections 298.222 to 298.225. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds may be released by the commissioner for deposit in the taconite area environmental protection fund created in section 298.223. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be distributed to the taconite environmental protection fund.

(b) Notwithstanding any provision to the contrary, a producer operating Mesabi Metallics or its successor may not receive a distribution under this section.

Sec. 3. Minnesota Statutes 2024, section 298.28, subdivision 2, is amended to read:

Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," produced by each producer except

Mesabi Metallics or its successor, plus one cent per taxable ton produced in 2023 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor, plus the amount provided in paragraph (c), must be allocated to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. The commissioner's order making such apportionment shall be subject to review by the Tax Court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(b)(1) Four cents per taxable ton produced by each producer except Mesabi Metallics or its successor, and one cent per taxable ton produced in 2023 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor shall be allocated to cities and ~~organized~~ townships affected by mining because their boundaries are within three miles of a taconite mine pit that:

(i) was actively mined by LTV Steel Mining Company in 1999; or

(ii) has been actively mined in at least one of the prior three years.

(2) If a city or town is located near more than one mine meeting the criteria under this paragraph, the city or town is eligible to receive aid calculated from only the mine producing the largest taxable tonnage. When more than one municipality qualifies for aid based on one company's production, the aid must be apportioned among the municipalities in proportion to their populations. The amounts distributed under this paragraph to each ~~municipality~~ city and organized township must be used for infrastructure improvement projects. The amounts distributed under this paragraph to counties on behalf of each unorganized township must be used by the county for infrastructure improvement projects within the unorganized township.

(c) The amount that would have been computed for the current year under Minnesota Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution.

Sec. 4. Minnesota Statutes 2024, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton~~,~~ produced by each producer except Mesabi Metallics or its successor, plus two cents per taxable ton produced in 2023 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282. The amount allocated to the taconite municipal aid account must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed $55 per capita in the case of a township or $75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than ~~$50,000~~ $70,000 in any year under this paragraph. Any amount of the distribution that exceeds the ~~$50,000~~ $70,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed ~~$50,000~~ $70,000.

Sec. 5. Minnesota Statutes 2024, section 298.28, subdivision 4, is amended to read:

Subd. 4. **School districts.** (a) 32.15 cents per taxable ton produced by each producer except Mesabi Metallics or its successor, plus 32.72 cents per taxable ton produced by Mesabi Metallics or its successor, plus $300,000 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor, plus the increase provided in paragraph (b), clause (3), plus the increase provided in paragraph (d), less the amount that would have been computed under Minnesota Statutes 2008, section 126C.21, subdivision 4, for the current year for that district, must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b), (c), (d), and (f).

(b)~~(i)~~(1) 3.43 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced.

The distribution must be based on the apportionment formula prescribed in subdivision 2.

~~(ii)~~ (2) Four cents per taxable ton ~~from each taconite facility~~ produced by each producer except Mesabi Metallics or its successor, plus eight cents per taxable ton produced by Mesabi Metallics or its successor, plus $300,000 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor must be distributed to each affected school district for deposit in a fund dedicated to building maintenance and repairs, as follows:

~~(1)~~ (i) proceeds from Keewatin Taconite or its successor are distributed to Independent School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor districts;

~~(2)~~ (ii) proceeds from the Hibbing Taconite Company or its successor are distributed to Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor districts;

~~(3)~~ (iii) proceeds from the Mittal Steel Company and Minntac or their successors are distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, ~~706, Virginia,~~ 2711, Mesabi East, and ~~2154, Eveleth-Gilbert~~ 2909, Rock Ridge, or their successor districts;

~~(4)~~ (iv) proceeds from the Northshore Mining Company or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their successor districts; ~~and~~

~~(5)~~ (v) proceeds from United Taconite or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and ~~2154, Eveleth-Gilbert~~ 2909, Rock Ridge, or their successor districts~~.~~; and

(vi) proceeds from Mesabi Metallics or its successor are distributed as follows:

(A) $150,000 to Independent School District No. 318, Grand Rapids, or its successor district;

(B) $150,000 to Independent School District No. 696, Ely, or its successor district; and

(C) eight cents per taxable ton to Independent School Districts Nos. 316, Greenway, and 319, Nashwauk-Keewatin, or their successor districts.

Revenues that are required to be distributed to more than one district shall be apportioned according to the number of pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year.

(3) Each school district that received a distribution under clause (2) in distribution year 2024 shall receive, from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor, an additional four cents per taxable ton produced in 2023 by the producer from which the school district received a distribution under clause (2) in distribution year 2024.

(c)~~(i)~~(1) 24.72 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts which qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A

for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

~~(ii)~~ (2) Notwithstanding clause ~~(i)~~ (1), each school district that receives a distribution under sections 298.018; 298.24; and 298.25 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values after reduction for any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy reduction under section 126C.48, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause ~~(i)~~ (1). If there are insufficient tax proceeds to make the distribution provided under this paragraph in any year, money must be transferred from the taconite property tax relief account in subdivision 6, to the extent of the shortfall in the distribution.

(d)(1) Any school district described in paragraph (c) where a levy increase pursuant to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001, shall receive a distribution of 21.3 cents per taxable ton. Each district shall receive $175 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in 2011.

(2) Districts qualifying under paragraph (c) must receive additional taconite aid each year equal to 22.5 percent of the amount obtained by subtracting:

(i) 1.8 percent of the district's net tax capacity for 2011, from:

(ii) the district's weighted average daily membership for fiscal year 2012, multiplied by the sum of:

(A) $415, plus

(B) the district's referendum revenue allowance for fiscal year 2013.

(3) In addition to amounts under clauses (1) and (2), 4.57 cents per taxable ton produced in 2023 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor must be distributed as follows:

(i) $100,000 from the proceeds of Mesabi Metallics or its successor to Independent School District No. 695, Chisholm, or its successor district;

(ii) $100,000 from the proceeds of Mesabi Metallics or its successor to Independent School District No. 696, Ely, or its successor district; and

(iii) the remainder to school districts eligible for a distribution under paragraph (b), clause (1), based on the apportionment formula prescribed in subdivision 2.

If the total amount provided by paragraph (d), clauses (1) and (2), is insufficient to make the payments herein required then the entitlement of $175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 126C.13 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of Iron Range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the Douglas J. Johnson economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve the lesser of the amount received under this paragraph or $25 times the number of pupil units served in the district. It may use the money for early childhood programs.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(f) Four cents per taxable ton must be distributed to qualifying school districts according to the distribution specified in paragraph (b), clause ~~(ii)~~ (2), and 11 cents per taxable ton must be distributed according to the distribution specified in paragraph (c). These amounts are not subject to section 126C.48, subdivision 8.

Sec. 6. Minnesota Statutes 2024, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range schools and community development account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range schools and community development account that is hereby created:

(1)(i) for distributions in 2024 through 2032, 24 cents per taxable ton of the tax imposed under section 298.24, (ii) for distributions beginning in 2033, ten cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3); ~~and~~

(3) for distributions in the year after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24 through 2050, 20 cents per taxable ton produced by Mesabi Metallics or its successor, provided that the allocation under this clause must only be used for projects within Independent School District No. 316, Greenway, that are approved by referendum within five years of the date Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, and that are approved by the commissioner of Iron Range resources and rehabilitation after review by the Iron Range Resources and Rehabilitation Advisory Board. If projects are not approved by referendum within five years of the date Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, or if the commissioner determines that the allocation exceeds the amount necessary for approved projects, the remainder of the allocation under this clause must be used as provided under paragraph (b); and

(4) any other amount as provided by law.

(b) Expenditures from this account, except as provided in paragraph (a), clause (3), may be approved as ongoing annual expenditures and shall be made only ~~to provide~~ for disbursements to

assist school districts with the payment of bonds that were issued for qualified school projects, ~~or for any~~ other disbursements to school ~~disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board~~ districts, or community development. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Advisory Board.

Sec. 7. Minnesota Statutes 2024, section 298.28, subdivision 8, is amended to read:

Subd. 8. **Range Association of Municipalities and Schools.** 0.50 cent per taxable ton produced by each producer except Mesabi Metallics or its successor shall be paid to the Range Association of Municipalities and Schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns, and school districts within the Iron Range area of northeast Minnesota.

Sec. 8. Minnesota Statutes 2024, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. **Taconite economic development fund.** (a) 25.1 cents per taxable ton ~~for distributions in 2002 and thereafter~~ produced by each producer except Mesabi Metallics or its successor must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in ~~2004~~ 2027 or any subsequent year in which total industry production in the preceding year, excluding production by MagIron or its successor at Plant 4 in Arbo Township and production by Mesabi Metallics or its successor, falls below 30 million tons. Distribution shall only be made to a Minnesota taconite pellet producer's fund under section 298.227 if the producer timely pays its tax under section 298.24 by the dates provided under section 298.27, or pursuant to the due dates provided by an administrative agreement with the commissioner.

