

1.1 Senator ..... moves to amend S.F. No. 2744 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 APPROPRIATIONS

1.5 Section 1. APPROPRIATIONS.

1.6 The sums shown in the columns marked "Appropriations" are appropriated to the agencies  
 1.7 and for the purposes specified in this article. The appropriations are from the general fund,  
 1.8 or another named fund, and are available for the fiscal years indicated for each purpose.  
 1.9 The figures "2024" and "2025" used in this article mean that the appropriations listed under  
 1.10 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.  
 1.11 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"  
 1.12 is fiscal years 2024 and 2025. If an appropriation in this act is enacted more than once in  
 1.13 the 2023 legislative session, the appropriation must be given effect only once.

1.14	<b><u>APPROPRIATIONS</u></b>	
1.15	<b><u>Available for the Year</u></b>	
1.16	<b><u>Ending June 30</u></b>	
1.17	<b><u>2024</u></b>	<b><u>2025</u></b>

1.18 Sec. 2. DEPARTMENT OF COMMERCE

1.19	<u>Subdivision 1. Total Appropriation</u>	<b><u>\$ 33,757,000</u></b>	<b><u>\$ 34,660,000</u></b>
------	---	-----------------------------	-----------------------------

1.20 Appropriations by Fund

1.21		<u>2024</u>	<u>2025</u>
1.22	<u>General</u>	<u>30,876,000</u>	<u>31,752,000</u>
1.23	<u>Special Revenue</u>	<u>2,093,000</u>	<u>2,093,000</u>
1.24	<u>Workers'</u>		
1.25	<u>Compensation Fund</u>	<u>788,000</u>	<u>815,000</u>

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

1.29	<u>Subd. 2. Financial Institutions</u>	<u>2,569,000</u>	<u>2,689,000</u>
------	--	------------------	------------------

1.30 (a) \$400,000 each year is for a grant to Prepare  
1.31 and Prosper to develop, market, evaluate, and  
1.32 distribute a financial services inclusion  
1.33 program that (1) assists low-income and  
1.34 financially underserved populations to build

2.1 savings and strengthen credit, and (2) provides  
 2.2 services to assist low-income and financially  
 2.3 underserved populations to become more  
 2.4 financially stable and secure. Money  
 2.5 remaining after the first year is available for  
 2.6 the second year.

2.7 (b) \$254,000 each year is to administer the  
 2.8 requirements of Minnesota Statutes, chapter  
 2.9 58B.

2.10 (c) \$197,000 each year is to administer the  
 2.11 requirements of Minnesota Statutes, section  
 2.12 58B.011.

2.13 Subd. 3. **Administrative Services** 10,088,000 10,144,000

2.14 (a) \$353,000 each year is for system  
 2.15 modernization and cybersecurity upgrades for  
 2.16 the unclaimed property program.

2.17 (b) \$586,000 in the first year and \$608,000 in  
 2.18 the second year are for additional operations  
 2.19 of the unclaimed property program.

2.20 (c) \$249,000 each year is for the senior safe  
 2.21 fraud prevention program.

2.22 (d) \$568,000 the first year and \$537,000 the  
 2.23 second year are for the duties under Minnesota  
 2.24 Statutes, sections 62J.841 to 64J.845. The base  
 2.25 for this appropriation beginning in fiscal year  
 2.26 2026 is \$500,000.

2.27 (e) \$150,000 each year are for a grant to  
 2.28 Exodus Lending to expand program and  
 2.29 operational capacity to help individuals reach  
 2.30 financial stability through small dollar  
 2.31 consumer loans, including through resolution  
 2.32 of consumer short-term loans carrying interest  
 2.33 rates grater than 36 percent. The

3.1 appropriations in this paragraph are available  
3.2 until June 30, 2027.

3.3 (f) \$200,000 in fiscal year 2024 is appropriated  
3.4 to the commissioner of commerce for a grant  
3.5 to Exodus Lending to assist the development  
3.6 of a character-based small dollar loan lending  
3.7 program. Character-based lending is the  
3.8 practice of issuing loans based on the  
3.9 borrower's involvement in and ties to  
3.10 community-based organizations that provide  
3.11 client services such as financial coaching. This  
3.12 is a onetime appropriation and is available  
3.13 until June 30, 2027.

3.14 Loans issued under the program must be (1)  
3.15 interest- and fee-free, and (2) made to  
3.16 Minnesotans facing significant barriers,  
3.17 including banking history, credit history and  
3.18 credit score requirements, scarcity of bank  
3.19 branches in lower-income and communities  
3.20 of color, and low or irregular income flows,  
3.21 to mainstream financial products. Mainstream  
3.22 financial products are those products provided  
3.23 most commonly by regulated financial  
3.24 institutions, including credit cards and  
3.25 installment loans. Program participants must  
3.26 be recruited through a statewide network of  
3.27 trusted community-based partners. Loan  
3.28 payments by borrowers must be reported to  
3.29 the credit bureaus.