(b) An amount equal to 50 percent of the ~~tax~~ taxes collected under section 298.24 from each producer except Mesabi Metallics or its successor for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed $700,000 annually for all Minnesota taconite pellet producers. If the initial amount to be paid to the fund exceeds this amount, each Minnesota taconite pellet producer's payment shall be prorated so the total does not exceed $700,000.

Sec. 9. Minnesota Statutes 2024, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. **Taconite environmental fund.** Five cents per taxable ton must be paid to the taconite environmental fund for use under section 298.2961, subdivision 4.

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

Sec. 10. Minnesota Statutes 2024, section 298.28, is amended by adding a subdivision to read:

Subd. 10a. **Insufficient proceeds.** If the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor are insufficient to fund the allocations designated from those proceeds under this section, the following allocations and distributions must be proportionally decreased such that the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor are sufficient to fund the allocations designated from those proceeds under this section:

(1) allocations under this section calculated based on taxable tonnage produced in 2023;

(2) distributions under subdivision 4, paragraph (b), clause (2), item (vi), subitems (A) and (B); and

(3) distributions under subdivision 4, paragraph (d), clause (3), items (i) and (ii).

Sec. 11. Minnesota Statutes 2024, section 298.28, subdivision 11, is amended to read:

Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in subdivisions 2 to ~~10a~~ 10, as certified by the commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with interest earned on all money distributed under this section prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(b) There shall be distributed to each city, town, and county the amount that it received under Minnesota Statutes 1978, section 294.26, in calendar year 1977; provided, however, that (1) the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district; and (2) a city located within six miles of five other cities qualifying for a distribution under section 298.282 shall receive a distribution equal to $5,000 under this paragraph in calendar year 2020 and subsequent years. The distribution to all other cites and towns receiving a distribution under this paragraph shall be reduced by the ratio that $5,000 bears to the total aid distribution received by all cities and towns under this paragraph.

(c) There shall be distributed to the Iron Range resources and rehabilitation account the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount distributed under this paragraph shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341.

(d) There shall be distributed to each school district ~~62~~ 75 percent of the amount that it received under Minnesota Statutes 1978, section 294.26, in calendar year 1977.

Sec. 12. Minnesota Statutes 2024, section 298.282, subdivision 1, is amended to read:

Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount deposited with the county as provided in section 298.28, subdivision 3, must be distributed as provided by this section among: (1) the municipalities located within a taconite assistance area under section 273.1341 that meet the criteria of section 273.1341, clause (1) or (2); (2) a township that contains a state park consisting primarily of an underground iron ore mine; (3) a city located within five miles of that state park; (4) the city of Cook in St. Louis County; (5) the city of Two Harbors in Lake County; (6) the city of Orr in St. Louis County; (7) the city of Winton in St. Louis County; and ~~(4)~~ (8) Breitung Township in St. Louis County, each being referred to in this section as a qualifying municipality. The ~~distribution to~~ distributions to each of the city of Orr, the city of Winton, and Breitung Township under this subdivision shall be $25,000 annually. The distributions to each of the city of Cook and the city of Two Harbors under this subdivision shall be $75,000 annually.

(b) The amount deposited in the state general fund as provided in section 298.018, subdivision 1, must be distributed in the same manner as provided under paragraph (a), except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the dates provided under section 298.018, subdivision 1a.

Sec. 13. **EFFECTIVE DATE; REVISOR NOTIFICATION.**

(a) Sections 1 to 8 and 10 to 12 are effective for distributions in the year after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under Minnesota Statutes, section 298.24, and thereafter. The commissioner of revenue must certify to the commissioner of Iron Range resources and rehabilitation when production begins.

(b) The commissioner of revenue must notify the revisor of statutes within 30 days of the certification under paragraph (a).

ARTICLE 6

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2024, section 469.176, subdivision 2, is amended to read:

Subd. 2. **Excess increments.** (a) The authority ~~shall~~ must annually determine the amount of excess increments for a district, if any. This determination must be based on the tax increment financing plan in effect on December 31 of the year being reviewed and the increments ~~and other revenues~~ received as of December 31 of the year. ~~The authority must spend or return the excess increments under paragraph (c) within nine months after the end of the year.~~ If the authority determines there are excess increments for a district, within nine months after December 31, the authority must:

(1) return the excess increments to the county auditor; and

(2) absent an outstanding qualifying pay-as-you-go contract and note, as defined under section 469.1763, subdivision 4, paragraph (e), decertify the district.

(b) The requirement to decertify under paragraph (a) is deferred if:

(1) within nine months after December 31, a modification of the tax increment financing plan is approved under section 469.175, subdivision 4; and

(2) the modification increases the total costs authorized to be paid with increments from the district by an amount greater than the excess increment determined under paragraph (a).

(c) The deferral permitted under paragraph (b) expires nine months following the next year for which:

(1) the authority determines an amount of excess increments exists;

(2) there are no further approved modifications to the tax increment financing plan that increase the total costs authorized to be paid with increments from the district by an amount greater than the excess increment; and

(3) the district has no outstanding qualifying pay-as-you-go contract and note.

~~(b)~~ (d) For purposes of this subdivision, "excess increments" equals the excess of:

(1) total increments collected from the district since its certification, reduced by any excess increments ~~paid~~ returned under paragraph ~~(c), clause (4),~~ (e) for a prior year, over

(2) the total costs authorized by the tax increment financing plan to be paid with increments from the district, ~~reduced, but not below zero, by the sum of:~~

~~(i) the amounts of those authorized costs that have been paid from sources other than tax increments from the district;~~

~~(ii) revenues, other than tax increments from the district, that are dedicated for or otherwise required to be used to pay those authorized costs and that the authority has received and that are not included in item (i);~~

~~(iii) the amount of principal and interest obligations due on outstanding bonds after December 31 of the year and not prepaid under paragraph (c) in a prior year; and~~

~~(iv)~~ increased by the sum of the transfers of increments made under section 469.1763, subdivision 6, to reduce deficits in other districts made by December 31 of the year.

~~(c) The authority shall use excess increment only to do one or more of the following:~~

~~(1) prepay any outstanding bonds;~~

~~(2) discharge the pledge of tax increment for any outstanding bonds;~~

~~(3) pay into an escrow account dedicated to the payment of any outstanding bonds; or~~

~~(4) return the excess amount to~~ (e) The county auditor ~~who shall~~ must distribute the excess ~~amount~~ increments returned under paragraph (a) to the city or town, county, and school district in which the tax increment financing district is located in direct proportion to their respective local tax rates.

~~(d) For purposes of a district for which the request for certification was made prior to August 1, 1979, excess increments equal the amount of increments on hand on December 31, less the principal and interest obligations due on outstanding bonds or advances, qualifying under subdivision 1c, clauses (1), (2), (4), and (5), after December 31 of the year and not prepaid under paragraph (c).~~

~~(c)~~ (f) The county auditor must, prior to February 1 of each year, report to the commissioner of education the amount of any excess tax increment distributed to a school district for the preceding taxable year.

~~(f) For purposes of this subdivision, "outstanding bonds" means bonds which are secured by increments from the district.~~

~~(g) The state auditor may exempt an authority from reporting the amounts calculated under this subdivision for a calendar year, if the authority certifies to the auditor in its report that the total amount authorized by the tax increment plan to be paid with increments from the district exceeds the sum of the total increments collected for the district for all years by 20 percent.~~

EFFECTIVE DATE. This section applies to all districts and is effective for excess increment determinations for calendar year 2026 and thereafter.

Sec. 2. Laws 2021, First Special Session chapter 14, article 9, section 9, is amended to read:

Sec. 9. **CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE EXTENSION.**

(a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is extended by ~~a five-year~~ an eight-year period to April 1, 2029, for Tax Increment Financing District No. 1-8, administered by the city of Mountain Lake or its economic development authority.

(b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to the ~~11th~~ 14th year for Tax Increment Financing District No. 1-8.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mountain Lake and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 2021, First Special Session chapter 14, article 9, section 11, is amended to read:

Sec. 11. **CITY OF WAYZATA; TIF DISTRICT NO. 6; EXPENDITURES ALLOWED.**

(a) Notwithstanding Minnesota Statutes, ~~section~~ sections 469.176, subdivision 4l, and 469.1763, subdivision 2, the city of Wayzata may expend increments generated from Tax Increment Financing District No. 6 for the design and construction of the lakefront pedestrian walkway and community

transient lake public access infrastructure related to the Panoway on Wayzata Bay project, and all such expenditures are deemed expended on activities within the district.

(b) Notwithstanding Minnesota Statutes, sections 469.176, subdivision 4l, and 469.1763, subdivision 2, the city of Wayzata may expend increments generated from Tax Increment Financing District No. 6 on the following projects:

(1) design and construction of the Eco Park, including shoreline restoration, marsh and water quality improvements, a pier extension of the lakeside boardwalk, and creation of eco-living classrooms;

(2) restoration of the Section Foreman House, including installation of a learning center and community space; and

(3) expansion and remodeling of the Depot Park, including accessibility improvements related to the Panoway on Wayzata Bay project.

(c) Notwithstanding Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, expenditures on projects in paragraph (b) are deemed expended on activities within the district.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Wayzata and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. Laws 2025, First Special Session chapter 13, article 5, section 11, subdivision 3, is amended to read:

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, ~~2026~~ 2028.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Eden Prairie and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. **CITY OF CHASKA; TAX INCREMENT FINANCING DISTRICT NO. 23.**

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the Chaska Economic Development Authority may collect tax increment from Chaska Tax Increment Financing District No. 23 for up to 35 years after receipt of the first increment.

EFFECTIVE DATE. This section is effective upon compliance by the governing bodies of the city of Chaska, Carver County, and Independent School District No. 112 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 6. **CITY OF COLUMBIA HEIGHTS; ALATUS TAX INCREMENT FINANCING DISTRICT; FIVE-YEAR RULE EXTENSION; SIX-YEAR RULE EXTENSION; DURATION EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to

the use of increment after the expiration of the five-year period, is extended to 11 years for the Alatus Tax Increment Financing District in the city of Columbia Heights.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Columbia Heights or its economic development authority may elect to extend the duration of the Alatus Tax Increment Financing District in the city of Columbia Heights by five years.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Columbia Heights and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the governing bodies of the city of Columbia Heights, Anoka County, and Independent School District No. 13 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 7. **CITY OF HOPKINS; TAX INCREMENT FINANCING DISTRICT 1-6 (325 BLAKE); FIVE-YEAR RULE EXTENSION; SIX-YEAR RULE EXTENSION.**

The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 1-6 (325 Blake) in the city of Hopkins.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Hopkins and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 7

PUBLIC FINANCE

Section 1. Minnesota Statutes 2024, section 297A.993, subdivision 4, is amended to read:

Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds, notes, or other obligations for the purposes specified in subdivision 2. The county may also, by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

(b) The bonds may be limited obligations, payable solely from or secured by taxes levied under this section, and the county may also pledge its full faith, credit, and taxing power as additional security for the bonds. A regional railroad authority within the county may also pledge its taxing powers as additional security for the bonds.

(c) A county may issue and sell bonds in one or more series and without an election. The county may determine how the bonds shall be secured; how the bonds will bear interest, and the rate or rates, or variable rate; the rank or priority; how the bonds will be executed and be payable, and how they will mature; and how the bonds will be subject to any defaults, redemptions, repurchases, tender options, or other terms. The county may also determine how the bonds shall be sold.

(d) The county may enter into and perform all contracts deemed necessary or desirable by it to issue and secure the bonds, including an indenture of trust with a trustee located within or outside of the state.

(e) Before issuing bonds qualifying under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county or in a newspaper of general circulation in the county. The notice must be published at least ~~14~~ ten, but not more than 28, days before the date of the hearing.

(f) Any project financed with bonds issued under this section must be included in a capital improvement plan as defined in section 373.40, subdivision 3. For purposes of this paragraph, "project" means any project described in subdivision 2, notwithstanding section 373.40, subdivision 1, paragraph (b).

(g) Except as otherwise provided in this subdivision, the bonds must be issued and sold in the manner provided under chapter 475.

Sec. 2. Minnesota Statutes 2024, section 469.060, subdivision 3, is amended to read:

Subd. 3. **Detail; maturity.** The port authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. ~~The bonds must mature serially.~~ The first installment must be due in not more than three years and the last in not more than 30 years from the date of issuance.

ARTICLE 8

MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 270B.14, is amended by adding a subdivision to read:

Subd. 25. **Exchange of criminal investigative data between Department of Revenue and Financial Crimes and Fraud Section.** (a) For purposes of this subdivision, "FCFS" means the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension.

(b) The commissioner may disclose active criminal investigative data as classified under section 270B.03, subdivision 6, to the FCFS. The FCFS may disclose active criminal investigative data concerning tax administration to the commissioner as outlined in section 299C.061, subdivision 6. The commissioner may enter into an agreement with the FCFS outlining procedures to implement the exchange of information under this subdivision, but an agreement may provide for the disclosure of data only to the extent allowed under this subdivision. Disclosure is allowed only for the purpose of and to the extent necessary for tax administration and for the purpose of and to the extent necessary for the FCFS to carry out section 299C.061, subdivision 3.

(c) Data disclosed by the commissioner to the FCFS under this subdivision are classified under section 270B.03, subdivision 6. Data disclosed by the FCFS to the commissioner under section 299C.061, subdivision 6, are classified under section 13.82, subdivision 7.

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

Sec. 2. Minnesota Statutes 2024, section 270B.15, is amended to read:

270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR AND STATE AUDITOR; INSPECTOR GENERAL.

Subdivision 1. **Legislative auditor and state auditor.** (a) Returns and return information must be disclosed to the legislative auditor to the extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

(b) The commissioner must disclose return information, including the report required under section 289A.12, subdivision 15, to the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.

Subd. 2. **Inspector general.** Returns and return information must be disclosed to the inspector general, as given meaning in section 15E.10, to the extent necessary for the inspector general to carry out chapter 15E. The inspector general may disseminate data of any classification to the commissioner for purposes of administering the provisions of section 290.036.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 3. Minnesota Statutes 2024, section 270C.56, subdivision 1, is amended to read:

Subdivision 1. **Liability imposed.** A person who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing returns or reports, paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a person who is liable under any other law, is liable for the payment of taxes arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 290.036, 290.92, and 297E.02, and the applicable penalties and interest on those taxes.

EFFECTIVE DATE. This section is effective for convictions of fraud made after December 31, 2025.

Sec. 4. Minnesota Statutes 2024, section 289A.40, subdivision 1, is amended to read:

Subdivision 1. **Time limit; generally.** (a) Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or ~~one year from the date of an order assessing tax under section 270C.33 or an order determining an appeal under section 270C.35, subdivision 8, or one year from the date of a return made by the commissioner under section 270C.33, subdivision 3, upon payment in full of the tax, penalties, and interest shown on the order or return made by the commissioner~~ two years from the date the tax, penalties, or interest was paid, whichever period expires later. ~~Claims for refund, except for taxes under chapter 297A, filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner and to issues determined by the order or return made by the commissioner.~~

~~In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund under chapter 297A filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner that are due for the period before the 3-1/2 year period.~~

(b) For purposes of this subdivision, the amount of a refund is limited as follows:

(1) if the claim was filed by the taxpayer during the 3-1/2 year period prescribed in paragraph (a), the refund must not exceed the tax, penalties, and interest paid within the period, immediately preceding the filing of the claim, equal to 3-1/2 years plus any extension of time granted for filing the return, but only if filed within the extended time;

(2) if the claim was not filed by the taxpayer within the 3-1/2 year period prescribed in paragraph (a), the refund must not exceed the tax, penalties, and interest paid during the two years immediately preceding the filing of the claim; and

(3) if no claim was filed by the taxpayer, the refund must not exceed the amount which would be allowable under clause (1) or (2), if the claim was filed on the date the refund is allowed.

(c) For purposes of this subdivision, the prepayment of tax made by withholding of tax at the source or payment of estimated tax before the due date is considered paid on the last day prescribed by law for the payment of the tax by the taxpayer. A return filed before the last day prescribed for filing the return is considered to be filed on the last day. If an extension for filing a return is granted, a return filed before the extended due date is considered to be filed on the extended due date.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to claims for refund filed on or after that date.

Sec. 5. Minnesota Statutes 2024, section 289A.60, subdivision 6, is amended to read:

Subd. 6. **Penalty for failure to file, false or fraudulent return, evasion.** (a) If a person, with intent to evade or defeat a tax or payment of tax, fails to file a return, files a false or fraudulent return, or attempts in any other manner to evade or defeat a tax or payment of tax, there is imposed on the person a penalty equal to 50 percent of the tax, less amounts paid by the person on the basis of the false or fraudulent return, if any, due for the period to which the return related.

(b) If a person files a false or fraudulent return that includes a claim for refund, there is imposed on the person a penalty equal to 50 percent of the portion of any refund claimed that is attributable to fraud. The penalty under this paragraph is in addition to any penalty imposed under paragraph (a) or (c).

(c) If a person receives money, whether reported or not reported on a return, that is due to fraud of a public program as defined in section 290.036, subdivision 1, there may be imposed on the person a penalty equal to 100 percent of the amounts received attributable to the fraud. The penalty under this paragraph is in addition to any penalty imposed under paragraph (a) or (b). This penalty must not be assessed on any amounts already assessed under section 290.036. Any amounts collected must be deposited to the tax relief account identified in section 290.036, subdivision 5. The penalty under this paragraph is an order of assessment by the commissioner that is appealable pursuant to chapters 270C and 271.

EFFECTIVE DATE. This section is effective for determinations of fraud made after December 31, 2025.

Sec. 6. **[290.036] TAX ON AMOUNTS OBTAINED THROUGH FRAUD.**

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

(b) "First-tier rate" means the lowest rate cited in section 290.06, subdivision 2c, paragraphs (a) to (c).

(c) "Public program" and "fraud" have the meanings given in section 13.357.