3.30 (g) No later than July 15, 2024, and annually  
3.31 thereafter until fiscal year 2027, Exodus  
3.32 Lending must submit a report to the  
3.33 commissioner of commerce on required  
3.34 activities of Exodus Lending under paragraphs  
3.35 (e) and (f). The report must detail, at

- 4.1 minimum, each of the following for the prior  
4.2 calendar year:
- 4.3 (1) the total number of loans granted;  
4.4 (2) the total number of participants granted  
4.5 loans;  
4.6 (3) an analysis of the participants' race and  
4.7 ethnicity, gender, and geographic locations;  
4.8 (4) the average loan amount;  
4.9 (5) the total loan amounts paid back by  
4.10 participants;  
4.11 (6) a list of the trusted community-based  
4.12 partners described in section 2;  
4.13 (7) the final criteria developed for  
4.14 character-based small dollar loan program  
4.15 determinations under section 2; and  
4.16 (8) summary data on the significant barriers  
4.17 to mainstream financial products faced by  
4.18 participants.
- 4.19 No later than August 15, 2024, and annually  
4.20 thereafter until fiscal year 2027, the  
4.21 commissioner of commerce must submit a  
4.22 report to the chairs and ranking minority  
4.23 members of the legislative committees of the  
4.24 senate and house of representatives with  
4.25 primary jurisdiction over commerce and  
4.26 consumer protection. The report must detail  
4.27 the information collected by the commissioner  
4.28 of commerce under paragraph (f).
- 4.29 (h) \$12,000 each year is for the intermediate  
4.30 blends of gasoline and biofuels report in  
4.31 Minnesota Statutes, chapter 239.791,  
4.32 subdivision 8.

5.1	<b><u>Subd. 4. Enforcement</u></b>		<u>7,185,000</u>	<u>7,473,000</u>
5.2		<u>Appropriations by Fund</u>		
5.3	<u>General</u>	<u>6,977,000</u>	<u>7,258,000</u>	
5.4	<u>Workers'</u>			
5.5	<u>Compensation</u>	<u>208,000</u>	<u>215,000</u>	
5.6	<u>(a) \$811,000 each year is for five additional</u>			
5.7	<u>peace officers in the Commerce Fraud Bureau.</u>			
5.8	<u>Money under this paragraph is transferred</u>			
5.9	<u>from the general fund to the insurance fraud</u>			
5.10	<u>prevention account under Minnesota Statutes,</u>			
5.11	<u>section 45.0135, subdivision 6.</u>			
5.12	<u>(b) \$345,000 each year is for additional staff</u>			
5.13	<u>to focus on market conduct examinations.</u>			
5.14	<u>(c) \$283,000 each year is for the law</u>			
5.15	<u>enforcement salary increases authorized under</u>			
5.16	<u>Laws 2021, chapter 4, article 9, section 1.</u>			
5.17	<u>(d) \$41,000 in fiscal year 2024 and \$21,000</u>			
5.18	<u>in fiscal year 2025 are for body cameras worn</u>			
5.19	<u>by Commerce Fraud Bureau agents.</u>			
5.20	<u>(e) \$208,000 in the first year and \$215,000 in</u>			
5.21	<u>the second year are from the workers'</u>			
5.22	<u>compensation fund.</u>			
5.23	<u>(f) \$100,000 in the second year is to create</u>			
5.24	<u>and operate the Mental Health Parity and</u>			
5.25	<u>Substance Abuse Accountability Office under</u>			
5.26	<u>Minnesota Statutes, section 62Q.465. The base</u>			
5.27	<u>for fiscal year 2026 and beyond is \$175,000.</u>			
5.28	<b><u>Subd. 5. Telecommunications</u></b>		<u>3,221,000</u>	<u>3,261,000</u>
5.29		<u>Appropriations by Fund</u>		
5.30	<u>General</u>	<u>1,128,000</u>	<u>1,168,000</u>	
5.31	<u>Special Revenue</u>	<u>2,093,000</u>	<u>2,093,000</u>	
5.32	<u>\$2,093,000 each year is from the</u>			
5.33	<u>telecommunications access Minnesota fund</u>			

6.1 account in the special revenue fund for the  
 6.2 following transfers:  
 6.3 (1) \$1,620,000 each year is to the  
 6.4 commissioner of human services to  
 6.5 supplement the ongoing operational expenses  
 6.6 of the Commission of Deaf, DeafBlind, and  
 6.7 Hard-of-Hearing Minnesotans. This transfer  
 6.8 is subject to Minnesota Statutes, section  
 6.9 16A.281;  
 6.10 (2) \$290,000 each year is to the chief  
 6.11 information officer to coordinate technology  
 6.12 accessibility and usability;  
 6.13 (3) \$133,000 each year is to the Legislative  
 6.14 Coordinating Commission for captioning  
 6.15 legislative coverage. This transfer is subject  
 6.16 to Minnesota Statutes, section 16A.281; and  
 6.17 (4) \$50,000 each year is to the Office of  
 6.18 MN.IT Services for a consolidated access fund  
 6.19 to provide grants or services to other state  
 6.20 agencies related to accessibility of web-based  
 6.21 services.

6.22 **Subd. 6. Insurance** 9,163,000 9,567,000

	<u>Appropriations by Fund</u>	
6.24 <u>General</u>	<u>8,583,000</u>	<u>8,967,000</u>
6.25 <u>Workers'</u>		
6.26 <u>Compensation</u>	<u>580,000</u>	<u>600,000</u>

6.27 (a) \$34,000 each year is for continuing  
 6.28 coverage of preventive services.  
 6.29 (b) \$136,000 each year is to advance  
 6.30 standardized health plan options.  
 6.31 (c) \$318,000 each year is to conduct a  
 6.32 feasibility study on a proposal to offer free  
 6.33 primary care to Minnesotans. These are  
 6.34 onetime appropriations.