(d) "Program fraud amount" means the amount of money acquired directly or indirectly by fraud of a public program that is certified to the commissioner under subdivision 4. Program fraud amount excludes refunds for overpayment of taxes.

Subd. 2. **Tax imposed.** (a) A tax equal to 100 percent of the program fraud amount is imposed on any person or organization convicted by a state or federal court of fraud.

(b) The tax under this section applies regardless of any amount of restitution, tax, or penalty imposed on or paid by a person or organization described in paragraph (a).

(c) If multiple persons or organizations are convicted of the same fraud, the liability shall be joint and several on the convicted persons or organizations.

(d) The assessment of this tax under paragraph (a) is considered a jeopardy assessment or jeopardy collection as provided in section 270C.36.

Subd. 3. **Data sharing.** As authorized by section 270B.14, subdivision 25, the commissioner may share with the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension active investigative data related to enforcement of this section.

Subd. 4. **Agency certification.** (a) After a conviction of a person or organization of fraud of a public program, the agency primarily responsible for administering the public program must certify to the commissioner the name of the person or organization, the name of the public program involved, and the amount of money the court determines the person or organization was responsible for in the conviction, regardless of the restitution amount.

(b) The agency's certification must be in the form and manner prescribed by the commissioner.

(c) An agency's certification to the commissioner is prima facie correct and valid. The person or organization has the burden of establishing its incorrectness or invalidity in any related action or proceeding.

Subd. 5. **Deposit of money.** (a) A tax relief account is established in the special revenue fund. The commissioner must deposit the money collected from the tax imposed under this section to the tax relief account.

(b) The funds will remain in this account until the following:

(1) by December 15 of each year, the commissioner must determine the amount in the tax relief account and determine the amount of a reduction in the first-tier rate for the following taxable year. The determination is based using the most recent November forecast required under section 16A.103;

(2) when there is enough money accumulated in the tax relief account, the commissioner must reduce the first-tier rate for the following taxable year. This reduction must be calculated to approximate the amount currently on deposit in the tax relief fund. The reduction must only be for that taxable year. The threshold for a reduction of the rate must not be below one-tenth of one percent; and

(3) if the rate is reduced for the following taxable year under clause (2), the amounts in the tax relief fund must be deposited in the general fund.

EFFECTIVE DATE. This section is effective for convictions of fraud made after December 31, 2025.

Sec. 7. Minnesota Statutes 2025 Supplement, section 299C.061, subdivision 6, is amended to read:

Subd. 6. **Data sharing authorized.** Notwithstanding chapter 13 or any other statute related to the classification of government data to the contrary, state agencies making a referral under subdivision 4 or 5 shall provide data related to the suspected fraudulent activity to the Section, including data classified as not public. The Section may share active criminal investigative data concerning insurance fraud with the Department of Commerce and active criminal investigative data concerning tax administration with the Department of Revenue. Data shared by the Section under this subdivision are classified under section 13.82, subdivision 7.

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

Sec. 8. Minnesota Statutes 2024, section 383A.80, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, ~~2028~~ 2036.

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

Sec. 9. Minnesota Statutes 2024, section 383B.80, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, ~~2028~~ 2036.

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

Sec. 10. Laws 2026, chapter 100, article 1, section 2, is amended to read:

Sec. 2. **MINNESOTA HOUSING FINANCE AGENCY APPROPRIATIONS.**

(a) Notwithstanding Minnesota Statutes, sections 462A.20, subdivision 3, and 462A.21, subdivision 10, $25,000,000 in fiscal year 2027 is appropriated from the aggregated earnings from investments of state appropriations made pursuant to Minnesota Statutes, section 462A.20, subdivision 3, in the housing development fund to the commissioner of the Minnesota Housing Finance Agency for the following purposes:

(1) $14,275,000 is for the workforce housing development program under Minnesota Statutes, section 462A.39;

(2) $4,000,000 is for the supportive housing program under Minnesota Statutes, section 462A.42, and must be used for the purposes provided in section 1, paragraph (b), except that, as provided in section 1, paragraph (d), if this amount is not needed for those purposes, it may be used for the purposes provided in Minnesota Statutes, section 462A.42;

(3) $4,000,000 is for the manufactured home park infrastructure grant and loan program under Minnesota Statutes, section 462A.2035, subdivision 1b;

(4) $2,000,000 is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204~~, and may be used in the manner provided in section 3, subdivision 3~~. Notwithstanding the procurement provisions outlined in Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6, the agency may award grants to federally recognized Indian Tribes, to existing program grantees, and to former program grantees. The agency must consider community need, grantee capacity, and geographic distribution when awarding money. Notwithstanding Minnesota Statutes, section 16B.97, the agency must use all available methods and schedule of payments, including advanced payments, to effectuate legislative intent. Money must be spent by December 31, 2026. The agency may, at its discretion, redistribute unused or underutilized money among grantees to increase program efficiency and effectiveness;

(5) $425,000 is for the capacity-building grants program under Minnesota Statutes, section 462A.21, subdivision 3b, for a grant to a statewide tenant education and hotline service that provides free and confidential legal advice for all Minnesota renters. This amount may be awarded to existing grantees notwithstanding Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6;

(6) $150,000 is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. This amount may be awarded to existing grantees notwithstanding Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6; and

(7) $150,000 is for the Minnesota Nice HomeShare pilot program established under paragraph (b).

(b) The commissioner of the Minnesota Housing Finance Agency must award a grant to St. Louis County for the county to establish and administer the Minnesota Nice HomeShare pilot program to assist seniors in the counties of Lake, St. Louis, and Washington to reduce living expenses by matching seniors who own homes with spare rooms to adults in need of affordable housing. For the purposes of this section, "senior" means a person 55 years of age or older. St. Louis County may partner with the Arrowhead Area Agency on Aging, the other named counties in this paragraph, or organizations that advocate for seniors, to promote the program. The program must:

(1) assist hosts and renters over the telephone, through a text chat function or by video;

(2) collect and process rental payments from renters and distribute payments to hosts in a timely manner;

(3) protect the private information and data of hosts and renters;

(4) conduct background checks on hosts and renters, including contacting at least two references for each host and renter;

(5) acquire from renters employment verification or proof of school enrollment; and

(6) review and process all applications.

(c) This is a onetime appropriation.

Sec. 11. **NUCLEAR ENERGY STUDY; APPROPRIATION.**

(a) $500,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of commerce to contract with the Great Plains Institute to conduct a study to inform policymakers regarding the potential impact of new nuclear generation on the public interest of Minnesota, including affordability, reliability, environmental protection, and public health. This is a onetime appropriation.

(b) The commissioner of commerce must ensure balanced representation of perspectives in the study.

(c) The study must be completed no later than January 30, 2027, and must include, at a minimum, discussion of:

(1) changes in federal regulations governing the licensing of nuclear-powered facilities that may speed the review and approval process;

(2) technological advances made with respect to conventional nuclear-powered facilities that affect safety and cost;

(3) full lifecycle costs, including capital costs, financing costs, construction risk, cost overruns, decommissioning costs, waste management, and long-term liability exposure, compared to alternative baseload resource options. The analysis must include historical evidence from comparable projects in the United States and internationally;

(4) ratepayer impacts where new nuclear generation has been developed, including effects on electricity rates; cost and schedule overruns unrelated to unique events, including but not limited to the COVID pandemic; and the allocation of financial risk between ratepayers and developers;

(5) public subsidies, tax expenditures, and financial incentives that may be applied to new nuclear investments;

(6) the prospects for small modular reactors and factory-built portable modules with a capacity up to 300 megawatts, including:

(i) the types of technologies available;

(ii) current licensing status; and

(iii) estimated costs;

(7) siting issues, including:

(i) the degree to which the requirement for proximity to water resources sufficient for cooling purposes restricts possible locations of nuclear facilities, and what locations that meet that requirement are available in this state;

(ii) the potential for colocating nuclear facilities with businesses that demand very large amounts of electricity;

(iii) the environmental impacts of nuclear facilities, including impacts on the health of nearby residents;

(iv) the prospects for acceptance of nuclear facilities by host communities, and best practices for engaging communities on this issue; and

(v) how interconnection and transmission issues affect potential plant locations;

(8) nuclear waste issues, including:

(i) the amount and toxicity of radioactive waste produced by both conventional nuclear technologies and small modular reactors;

(ii) the costs of on-site storage;

(iii) the prospects for developing permanent storage of radioactive waste at either a federally owned or privately owned repository to which Minnesota's waste could be transported; and

(iv) the feasibility and cost of reprocessing nuclear waste;

(9) the economic impacts of various nuclear technologies on a host community, including:

(i) increased employment levels during construction and operations;

(ii) increased local economic activity resulting from purchases made by the nuclear-powered facility and its employees; and

(iii) potential tax revenue to local communities and schools, and to the state;

(10) impacts of new nuclear-powered electric generating plants on public safety officials and emergency responders in host communities and adjacent areas with respect to emergency planning efforts;

(11) how new nuclear generation would impact Minnesota's statutory greenhouse gas reduction and carbon-free electricity goals;

(12) expected timelines from permitting through operation, including historical averages and delays for similar projects;

(13) current Minnesota statutes and administrative rules that would require modification in order to enable the construction and operation of nuclear reactors;

(14) the feasibility of replacing retiring generation assets in host communities with advanced nuclear reactors; and

(15) the workforce required, workforce available, and training capacity needed to construct and operate new nuclear reactors.