7.1	<u>(d) \$105,000 each year is to evaluate</u>		
7.2	<u>legislation for new mandated health benefits</u>		
7.3	<u>under Minnesota Statutes, section 62J.26.</u>		
7.4	<u>(e) \$180,000 each year is for additional staff</u>		
7.5	<u>to focus on property- and casualty-related</u>		
7.6	<u>insurance products.</u>		
7.7	<u>(f) \$580,000 in the first year and \$600,000 in</u>		
7.8	<u>the second year are from the workers'</u>		
7.9	<u>compensation fund.</u>		
7.10	<u>(g) \$42,000 each year is for ensuring health</u>		
7.11	<u>plan company compliance with Minnesota</u>		
7.12	<u>Statutes, section 62Q.47.</u>		
7.13	<u>(h) \$25,000 each year is to pay the costs</u>		
7.14	<u>incurred to evaluate existing statutory health</u>		
7.15	<u>benefit mandates under article 2, section 39.</u>		
7.16	<b><u>Subd. 7. Weights and Measures Division</u></b>	<u>1,531,000</u>	<u>1,556,000</u>
7.17	<b><u>Sec. 3. ATTORNEY GENERAL</u></b>	<b><u>\$ 691,000</u></b>	<b><u>\$ 691,000</u></b>
7.18	<u>\$549,000 each year is for the duties under</u>		
7.19	<u>Minnesota Statutes, sections 62J.841 to</u>		
7.20	<u>64J.845.</u>		
7.21	<u>\$142,000 each year are to administer the</u>		
7.22	<u>requirements of the Minnesota</u>		
7.23	<u>Age-Appropriate Design Code Act.</u>		
7.24	<b><u>Sec. 4. DEPARTMENT OF HEALTH</u></b>	<b><u>\$ 74,000</u></b>	<b><u>\$ 56,000</u></b>
7.25	<u>\$69,000 the first year and \$51,000 the second</u>		
7.26	<u>year are for the duties under Minnesota</u>		
7.27	<u>Statutes, sections 62J.841 to 64J.845.</u>		
7.28	<u>\$5,000 each year is for consultation with the</u>		
7.29	<u>commissioner of commerce to evaluate</u>		
7.30	<u>existing statutory health benefits under article</u>		
7.31	<u>2, section 39.</u>		
7.32	<b><u>Sec. 5. DEPARTMENT OF EDUCATION</u></b>	<b><u>\$ 100,000</u></b>	<b><u>\$ 0</u></b>

8.1 (a) \$100,000 in fiscal year 2022 is for a grant  
8.2 to the Minnesota Council on Economic  
8.3 Education. The funds be used by the council  
8.4 to:

8.5 (1) provide professional development to  
8.6 Minnesota teachers of courses or content  
8.7 related to personal finance or consumer  
8.8 protection for students in grade 9 through  
8.9 grade 12;

8.10 (2) support the direct-to-student ancillary  
8.11 personal finance programs that Minnesota  
8.12 teachers supervise and coach or that the  
8.13 Minnesota Council on Economic Education  
8.14 delivers directly to students; and

8.15 (3) provide support to geographically diverse  
8.16 affiliated higher education-based centers for  
8.17 economic education engaged in financial  
8.18 literacy education as it pertains to financial  
8.19 literacy education initiatives, including those  
8.20 based at Minnesota State University Mankato,  
8.21 St. Cloud State University, and St. Catherine  
8.22 University, as their work relates to activities  
8.23 in clauses (1) and (2).

8.24 (b) The Minnesota Council on Economic  
8.25 Education must prepare and submit reports to  
8.26 the commissioner of education in the form and  
8.27 manner prescribed by the commissioner that:

8.28 (1) describe the number and type of in-person  
8.29 and online teacher professional development  
8.30 opportunities provided by the Minnesota  
8.31 Council on Economic Education or its  
8.32 affiliated state centers;

8.33 (2) list the content, length, and location of the  
8.34 programs;

9.1 (3) identify the number of preservice and  
9.2 licensed teachers receiving professional  
9.3 development through each of these  
9.4 opportunities;

9.5 (4) summarize evaluations of professional  
9.6 opportunities for teachers; and

9.7 (5) list the number, types, and summary  
9.8 evaluations of the direct-to-student ancillary  
9.9 personal finance programs that are supported  
9.10 with funds from the grant.

9.11 (c) By February 15 of each year following the  
9.12 receipt of a grant, the Minnesota Council on  
9.13 Economic Education must provide a mid-year  
9.14 report to the commissioner of education and,  
9.15 on August 15 of each year following receipt  
9.16 of a grant, the Minnesota Council on  
9.17 Economic Education must prepare a year-end  
9.18 report according to the requirements of  
9.19 paragraph (b). The reports must be prepared  
9.20 and filed according to Minnesota Statutes,  
9.21 section 3.195. The commissioner may request  
9.22 additional information as necessary. This is a  
9.23 onetime appropriation. Any balance in the first  
9.24 year does not cancel and is available in the  
9.25 second year.

9.26 **Sec. 6. PREMIUM SECURITY ACCOUNT TRANSFER; OUT.**

9.27 \$275,775,000 in fiscal year 2026 is transferred from the premium security plan account  
9.28 under Minnesota Statutes, section 62E.25, subdivision 1, to the general fund. This is a  
9.29 onetime transfer.

9.30 **Sec. 7. PREMIUM SECURITY ACCOUNT TRANSFER; IN.**

9.31 \$229,465,000 in fiscal year 2025 is transferred from the general fund to the premium  
9.32 security plan account under Minnesota Statutes, section 62E.25, subdivision 1. This is a  
9.33 onetime transfer.

10.1 Sec. 8. **TRANSFER FROM CONSUMER EDUCATION ACCOUNT.**

10.2 \$100,000 in fiscal year 2024 is transferred from the consumer education account in the  
 10.3 special revenue fund to the general fund.

10.4 Sec. 9. Laws 2022, chapter 93, article 1, section 2, subdivision 5, is amended to read:

10.5 Subd. 5. **Enforcement and Examinations** -0- 522,000

10.6 \$522,000 in fiscal year 2023 is for the auto  
 10.7 theft prevention library under Minnesota  
 10.8 Statutes, section 65B.84, subdivision 1,  
 10.9 paragraph (d). This is a onetime appropriation,  
 10.10 available until June 30, 2024.

10.11 **ARTICLE 2**

10.12 **INSURANCE POLICY**

10.13 Section 1. Minnesota Statutes 2022, section 60A.14, subdivision 1, is amended to read:

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

10.17 (a) by township mutual fire insurance companies:

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

10.19 (2) for filing annual statements, \$15;

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

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

10.22 (b) by other domestic and foreign companies including fraternal and reciprocal  
 10.23 exchanges:

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

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

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

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

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

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

11.2 (c) the following general fees apply:

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

11.5 (2) for each copy of paper on file in the commissioner's office 50 cents per page, and  
11.6 \$2.50 for certifying the same;

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

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

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

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

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

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

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

11.23 Sec. 2. Minnesota Statutes 2022, section 62A.152, subdivision 3, is amended to read:

11.24 Subd. 3. **Provider discrimination prohibited.** All group policies and group subscriber  
11.25 contracts that provide benefits for mental or nervous disorder treatments in a hospital must  
11.26 provide direct reimbursement for those services at a hospital or psychiatric residential  
11.27 treatment facility if performed by a mental health professional qualified according to section  
11.28 245I.04, subdivision 2, to the extent that the services and treatment are within the scope of  
11.29 mental health professional licensure.

11.30 This subdivision is intended to provide payment of benefits for mental or nervous disorder  
11.31 treatments performed by a licensed mental health professional in a hospital or psychiatric

12.1 residential treatment facility and is not intended to change or add benefits for those services  
12.2 provided in policies or contracts to which this subdivision applies.

12.3 Sec. 3. Minnesota Statutes 2022, section 62D.02, is amended by adding a subdivision to  
12.4 read:

12.5 Subd. 17. **Preventive items and services.** "Preventive items and services" has the  
12.6 meaning given in section 62Q.46, subdivision 1, paragraph (a).

12.7 Sec. 4. Minnesota Statutes 2022, section 62D.095, subdivision 2, is amended to read:

12.8 Subd. 2. **Co-payments.** A health maintenance contract may impose a co-payment and  
12.9 coinsurance consistent with the provisions of the Affordable Care Act as defined under  
12.10 section 62A.011, subdivision 1a, and for items and services that are not preventive items  
12.11 and services.

12.12 Sec. 5. Minnesota Statutes 2022, section 62D.095, subdivision 3, is amended to read:

12.13 Subd. 3. **Deductibles.** A health maintenance contract ~~may~~ must not impose a deductible  
12.14 ~~consistent with the provisions of the Affordable Care Act as defined under section 62A.011,~~  
12.15 ~~subdivision 1a~~ for preventive items and services.

12.16 Sec. 6. Minnesota Statutes 2022, section 62D.095, subdivision 4, is amended to read:

12.17 Subd. 4. **Annual out-of-pocket maximums.** A health maintenance contract ~~may~~ must  
12.18 not impose an annual out-of-pocket maximum ~~consistent with the provisions of the~~  
12.19 ~~Affordable Care Act as defined under section 62A.011, subdivision 1a~~ for services rendered  
12.20 that are not listed under section 62D.02, subdivision 17, or for preventive items and services.

12.21 Sec. 7. Minnesota Statutes 2022, section 62D.095, subdivision 5, is amended to read:

12.22 Subd. 5. **Exceptions.** ~~No~~ Co-payments or deductibles ~~may~~ must not be imposed on  
12.23 preventive ~~health care~~ items and services consistent with the provisions of the Affordable  
12.24 ~~Care Act as defined under section 62A.011, subdivision 1a.~~

12.25 Sec. 8. **[62J.841] DEFINITIONS.**

12.26 Subdivision 1. **Scope.** For purposes of sections 62J.841 to 62J.845, the following  
12.27 definitions apply.

12.28 Subd. 2. **Consumer Price Index.** "Consumer Price Index" means the Consumer Price  
12.29 Index, Annual Average, for All Urban Consumers, CPI-U: U.S. City Average, All Items,

13.1 reported by the United States Department of Labor, Bureau of Labor Statistics, or its  
13.2 successor or, if the index is discontinued, an equivalent index reported by a federal authority  
13.3 or, if no such index is reported, "Consumer Price Index" means a comparable index chosen  
13.4 by the Bureau of Labor Statistics.

13.5 Subd. 3. **Generic or off-patent drug.** "Generic or off-patent drug" means any prescription  
13.6 drug for which any exclusive marketing rights granted under the Federal Food, Drug, and  
13.7 Cosmetic Act, section 351 of the federal Public Health Service Act, and federal patent law  
13.8 have expired, including any drug-device combination product for the delivery of a generic  
13.9 drug.