(d) The study must be conducted transparently, with all data, assumptions, and models made publicly available.

(e) No later than February 1, 2027, the commissioner of commerce must submit the study to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance.

Sec. 12. **CANCELLATIONS.**

$15,000,000 of the fiscal year 2024 Minnesota forward fund account appropriation in Laws 2023, chapter 53, article 21, section 7, paragraph (c), is canceled.

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

Sec. 13. **TRANSFER.**

$15,000,000 in fiscal year 2027 is transferred from the Minnesota forward fund account established in Minnesota Statutes, section 116J.8752, subdivision 3, to the general fund. This is a onetime transfer.

Sec. 14. **TRANSFER.**

$75,000,000 in fiscal year 2027 is transferred from the driver and vehicle services operating account under Minnesota Statutes, section 299A.705, subdivision 1, to the general fund. This is a onetime transfer.

Sec. 15. **RETURN OF UNUSED TAX-FORFEITED SETTLEMENT APPROPRIATION; CANCELLATION.**

Subdivision 1. **Return of funds.** Notwithstanding the cancellation deadline established in Laws 2024, chapter 113, section 1, subdivision 5, on June 29, 2026, the claims administrator appointed under Laws 2024, chapter 113, to settle litigation related to the state's retention of tax-forfeited lands, surplus proceeds from the sale of tax-forfeited lands, and mineral rights in those lands, must return to the commissioner of management and budget the lesser of $40,000,000 or the amount of the appropriation under Laws 2024, chapter 113, section 1, subdivision 5, that constitutes unspent funds in the net settlement fund, as provided in the settlement and final judgment filed on December 16, 2024.

Subd. 2. **Cancellation.** The commissioner of management and budget must cancel the amount received under subdivision 1 to the general fund within one day of the receipt of the funds.

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

Sec. 16. **APPROPRIATION.**

$38,000,000 is appropriated in fiscal year 2026 from the general fund to the commissioner of the Minnesota Housing Finance Agency for the family homeless prevention and assistance program

under Minnesota Statutes, section 462A.204. This is a onetime appropriation and is made available for the purposes of the housing development fund. Notwithstanding the procurement provisions outlined in Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6, the agency may award grants to federally recognized Indian Tribes, existing program grantees, and former program grantees. The agency must consider community need, grantee capacity, and geographic distribution when awarding money. Notwithstanding Minnesota Statutes, section 16B.97, the agency must use all available methods and schedule of payments, including advanced payments, to effectuate legislative intent. Money must be spent by December 31, 2026. The agency may, at its discretion, redistribute unused or underutilized money among grantees to increase program efficiency and effectiveness.

EFFECTIVE DATE. This section is effective the day following final enactment and prevails over any contrary enactment made during the 2026 regular legislative session, regardless of order of enactment.

Sec. 17. **REPEALER.**

Laws 2026, chapter 100, article 1, section 3, is repealed.

EFFECTIVE DATE. This section is effective the day following final enactment and prevails over any contrary enactment made during the 2026 regular legislative session, regardless of order of enactment.

ARTICLE 9

DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 289A.08, subdivision 7, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed. The computation of a partner's net investment income tax liability must be computed under section 290.033.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership, other electing partnerships, and other qualifying entities electing to file and

pay the pass-through entity tax under subdivision 7a. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. The individual's liability to pay estimated tax is, however, satisfied when the partnership pays composite estimated tax in the manner prescribed in section 289A.25.

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) The composite return election provided in this subdivision is available to a nonresident partner who incurs an accelerated gain on installment sales under section 290.0137, paragraph (a). A nonresident partner who elects to defer the gain on installment sales under section 290.0137, paragraph (b), cannot utilize the composite return election for the partnership until the recognition of the deferred gain is completed. A nonresident who makes the election in section 290.0137, paragraph (b), must report the deferred gain on the nonresident's individual income tax return in the manner prescribed by the commissioner.

~~(h)~~ (i) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this ~~paragraph~~ subdivision. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

~~(i)~~ (j) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this ~~paragraph~~ subdivision. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

~~(j)~~ (k) For the purposes of this subdivision, "income" has the meaning given in section 290.01, subdivision 19, paragraph (h).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 2. Minnesota Statutes 2024, section 290.01, subdivision 19, as amended by Laws 2026, chapter 88, article 1, section 170, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

(c) In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

(d) The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

(e) The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

(f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for taxable years beginning after December 31, 1996.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by:

(1) the additions provided in ~~section~~ sections 290.0131, subdivisions 8 to 10, 16, 17, and 19, and 290.0137, paragraph (a); and

(2) the subtractions provided in: ~~(1)~~ (i) section 290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; ~~and (2)~~ (ii) section 290.0132, subdivision 14; and (iii) section 290.0137, paragraph (c).

The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, 17, and 19, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 3. Minnesota Statutes 2024, section 290.0137, is amended to read:

290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT SALE GAINS.

(a) In the case of a nonresident individual or a person who becomes a nonresident individual during the tax year, taxable net income shall include the amount realized upon a sale of the assets of, or any interest in, an S corporation or partnership that operated in Minnesota during the year of sale, including any income or gain to be recognized in future years pursuant to an installment sale method of reporting under the Internal Revenue Code.

(1) For the purposes of this paragraph, an individual who becomes a nonresident of Minnesota in any year after an installment sale is required to recognize the full amount of any income or gain described in this paragraph on the individual's final Minnesota resident tax return to the extent that such income has not been recognized in a prior year.

(2) For the purposes of this section, "realized" has the meaning given in section 1001(b) of the Internal Revenue Code.

(3) For the purposes of this section, "installment sale" means any installment sale under section 453 of the Internal Revenue Code and any other sale that is reported utilizing a method of accounting authorized under subchapter E of the Internal Revenue Code that allows taxpayers to delay reporting or recognizing a realized gain until a future year.

(b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing unrecognized installment sale gains by making an election under this paragraph. The election must be filed on a form to be determined or prescribed by the commissioner and must be filed by the due

date of the individual income tax return, including any extension. Electing taxpayers must make an irrevocable agreement to:

(1) file Minnesota tax returns in all subsequent years when gains from the installment sales are recognized and reported to the Internal Revenue Service;

(2) allocate gains to the state of Minnesota as though the gains were realized in the year of sale under section 290.17, 290.191, or 290.20; and

(3) include all relevant federal tax documents reporting the installment sale with subsequent Minnesota tax returns.

(c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must be excluded from taxable net income in any future year that ~~the taxpayer files a Minnesota tax return~~ a composite Minnesota tax return is filed to the extent that the income or gain has already been subject to tax pursuant to paragraph (a). If a composite Minnesota tax return is not filed, then any income or gain recognized for Minnesota purposes under paragraph (a) must be excluded from taxable net income in any future year in which the taxpayer files a Minnesota tax return to the extent that the income or gain has already been subject to tax pursuant to paragraph (a).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

ARTICLE 10

DEPARTMENT OF REVENUE; PROPERTY TAXES

Section 1. Minnesota Statutes 2024, section 273.032, is amended to read:

273.032 MARKET VALUE DEFINITION.

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "estimated market value," and "market valuation," whether equalized or unequalized, mean the estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

(i) section 273.11, subdivisions 14a and 14c (vacant platted land);

~~(ii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);~~

~~(iii)~~ (ii) section 273.11, subdivision 21 (homestead property damaged by mold);

~~(iv)~~ (iii) section 273.13, subdivision 34 (homestead of a veteran with a disability or family caregiver); or

~~(v)~~ (iv) section 273.13, subdivision 35 (homestead market value exclusion); or

(2) the deferment of value under:

(i) the Minnesota Agricultural Property Tax Law, section 273.111;

(ii) the Aggregate Resource Preservation Law, section 273.1115;

(iii) the Minnesota Open Space Property Tax Law, section 273.112;

(iv) the rural preserves property tax program, section 273.114; or

(v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

(3) the adjustments to tax capacity for:

(i) tax increment financing under sections 469.174 to 469.1794;

(ii) fiscal disparities under chapter 276A or 473F; or

(iii) powerline credit under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax-exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax-exempt property.

(c) Unless otherwise provided, "market value," "estimated market value," and "market valuation" for purposes of property tax levy limitations and calculation of state aid, refer to the estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

Sec. 2. Minnesota Statutes 2024, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** ~~(a) Except as provided in paragraph (b),~~ When real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided,

however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section.

~~(b) Real property that has been valued and assessed under this section prior to May 29, 2008, and that ceases to qualify under this section after May 28, 2008, and is withdrawn from the program before August 16, 2010, is not subject to additional taxes under this subdivision or subdivision 3, paragraph (c). If additional taxes have been paid under this subdivision with respect to property described in this paragraph prior to April 3, 2009, the county must repay the property owner in the manner prescribed by the commissioner of revenue.~~

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

Sec. 3. **REPEALER.**

Minnesota Statutes 2024, sections 273.25; 273.65; 273.66; 273.67; 274.07; 428B.02, subdivision 7; and 477A.085, are repealed.