13.10 Subd. 4. **Manufacturer.** "Manufacturer" means an entity that:

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

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

13.16 Subd. 5. **Prescription drug.** "Prescription drug" means a drug for human use subject  
13.17 to United States Code, title 21, section 353(b)(1).

13.18 Subd. 6. **Wholesale acquisition cost.** "Wholesale acquisition cost" has the meaning  
13.19 provided in United States Code, title 42, section 1395w-3a.

13.20 Subd. 7. **Wholesale distributor.** "Wholesale distributor" has the meaning provided in  
13.21 section 151.441, subdivision 14.

13.22 **Sec. 9. [62J.842] EXCESSIVE PRICE INCREASES PROHIBITED.**

13.23 Subdivision 1. **Prohibition.** No manufacturer shall impose, or cause to be imposed, an  
13.24 excessive price increase, whether directly or through a wholesale distributor, pharmacy, or  
13.25 similar intermediary, on the sale of any generic or off-patent drug sold, dispensed, or  
13.26 delivered to any consumer in the state.

13.27 Subd. 2. **Excessive price increase.** A price increase is excessive for purposes of this  
13.28 section when:

13.29 (1) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds:

13.30 (i) 15 percent of the wholesale acquisition cost over the immediately preceding calendar  
13.31 year; or

14.1 (ii) 40 percent of the wholesale acquisition cost over the immediately preceding three  
14.2 calendar years; and

14.3 (2) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds  
14.4 \$30 for:

14.5 (i) a 30-day supply of the drug; or

14.6 (ii) a course of treatment lasting less than 30 days.

14.7 Subd. 3. **Exemption.** It is not a violation of this section for a wholesale distributor or  
14.8 pharmacy to increase the price of a generic or off-patent drug if the price increase is directly  
14.9 attributable to additional costs for the drug imposed on the wholesale distributor or pharmacy  
14.10 by the manufacturer of the drug.

14.11 Sec. 10. **[62J.843] REGISTERED AGENT AND OFFICE WITHIN THE STATE.**

14.12 Any manufacturer that sells, distributes, delivers, or offers for sale any generic or  
14.13 off-patent drug in the state must maintain a registered agent and office within the state.

14.14 Sec. 11. **[62J.844] ENFORCEMENT.**

14.15 Subdivision 1. **Notification.** (a) The commissioner of health shall notify the manufacturer  
14.16 of a generic or off-patent drug, the attorney general, and the Board of Pharmacy of any price  
14.17 increase that the commissioner believes may violate section 62J.842.

14.18 (b) The commissioner of management and budget and any other state agency that provides  
14.19 or purchases a pharmacy benefit except the Department of Human Services, and any entity  
14.20 under contract with a state agency to provide a pharmacy benefit other than an entity under  
14.21 contract with the Department of Human Services, may notify the manufacturer of a generic  
14.22 or off-patent drug, the attorney general, and the Board of Pharmacy of any price increase  
14.23 that the commissioner or entity believes may violate section 62J.842.

14.24 Subd. 2. **Submission of drug cost statement and other information by manufacturer;**  
14.25 **investigation by attorney general.** (a) Within 45 days of receiving a notice under subdivision  
14.26 1, the manufacturer of the generic or off-patent drug shall submit a drug cost statement to  
14.27 the attorney general. The statement must:

14.28 (1) itemize the cost components related to production of the drug;

14.29 (2) identify the circumstances and timing of any increase in materials or manufacturing  
14.30 costs that caused any increase during the preceding calendar year, or preceding three calendar  
14.31 years as applicable, in the price of the drug; and

15.1 (3) provide any other information that the manufacturer believes to be relevant to a  
15.2 determination of whether a violation of section 62J.842 has occurred.

15.3 (b) The attorney general may investigate whether a violation of section 62J.842 has  
15.4 occurred, in accordance with section 8.31, subdivision 2.

15.5 Subd. 3. **Petition to court.** (a) On petition of the attorney general, a court may issue an  
15.6 order:

15.7 (1) compelling the manufacturer of a generic or off-patent drug to:

15.8 (i) provide the drug cost statement required under subdivision 2, paragraph (a); and

15.9 (ii) answer interrogatories, produce records or documents, or be examined under oath,  
15.10 as required by the attorney general under subdivision 2, paragraph (b);

15.11 (2) restraining or enjoining a violation of sections 62J.841 to 62J.845, including issuing  
15.12 an order requiring that drug prices be restored to levels that comply with section 62J.842;

15.13 (3) requiring the manufacturer to provide an accounting to the attorney general of all  
15.14 revenues resulting from a violation of section 62J.842;

15.15 (4) requiring the manufacturer to repay to all Minnesota consumers, including any  
15.16 third-party payers, any money acquired as a result of a price increase that violates section  
15.17 62J.842;

15.18 (5) notwithstanding section 16A.151, requiring that all revenues generated from a  
15.19 violation of section 62J.842 be remitted to the state and deposited into a special fund, to be  
15.20 used for initiatives to reduce the cost to consumers of acquiring prescription drugs, if a  
15.21 manufacturer is unable to determine the individual transactions necessary to provide the  
15.22 repayments described in clause (4);

15.23 (6) imposing a civil penalty of up to \$10,000 per day for each violation of section 62J.842;

15.24 (7) providing for the attorney general's recovery of costs and disbursements incurred in  
15.25 bringing an action against a manufacturer found in violation of section 62J.842, including  
15.26 the costs of investigation and reasonable attorney's fees; and

15.27 (8) providing any other appropriate relief, including any other equitable relief as  
15.28 determined by the court.

15.29 (b) For purposes of paragraph (a), clause (6), every individual transaction in violation  
15.30 of section 62J.842 is considered a separate violation.

16.1 Subd. 4. **Private right of action.** Any action brought pursuant to section 8.31, subdivision  
16.2 3a, by a person injured by a violation of section 62J.842 is for the benefit of the public.

16.3 Sec. 12. **[62J.845] PROHIBITION ON WITHDRAWAL OF GENERIC OR**  
16.4 **OFF-PATENT DRUGS FOR SALE.**

16.5 Subdivision 1. **Prohibition.** A manufacturer of a generic or off-patent drug is prohibited  
16.6 from withdrawing that drug from sale or distribution within this state for the purpose of  
16.7 avoiding the prohibition on excessive price increases under section 62J.842.

16.8 Subd. 2. **Notice to board and attorney general.** Any manufacturer that intends to  
16.9 withdraw a generic or off-patent drug from sale or distribution within the state shall provide  
16.10 a written notice of withdrawal to the Board of Pharmacy and the attorney general, at least  
16.11 90 days prior to the withdrawal.

16.12 Subd. 3. **Financial penalty.** The attorney general shall assess a penalty of \$500,000 on  
16.13 any manufacturer of a generic or off-patent drug that the attorney general determines has  
16.14 failed to comply with the requirements of this section.

16.15 Sec. 13. **[62J.846] SEVERABILITY.**

16.16 If any provision of sections 62J.841 to 62J.845 or the application thereof to any person  
16.17 or circumstance is held invalid for any reason in a court of competent jurisdiction, the  
16.18 invalidity does not affect other provisions or any other application of sections 62J.841 to  
16.19 62J.845 that can be given effect without the invalid provision or application.

16.20 Sec. 14. **[62J.85] CITATION.**

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

16.22 Sec. 15. **[62J.86] DEFINITIONS.**

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

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

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

17.1 Subd. 4. **Biosimilar.** "Biosimilar" has the meaning provided in section 62J.84, subdivision  
17.2 2, paragraph (b).

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

17.5 Subd. 6. **Brand name drug.** "Brand name drug" means a drug that is produced or  
17.6 distributed pursuant to:

17.7 (1) a new drug application approved under United States Code, title 21, section 355(c),  
17.8 except for a generic drug as defined under Code of Federal Regulations, title 42, section  
17.9 447.502; or

17.10 (2) a biologics license application approved under United States Code, title 45, section  
17.11 262(a)(c).

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

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

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

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

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

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

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

17.27 **Sec. 16. [62J.87] PRESCRIPTION DRUG AFFORDABILITY BOARD.**

17.28 Subdivision 1. **Establishment.** The commissioner of commerce shall establish the  
17.29 Prescription Drug Affordability Board, which shall be governed as a board under section  
17.30 15.012, paragraph (a), to protect consumers, state and local governments, health plan

18.1 companies, providers, pharmacies, and other health care system stakeholders from  
18.2 unaffordable costs of certain prescription drugs.

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

18.5 (1) seven voting members appointed by the governor;

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

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

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

18.13 (c) Initial appointments must be made by January 1, 2024.

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

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

18.18 Subd. 4. **Chair; other officers.** (a) The governor shall designate an acting chair from  
18.19 the members appointed by the governor.

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

18.22 (c) The board shall elect a vice-chair and other officers from its membership as it deems  
18.23 necessary.

18.24 Subd. 5. **Staff; technical assistance.** (a) The board shall hire an executive director and  
18.25 other staff, who shall serve in the unclassified service. The executive director must have  
18.26 knowledge and demonstrated expertise in pharmacoeconomics, pharmacology, health policy,  
18.27 health services research, medicine, or a related field or discipline.

18.28 (b) The commissioner of health shall provide technical assistance to the board. The board  
18.29 may also employ or contract for professional and technical assistance as the board deems  
18.30 necessary to perform the board's duties.

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

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

19.3 Subd. 7. **Meetings.** (a) Meetings of the board are subject to chapter 13D. The board shall  
19.4 meet publicly at least every three months to review prescription drug product information  
19.5 submitted to the board under section 62J.90. If there are no pending submissions, the chair  
19.6 of the board may cancel or postpone the required meeting. The board may meet in closed  
19.7 session when reviewing proprietary information as determined under the standards developed  
19.8 in accordance with section 62J.91, subdivision 3.

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

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

19.15 Sec. 17. **[62J.88] PRESCRIPTION DRUG AFFORDABILITY ADVISORY**  
19.16 **COUNCIL.**

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

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

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

19.25 (2) two members representing health care providers;

19.26 (3) one member representing health plan companies;

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

19.29 (5) one member representing government employee benefit plans;

19.30 (6) one member representing pharmaceutical manufacturers;

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

20.1 (8) one member who is a pharmacologist; and

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

20.4 Subd. 3. **Terms.** (a) The initial appointments to the advisory council must be made by  
20.5 January 1, 2024. The initial appointed advisory council members shall serve staggered terms  
20.6 of two, three, or four years determined by lot by the secretary of state. Following the initial  
20.7 appointments, the advisory council members shall serve four-year terms.

20.8 (b) Removal and vacancies of advisory council members shall be governed by section  
20.9 15.059.