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

ARTICLE 11

DEPARTMENT OF REVENUE; MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, excluding the amounts listed in paragraph (b), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range schools and community development account under section 298.28, subdivision 7a;

(3) obligations for long-term facilities maintenance under section 123B.595;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness or capital loans, debt service equalization aid must be computed separately for each of the preexisting districts.

~~(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.~~

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

Sec. 2. Minnesota Statutes 2024, section 123B.535, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible natural disaster debt service revenue of a district is defined as the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district that would otherwise qualify under section 123B.53 under the following conditions:

(1) the district was impacted by a natural disaster event or area occurring January 1, 2005, or later, as declared by the President of the United States of America, which is eligible for Federal Emergency Management Agency payments;

(2) the natural disaster caused $500,000 or more in damages to school district buildings; and

(3) the repair and replacement costs are not covered by insurance payments or Federal Emergency Management Agency payments.

(b) For purposes of this section, the adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the year prior to the year the levy is certified.

~~(c) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.~~

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

Sec. 3. Minnesota Statutes 2025 Supplement, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

(1) state and federal agencies specifically authorized access to the data by state or federal law;

(2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;

(3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;

(4) the public authority responsible for child support in Minnesota or any other state in accordance with section 518A.83;

(5) human rights agencies within Minnesota that have enforcement powers;

(6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;

(7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(8) the Department of Labor and Industry, the Department of Commerce, and the Bureau of Criminal Apprehension for uses consistent with the administration of their duties under Minnesota law;

(9) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient or provider fraud and employees of providers when the provider is suspected of committing public assistance fraud;

(10) the Department of Human Services for the purpose of evaluating medical assistance services and supporting program improvement;

(11) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program and other cash assistance programs, the Supplemental Nutrition Assistance Program, and the Supplemental Nutrition Assistance Program Employment and Training program by providing data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 142E, or medical programs under chapter 256B or 256L or formerly codified under chapter 256D;

(12) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;

(13) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(14) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(15) the Department of Health for the purposes of epidemiologic investigations;

(16) the Department of Corrections for the purposes of case planning and internal research for preprobation, probation, and postprobation employment tracking of offenders sentenced to probation and preconfinement and postconfinement employment tracking of committed offenders;

~~(17) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201;~~

~~(18)~~ (17) the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System;

~~(19)~~ (18) the Family and Medical Benefits Division of the Department of Employment and Economic Development to be used as necessary to administer chapter 268B; and

~~(20)~~ (19) the executive director or interim executive director of the Minnesota Secure Choice Retirement Program established under chapter 187 for the purposes of assisting with communication with employers and to verify employer compliance with chapter 187.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

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

Sec. 4. Minnesota Statutes 2024, section 270B.14, subdivision 3, is amended to read:

Subd. 3. **Administration of enterprise and job opportunity programs.** The commissioner may disclose return information relating to the taxes imposed by chapters 290 and 297A to the Department of Employment and Economic Development or a municipality with a border city enterprise zone as defined under section 469.166, but only as necessary to administer the funding limitations under section 469.169~~, or to the Department of Employment and Economic Development and appropriate officials from the local government units in which a qualified business is located but only as necessary to enforce the job opportunity building zone benefits under section 469.315~~.

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

Sec. 5. Minnesota Statutes 2024, section 270B.15, is amended to read:

270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR ~~AND STATE AUDITOR~~.

~~(a)~~ Returns and return information must be disclosed to the legislative auditor to the extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

~~(b) The commissioner must disclose return information, including the report required under section 289A.12, subdivision 15, to the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.~~

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

Sec. 6. Minnesota Statutes 2024, section 270C.055, is amended by adding a subdivision to read:

Subd. 4. **Venue.** Unless otherwise provided in chapter 289A, if two or more criminal offenses under the state revenue laws or chapter 349 are committed by the same person in more than one county, the accused may be prosecuted for all the offenses in any county in which one of the offenses was committed.

EFFECTIVE DATE. This section is effective for criminal offenses committed after July 31, 2026.

Sec. 7. Minnesota Statutes 2024, section 290.01, subdivision 29, is amended to read:

Subd. 29. **Taxable income.** The term "taxable income" means:

(1) for individuals, estates, and trusts, the same as taxable net income;

(2) for corporations, the taxable net income less

(i) the net operating loss deduction under section 290.095; and

(ii) the dividends received deduction under section 290.21, subdivision 4~~; and~~.

~~(iii) the exemption for operating in a job opportunity building zone under section 469.317.~~

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

Sec. 8. Minnesota Statutes 2024, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable income.

(2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is allowed as a depreciation deduction in determining alternative minimum taxable income.

(3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(7) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision 8.

~~(10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.~~

~~Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.~~

~~(11)~~ (10) The subtraction for disallowed section 280E expenses under section 290.0134, subdivision 19, is allowed as a deduction in determining alternative minimum taxable income.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

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

Sec. 9. Minnesota Statutes 2024, section 290.0922, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this section:

(1) corporations exempt from tax under section 290.05;

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof;

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code;

(5) township mutual insurance companies; and

(6) cooperatives organized under chapter 308A, 308B, or 308C that provide housing exclusively to persons age 55 and over and are classified as homesteads under section 273.124, subdivision 3; ~~and~~.

~~(7) a qualified business as defined under section 469.310, subdivision 11, if for the taxable year all of its property is located in a job opportunity building zone designated under section 469.314 and all of its payroll is a job opportunity building zone payroll under section 469.310.~~

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

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

Sec. 10. Minnesota Statutes 2024, section 290.0922, subdivision 3, is amended to read:

Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the total sales or receipts apportioned or attributed to Minnesota pursuant to any other apportionment formula applicable to the taxpayer.

(b) "Minnesota property" means total Minnesota tangible property as provided in section 290.191, subdivisions 9 to 11, and any other tangible property located in Minnesota~~, but does not include the property of a qualified business as defined under section 469.310, subdivision 11, that is located in a job opportunity building zone designated under section 469.314~~. Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section. On a return for a short taxable year, the amount of Minnesota property owned, as determined under section 290.191, shall be included in Minnesota property based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365.

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 290.191, subdivision 12, but does not include the job opportunity building zone payroll under section 469.310, subdivision 8, of a qualified business as defined under section 469.310, subdivision 11. Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

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

Sec. 11. Minnesota Statutes 2024, section 295.52, subdivision 5, is amended to read:

Subd. 5. **Volunteer ambulance services.** Volunteer ambulance services are not subject to the tax under this section. For purposes of this requirement, "volunteer ambulance service" means an ambulance service in which all of the individuals whose primary responsibility is direct patient care meet the definition of volunteer ambulance attendant under section 144E.001, subdivision 15. The ambulance service may employ administrative and support staff, and remain eligible for this exemption, if the primary responsibility of these staff is not direct patient care.

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

Sec. 12. Minnesota Statutes 2025 Supplement, section 297A.75, subdivision 1, is amended to read:

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

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

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

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

(4) building materials used in a residence for veterans with a disability exempt under section 297A.71, subdivision 11;

(5) elevators and building materials exempt under section 297A.71, subdivision 12;

(6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

(7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

~~(8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;~~

~~(9)~~ (8) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);

~~(10)~~ (9) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

~~(11)~~ (10) enterprise information technology equipment and computer software for use in a qualified data center, qualified large-scale data center, or qualified refurbished data center exempt under section 297A.68, subdivision 42;

~~(12)~~ (11) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraphs (a) and (b);

~~(13)~~ (12) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);

~~(14)~~ (13) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;

~~(15)~~ (14) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions ~~49;~~ 50, paragraph (b)~~;~~, and 51;

~~(16)~~ (15) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52;

~~(17)~~ (16) building materials, equipment, and supplies for constructing, remodeling, expanding, or improving a fire station, police station, or related facilities exempt under section 297A.71, subdivision 53; and

~~(18)~~ (17) building materials, equipment, and supplies for constructing, remodeling, or improving a sustainable aviation fuel facility exempt under section 297A.71, subdivision 54.

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

Sec. 13. Minnesota Statutes 2025 Supplement, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and ~~(13)~~ (12), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses ~~(8), (11), and (14)~~ (10) and (13), the owner of the qualifying business;

(8) for subdivision 1, clauses ~~(9), (10), (12), (16), and (17)~~ (8), (9), (11), (15), and (16), the applicant must be the governmental entity that owns or contracts for the project or facility;

(9) for subdivision 1, clause ~~(15)~~ (14), the applicant must be the owner or developer of the building or project; and

(10) for subdivision 1, clause ~~(18)~~ (17), the applicant must be the owner or developer of the sustainable aviation fuel facility.