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

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

20.16 Subd. 6. **Exemption.** Notwithstanding section 15.059, the advisory council shall not  
20.17 expire.

20.18 Sec. 18. **[62J.89] CONFLICTS OF INTEREST.**

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

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

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

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

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

21.16 Sec. 19. **[62J.90] PRESCRIPTION DRUG PRICE INFORMATION; DECISION**  
21.17 **TO CONDUCT COST REVIEW.**

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

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

21.25 Subd. 2. **Identification of certain prescription drug products.** (a) The board, in  
21.26 consultation with the advisory council, shall identify selected prescription drug products  
21.27 based on the following criteria:

21.28 (1) brand name drugs or biologics for which the WAC increases by \$3,000 during any  
21.29 12-month period or course of treatment if less than 12 months, after adjusting for changes  
21.30 in the consumer price index (CPI);

21.31 (2) brand name drugs or biologics with a WAC of \$60,000 or more per calendar year  
21.32 or per course of treatment;

22.1 (3) biosimilar drugs that have a WAC that is not at least 20 percent lower than the  
22.2 referenced brand name biologic at the time the biosimilar is introduced; and

22.3 (4) generic drugs for which:

22.4 (i) the price increase, adjusted for inflation using the Consumer Price Index, as defined  
22.5 in section 62J.841, subdivision 2, exceeds:

22.6 (A) 15 percent of the wholesale acquisition cost over the immediately preceding calendar  
22.7 year; or

22.8 (B) 40 percent of the wholesale acquisition cost over the immediately preceding three  
22.9 calendar years; and

22.10 (ii) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds  
22.11 \$30 for:

22.12 (A) a 30-day supply of the drug; or

22.13 (B) a course of treatment lasting less than 30 days.

22.14 The board is not required to identify all prescription drug products that meet the criteria in  
22.15 this paragraph.

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

22.20 (c) The board shall make available to the public the names and related price information  
22.21 of the prescription drug products identified under this subdivision, with the exception of  
22.22 information determined by the board to be proprietary under the standards developed by  
22.23 the board under section 62J.91, subdivision 3, and information provided by the commissioner  
22.24 of health classified as not public data under section 13.02, subdivision 8a, or as trade secret  
22.25 information under section 13.37, subdivision 1, paragraph (b), or as trade secret information  
22.26 under the Defend Trade Secrets Act of 2016, United States Code, title 18, section 1836, as  
22.27 amended.

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

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

23.1 (c) If there is no consensus among the members of the board on whether to initiate a  
23.2 cost review of a prescription drug product, any member of the board may request a vote to  
23.3 determine whether to review the cost of the prescription drug product.

23.4 **Sec. 20. [62J.91] PRESCRIPTION DRUG PRODUCT REVIEWS.**

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

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

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

23.14 (2) manufacturer monetary price concessions, discounts, or rebates, and drug-specific  
23.15 patient assistance;

23.16 (3) the price of therapeutic alternatives;

23.17 (4) the cost to group purchasers based on patient access consistent with the FDA-labeled  
23.18 indications and standard medical practice;

23.19 (5) measures of patient access, including cost-sharing and other metrics;

23.20 (6) the extent to which the attorney general or a court has determined that a price increase  
23.21 for a generic or off-patent prescription drug product was excessive under sections 62J.842  
23.22 and 62J.844;

23.23 (7) any information a manufacturer chooses to provide; and

23.24 (8) any other factors as determined by the board.

23.25 Subd. 3. **Public data; proprietary information.** (a) Any submission made to the board  
23.26 related to a drug cost review must be made available to the public with the exception of  
23.27 information determined by the board to be proprietary and information provided by the  
23.28 commissioner of health classified as not public data under section 13.02, subdivision 8a, or  
23.29 as trade secret information under section 13.37, subdivision 1, paragraph (b), or as trade  
23.30 secret information under the Defend Trade Secrets Act of 2016, United States Code, title  
23.31 18, section 1836, as amended.

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

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

24.7 (d) The establishment of standards under this subdivision is exempt from the rulemaking  
24.8 requirements under chapter 14, and section 14.386 does not apply.

24.9 **Sec. 21. [62J.92] DETERMINATIONS; COMPLIANCE; REMEDIES.**

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

24.14 (1) extraordinary supply costs, if applicable;

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

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

24.19 (b) An upper payment limit applies to all purchases of, and payer reimbursements for,  
24.20 a prescription drug that is dispensed or administered to individuals in the state in person,  
24.21 by mail, or by other means, and for which an upper payment limit has been established.

24.22 Subd. 2. **Implementation and administration of the upper payment limit.** (a) An  
24.23 upper payment limit may take effect no sooner than 120 days following the date of its public  
24.24 release by the board.

24.25 (b) When setting an upper payment limit for a drug subject to the Medicare maximum  
24.26 fair price under United States Code, title 42, section 1191(c), the board shall set the upper  
24.27 payment limit at the Medicare maximum fair price.

24.28 (c) Pharmacy dispensing fees must not be counted toward or subject to any upper payment  
24.29 limit. State-licensed independent pharmacies must not be reimbursed by health carriers and  
24.30 pharmacy benefit managers at amounts that are less than the upper payment limit.

24.31 (d) Health plan companies and pharmacy benefit managers shall report annually to the  
24.32 board, in the form and manner specified by the board, on how cost savings resulting from

25.1 the establishment of an upper payment limit have been used by the health plan company or  
25.2 pharmacy benefit manager to benefit enrollees, including but not limited to reducing enrollee  
25.3 cost-sharing.

25.4 Subd. 3. **Noncompliance.** (a) The board shall, and other persons may, notify the Office  
25.5 of the Attorney General of a potential failure by an entity subject to an upper payment limit  
25.6 to comply with that limit.