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

Sec. 14. Minnesota Statutes 2025 Supplement, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to ~~(12)~~ (11) or ~~(14) to (18)~~ (13) to (17), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

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

Sec. 15. Minnesota Statutes 2025 Supplement, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

(e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

(g) Each month the commissioner must deposit an amount equal to the estimated revenues derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts in the state treasury and credit:

(1) a percentage to the highway user tax distribution fund as follows:

(i) 43.5 percent in each of fiscal years 2024 and 2025;

(ii) 43 percent in fiscal year 2026;

(iii) 41 percent in fiscal year 2027;

(iv) 36 percent in fiscal year 2028;

(v) 30 percent in fiscal year 2029;

(vi) 36 percent in each of fiscal years 2030 to 2034;

(vii) 38.5 percent in fiscal year 2035;

(viii) 41 percent in fiscal year 2036; and

(ix) 43.5 percent in fiscal year 2037 and thereafter;

(2) a percentage to the transportation advancement account under section 174.49 as follows:

(i) 3.5 percent in fiscal year 2024;

(ii) 4.5 percent in fiscal year 2025;

(iii) 5.5 percent in fiscal year 2026;

(iv) 7.5 percent in fiscal year 2027;

(v) 14.5 percent in fiscal year 2028;

(vi) 21.5 percent in fiscal year 2029;

(vii) 28.5 percent in fiscal year 2030;

(viii) 36.5 percent in fiscal year 2031;

(ix) 44.5 percent in fiscal year 2032; and

(x) 56.5 percent in fiscal year 2033 and thereafter; and

(3) the remainder in each fiscal year to the general fund.

After each February forecast, and prior to the following April 15, the commissioner shall estimate the monthly deposit amount for use in the following fiscal year based on the estimate of average revenue derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts from the department's three most recent consumption tax models. If, after the commissioner estimates the monthly deposit amounts and prior to July 1, the rate of tax imposed under section 297A.62, subdivision 1, or the percentages specified under this paragraph are impacted by a law change, then the commissioner must update the estimated deposit amount by July 15. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) 81.56 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 47.5 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants;

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo; and

(6) 2.5 percent of the receipts must be deposited in the pollinator account established in section 103B.101, subdivision 19.

(i) 1.5 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65 must be deposited in a regional parks and trails account in the natural resources fund and may only be spent for parks and trails of regional significance outside of the seven-county metropolitan area under section 85.535, based on recommendations from the Greater Minnesota Regional Parks and Trails Commission under section 85.536.

(j) 1.5 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65 must be deposited in an outdoor recreational opportunities for underserved communities account in the natural resources fund and may only be spent on projects and activities that connect diverse and underserved Minnesotans through expanding cultural environmental experiences, exploration of their environment, and outdoor recreational activities.

(k) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(l) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

(m) The revenues deposited under paragraphs (a) to (l) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

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

Sec. 16. Minnesota Statutes 2024, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code, as amended through December 16, 2016;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

~~(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;~~

~~(14)~~ (13) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4;

~~(15)~~ (14) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990; and

~~(16)~~ (15) purchase of a motor vehicle by a veteran having a total service-connected disability, as defined in section 171.01, subdivision 51.

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

Sec. 17. Minnesota Statutes 2025 Supplement, section 299C.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions apply.

(b) "Federal tax information" means federal tax returns and return information or information derived or created from federal tax returns, in possession of or control by the requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of the Internal Revenue Code.

(c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that provides guidance and requirements for the protection and confidentiality of federal tax information as required in section 6103(p)(4) of the Internal Revenue Code.

(d) "National criminal history record information" means the Federal Bureau of Investigation identification records as defined in Code of Federal Regulations, title 28, section 20.3(d).

(e) "Requesting agency" means the Department of Revenue; Department of Employment and Economic Development; Department of Human Services; Department of Children, Youth, and Families; board of directors of MNsure; Department of Information Technology Services; attorney general; Office of the Legislative Auditor; and counties.

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

Sec. 18. **REPEALER.**

Minnesota Statutes 2024, sections 272.02, subdivision 64; 272.029, subdivision 7; 289A.12, subdivision 15; 290.06, subdivision 29; 297A.68, subdivision 37; 469.310; 469.311; 469.312; 469.313; 469.314; 469.315; 469.316; 469.317; 469.318; 469.3181; 469.319; 469.3191; 469.3192; 469.3193; 469.320; and 469.3201, are repealed.

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

Delete the title and insert:

"A bill for an act relating to financing and operation of state and local government; modifying individual income taxes, corporate franchise taxes, property taxes and credits, local government aids, sales and use taxes, minerals taxes, tax increment financing provisions, public finance provisions, and other various taxes and tax-related provisions; providing for federal income tax conformity; modifying income tax credits; modifying provisions related to claims for income tax refunds; providing for a direct free filing system for individual income taxes; extending the pass-through entity tax; providing for seasonal tax base replacement aid; modifying property tax exemptions and classifications; providing a onetime increase in homestead credit refunds; modifying distributions of minerals tax proceeds and exemptions for contributions to certain funds; exempting certain sales and purchases; providing for return of funds, cancellations, and transfers; making minor policy and technical changes; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 41A.30, subdivisions 1, 2, 7; 41B.0391, by adding a subdivision; 123B.53, subdivision 1; 123B.535, subdivision 1; 126C.17, by adding a subdivision; 270B.14, subdivision 3, by adding a subdivision; 270B.15; 270C.055, by adding a subdivision; 270C.56, subdivision 1; 272.02, subdivision 101, by adding a subdivision; 273.032; 273.111, subdivision 9; 289A.02, subdivision 7; 289A.08, subdivisions 7, 7a; 289A.40, subdivision 1; 289A.60, subdivision 6; 290.01, subdivisions 19, as amended, 29, 31; 290.0122, subdivision 4; 290.0131, subdivision 15, by adding subdivisions; 290.0132, by adding subdivisions; 290.0133, by adding subdivisions; 290.0134, by adding subdivisions; 290.0137; 290.033; 290.06, subdivisions 2h, 40; 290.067; 290.0921, subdivision 3; 290.0922, subdivisions 2, 3; 290.21, subdivisions 9, 10; 290A.03, subdivision 15; 291.005, subdivision 1; 295.52, subdivision 5; 297A.68, by adding a subdivision; 297A.993, subdivision 4; 297B.03; 298.225; 298.227; 298.28, subdivisions 2, 3, 4, 7a, 8, 9a, 9b, 11, by adding a subdivision; 298.282, subdivision 1; 383A.80, subdivision 4; 383B.80, subdivision 4; 428B.02, subdivision 4; 469.060, subdivision 3; 469.0773; 469.081, subdivision 3a; 469.176, subdivision 2; 477A.30,

subdivision 8; Minnesota Statutes 2025 Supplement, sections 41A.30, subdivision 5; 41B.0391, subdivisions 2, 4, 6a; 126C.13, subdivision 4; 268.19, subdivision 1; 273.13, subdivision 22; 290.06, subdivisions 2c, 23a; 290.091, subdivision 2; 297A.75, subdivisions 1, 2, 3; 297A.94; 299C.061, subdivision 6; 299C.76, subdivision 1; 412.341, subdivision 3; Laws 2021, First Special Session chapter 14, article 9, sections 9; 11; Laws 2023, chapter 64, article 15, section 24; Laws 2025, First Special Session chapter 13, article 5, section 11, subdivision 3; Laws 2026, chapter 100, article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters 289A; 290; repealing Minnesota Statutes 2024, sections 272.02, subdivision 64; 272.029, subdivision 7; 273.25; 273.65; 273.66; 273.67; 274.07; 289A.12, subdivision 15; 290.06, subdivision 29; 297A.68, subdivision 37; 428B.02, subdivision 7; 469.310; 469.311; 469.312; 469.313; 469.314; 469.315; 469.316; 469.317; 469.318; 469.3181; 469.319; 469.3191; 469.3192; 469.3193; 469.320; 469.3201; 477A.085; Laws 2026, chapter 100, article 1, section 3."

We request the adoption of this report and repassage of the bill.

House Conferees: Greg Davids, Jim Joy, Aisha Gomez, Esther Agbaje

Senate Conferees: Ann Rest, D. Scott Dibble, Amanda Hemmingsen-Jaeger, Grant Hauschild

Senator Rest moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2438 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 7, as follows:

Those who voted in the affirmative were:

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

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senators: Carlson and Frentz.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Duckworth.

Those who voted in the negative were:

Gruenhagen	Lieske	Lucero	Westrom
Holmstrom	Limmer	Wesenberg	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 2438 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 52 and nays 15, as follows:

Those who voted in the affirmative were:

Abeler	Drazkowski	Housley	Marty	Port
Boldon	Duckworth	Jasinski	Mathews	Putnam
Carlson	Farnsworth	Johnson	Maye Quade	Rest
Champion	Fateh	Johnson Stewart	McEwen	Seeberger
Clark	Frentz	Klein	Miller	Weber
Coleman	Gustafson	Kreun	Mohamed	Westlin
Cwodzinski	Hauschild	Kunesh	Murphy	Wiklund
Dahms	Hawj	Kupec	Nelson	Xiong
Dibble	Heintzeman	Lang	Oumou Verbeten	
Dornink	Hemmingsen-Jaeger	Latz	Pappas	
Draheim	Hoffman	Mann	Pha	

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senator: Carlson.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Duckworth.

Those who voted in the negative were:

Bahr	Holmstrom	Lieske	Pratt	Utke
Green	Howe	Limmer	Rarick	Wesenberg
Gruenhagen	Koran	Lucero	Rasmusson	Westrom

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Boldon introduced --

Senate Resolution No. 97: A Senate resolution expressing the sense of the Senate condemning Commissioner of Commerce Grace Arnold's inaction on enforcement of home care nursing statutes.

Referred to the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2484.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 17, 2026

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2484: A bill for an act relating to capital investment; authorizing spending to acquire and better land and buildings and for other improvements of a capital nature with certain conditions; establishing new programs and modifying existing programs; requiring a report; modifying and canceling prior appropriations; appropriating money; amending Minnesota Statutes 2024, sections 161.14, by adding a subdivision; 474A.02, subdivision 1a; Laws 2023, chapter 37, article 1, section 2, subdivision 15; Laws 2023, chapter 71, article 1, sections 10, subdivisions 9, 10; 11, subdivisions 7, as amended, 9, 15, as amended; 14, subdivisions 25, 35, 43, 46, 47, 50, 54, 56, 66, as amended, 75, 91; 15, subdivision 9; Laws 2023, chapter 72, article 2, sections 3, subdivision 14; 9, subdivisions 5, 12; 10, subdivision 10; 11; Laws 2024, chapter 125, article 8, section 6.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Senator Pappas moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2484 and that the rules of the Senate be so far suspended as to give H.F. No. 2484 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2484 was read the second time.

H.F. No. 2484 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 50 and nays 17, as follows:

Those who voted in the affirmative were:

Abeler	Dahms	Gustafson	Jasinski	Latz
Boldon	Dibble	Hauschild	Johnson	Mann
Carlson	Draheim	Hawj	Johnson Stewart	Marty
Champion	Duckworth	Heintzeman	Klein	Mathews
Clark	Farnsworth	Hemmingsen-Jaeger	Kunesh	Maye Quade
Coleman	Fateh	Hoffman	Kupec	McEwen
Cwodzinski	Frentz	Housley	Lang	Miller

Mohamed	Pappas	Putnam	Seeberger	Westrom
Murphy	Pha	Rarick	Weber	Wiklund
Oumou Verbeten	Port	Rest	Westlin	Xiong

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senator: Carlson.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Duckworth.

Those who voted in the negative were:

Bahr	Gruenhagen	Kreun	Nelson	Wesenberg
Dornink	Holmstrom	Lieske	Pratt	
Drazkowski	Howe	Limmer	Rasmusson	
Green	Koran	Lucero	Utke	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 5200: A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2024, section 268B.185, subdivision 1.

Senate File No. 5200 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 17, 2026

CONCURRENCE AND REPASSAGE

Senator Limmer moved that the Senate concur in the amendments by the House to S.F. No. 5200 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 5200 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 3, as follows:

Those who voted in the affirmative were:

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

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senator: Carlson.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Duckworth.

Those who voted in the negative were:

Holmstrom	Lieske	Lucero

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 719.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 17, 2026

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 719: A bill for an act relating to state government; authorizing spending to acquire and better public land and buildings and for other improvements of a capital nature with certain conditions; establishing new programs and modifying existing programs; authorizing the conveyance of state bond-financed property; modifying and canceling prior appropriations; authorizing the sale and issuance of state bonds; appropriating money; providing for a temporary registration tax reduction; amending Minnesota Statutes 2024, sections 16A.86, subdivision 3a; 446A.077, subdivisions 3, 4; 446A.086, subdivision 11; 457A.03, subdivision 3; Minnesota Statutes 2025 Supplement, sections 134.45, subdivision 4; 446A.082; Laws 2020, Fifth Special Session chapter 3, article 1, sections 16, subdivision 39; 17, subdivision 13, as amended; Laws 2023, chapter 72, article 1, sections 16, subdivision 19; 21, subdivision 9.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Senator Pappas moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 719 and that the rules of the Senate be so far suspended as to give H.F. No. 719 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 719 was read the second time.

H.F. No. 719 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 60 and nays 7, as follows:

Those who voted in the affirmative were:

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

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senator: Carlson.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Duckworth.

Those who voted in the negative were:

Bahr	Holmstrom	Lucero	Wesenberg
Green	Lieske	Utke	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Murphy, Chair of the Committee on Rules and Administration, designated S.F. No. 3967 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 3967: A bill for an act relating to human services; modifying the due date of the pediatric hospital-to-home transition pilot program report; amending Laws 2024, chapter 125, article 1, section 47.

Senator Boldon moved to amend S.F. No. 3967 as follows (A-2):

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 62Q.545, is amended to read:

62Q.545 COVERAGE OF HOME CARE NURSING.

Subdivision 1. **Home care nursing services mandated coverage.** (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.

Subd. 2. **Legislative findings and purpose.** The mandated coverage on home care nursing services in subdivision 1 has been intended, since its enactment in 2010, to require health plans to cover all prescribed, medically necessary home care nursing services. Pursuant to Code of Federal Regulations, title 45, section 155.170, a benefit required by state action taking place before December 31, 2011, is considered an EHB, such that the state is not required to make payments to defray the cost of benefits. To minimize unnecessary state payments, including costs to the medical assistance program for potential coverage of recipients of home care nursing services, the commissioner must not make payments to defray the cost of benefits under this section and must facilitate the provision of comprehensive coverage of home care nursing services in the private insurance market.

Subd. 3. **Use of terminology.** (a) Notwithstanding section 62J.26, a health plan must refer to all services meeting the definition of home care nursing services in paragraph (b) 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.

(b) For purposes of this subdivision, "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. Subdivisions 1 and 2 are effective retroactively from January 1, 2026, and apply to policies issued, offered, or renewed and causes of action accruing on or after that date. Subdivision 3 is effective August 1, 2026."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 45 and nays 22, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Klein	Maye Quade	Port
Boldon	Frentz	Kunesh	McEwen	Pratt
Carlson	Gustafson	Kupec	Miller	Putnam
Champion	Hauschild	Lang	Mohamed	Rarick
Clark	Hawj	Latz	Murphy	Rest
Coleman	Hemmingsen-Jaeger	Lieske	Nelson	Seeberger
Cwodzinski	Hoffman	Limmer	Oumou Verbeten	Westlin
Dibble	Housley	Mann	Pappas	Wiklund
Duckworth	Johnson Stewart	Marty	Pha	Xiong

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senator: Carlson.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Duckworth.

Those who voted in the negative were:

Bahr	Farnsworth	Howe	Lucero	Wesenberg
Dahms	Green	Jasinski	Mathews	Westrom
Dornink	Gruenhagen	Johnson	Rasmusson	
Draheim	Heintzeman	Koran	Utke	
Drazkowski	Holmstrom	Kreun	Weber	

The motion prevailed. So the amendment was adopted.

S.F. No. 3967 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 40 and nays 27, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Johnson Stewart	Maye Quade	Port
Boldon	Fateh	Klein	McEwen	Pratt
Carlson	Frentz	Kunesh	Miller	Putnam
Champion	Gustafson	Kupec	Mohamed	Rest
Clark	Hauschild	Latz	Murphy	Seeberger
Cwodzinski	Hawj	Limmer	Oumou Verbeten	Westlin
Dibble	Hemmingsen-Jaeger	Mann	Pappas	Wiklund
Dornink	Hoffman	Marty	Pha	Xiong

Pursuant to Rule 40, Senator Westlin cast the affirmative vote on behalf of the following Senator: Carlson.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senator: Duckworth.

Those who voted in the negative were:

Bahr	Green	Jasinski	Lucero	Weber
Coleman	Gruenhagen	Johnson	Mathews	Wesenberg
Dahms	Heintzeman	Koran	Nelson	Westrom
Draheim	Holmstrom	Kreun	Rarick	
Drazkowski	Housley	Lang	Rasmusson	
Farnsworth	Howe	Lieske	Utke	

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Murphy, Chair of the Committee on Rules and Administration, designated H.F. No. 3908 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 3908: A bill for an act relating to drivers' licenses; modifying ignition interlock program license revocation requirements; classifying driver's license indicators as private data; making technical corrections; amending Minnesota Statutes 2024, sections 13.6905, by adding a subdivision; 171.12, subdivision 7c, by adding a subdivision; Minnesota Statutes 2025 Supplement, sections 171.12, subdivision 7; 171.178, subdivision 5; 171.306, subdivision 1; repealing Minnesota Statutes 2024, section 169A.54, subdivision 6.

Senator Dibble moved that H.F. No. 3908 be laid on the table. The motion prevailed.

Senator Murphy moved that the Secretary of the Senate notify the Governor and the House of Representatives that the Senate is about to adjourn the 2026 Session sine die. The motion prevailed.

ADJOURNMENT

Senator Murphy moved that the Senate do now adjourn sine die. The motion prevailed.

Thomas S. Bottern, Secretary of the Senate