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

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

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

25.15 Subd. 4. **Appeals.** (a) Persons affected by a decision of the board may request an appeal  
25.16 of the board's decision within 30 days of the date of the decision. The board shall hear the  
25.17 appeal and render a decision within 60 days of the hearing.

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

25.19 Sec. 22. **[62J.93] REPORTS.**

25.20 Beginning March 1, 2024, and each March 1 thereafter, the board shall submit a report  
25.21 to the governor and legislature on general price trends for prescription drug products and  
25.22 the number of prescription drug products that were subject to the board's cost review and  
25.23 analysis, including the result of any analysis as well as the number and disposition of appeals  
25.24 and judicial reviews.

25.25 Sec. 23. **[62J.94] ERISA PLANS AND MEDICARE DRUG PLANS.**

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

25.30 (b) Providers who dispense and administer drugs in the state must bill all payers no more  
25.31 than the upper payment limit without regard to whether an ERISA plan or Medicare Part

26.1 D plan chooses to reimburse the provider in an amount greater than the upper payment limit  
26.2 established by the board.

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

26.8 Sec. 24. [62J.95] SEVERABILITY.

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

26.13 Sec. 25. Minnesota Statutes 2022, section 62K.10, subdivision 4, is amended to read:

26.14 Subd. 4. **Network adequacy.** Each designated provider network must include a sufficient  
26.15 number and type of providers, including providers that specialize in mental health and  
26.16 substance use disorder services, to ensure that covered services are available to all enrollees  
26.17 without unreasonable delay. In determining network adequacy, the commissioner of health  
26.18 shall consider availability of services, including the following:

26.19 (1) primary care physician services are available and accessible 24 hours per day, seven  
26.20 days per week, within the network area;

26.21 (2) a sufficient number of primary care physicians have hospital admitting privileges at  
26.22 one or more participating hospitals within the network area so that necessary admissions  
26.23 are made on a timely basis consistent with generally accepted practice parameters;

26.24 (3) specialty physician service is available through the network or contract arrangement;

26.25 (4) mental health and substance use disorder treatment providers, including but not  
26.26 limited to psychiatric residential treatment facilities, are available and accessible through  
26.27 the network or contract arrangement;

26.28 (5) to the extent that primary care services are provided through primary care providers  
26.29 other than physicians, and to the extent permitted under applicable scope of practice in state  
26.30 law for a given provider, these services shall be available and accessible; and

27.1 (6) the network has available, either directly or through arrangements, appropriate and  
27.2 sufficient personnel, physical resources, and equipment to meet the projected needs of  
27.3 enrollees for covered health care services.

27.4 Sec. 26. Minnesota Statutes 2022, section 62Q.19, subdivision 1, is amended to read:

27.5 Subdivision 1. **Designation.** (a) The commissioner shall designate essential community  
27.6 providers. The criteria for essential community provider designation shall be the following:

27.7 (1) a demonstrated ability to integrate applicable supportive and stabilizing services with  
27.8 medical care for uninsured persons and high-risk and special needs populations, underserved,  
27.9 and other special needs populations; and

27.10 (2) a commitment to serve low-income and underserved populations by meeting the  
27.11 following requirements:

27.12 (i) has nonprofit status in accordance with chapter 317A;

27.13 (ii) has tax-exempt status in accordance with the Internal Revenue Service Code, section  
27.14 501(c)(3);

27.15 (iii) charges for services on a sliding fee schedule based on current poverty income  
27.16 guidelines; and

27.17 (iv) does not restrict access or services because of a client's financial limitation;

27.18 (3) status as a local government unit as defined in section 62D.02, subdivision 11, a  
27.19 hospital district created or reorganized under sections 447.31 to 447.37, an Indian tribal  
27.20 government, an Indian health service unit, or a community health board as defined in chapter  
27.21 145A;

27.22 (4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida,  
27.23 epilepsy, closed head injuries, specialized orthopedic problems, and other disabling  
27.24 conditions;

27.25 (5) a sole community hospital. For these rural hospitals, the essential community provider  
27.26 designation applies to all health services provided, including both inpatient and outpatient  
27.27 services. For purposes of this section, "sole community hospital" means a rural hospital  
27.28 that:

27.29 (i) is eligible to be classified as a sole community hospital according to Code of Federal  
27.30 Regulations, title 42, section 412.92, or is located in a community with a population of less  
27.31 than 5,000 and located more than 25 miles from a like hospital currently providing acute  
27.32 short-term services;

28.1 (ii) has experienced net operating income losses in two of the previous three most recent  
28.2 consecutive hospital fiscal years for which audited financial information is available; and

28.3 (iii) consists of 40 or fewer licensed beds;

28.4 (6) a birth center licensed under section 144.615; ~~or~~

28.5 (7) a hospital and affiliated specialty clinics that predominantly serve patients who are  
28.6 under 21 years of age and meet the following criteria:

28.7 (i) provide intensive specialty pediatric services that are routinely provided in fewer  
28.8 than five hospitals in the state; and

28.9 (ii) serve children from at least one-half of the counties in the state; or

28.10 (8) a psychiatric residential treatment facility as defined in section 256B.0625, subdivision  
28.11 45a, paragraph (b), that is certified and licensed by the commissioner of health.

28.12 (b) Prior to designation, the commissioner shall publish the names of all applicants in  
28.13 the State Register. The public shall have 30 days from the date of publication to submit  
28.14 written comments to the commissioner on the application. No designation shall be made  
28.15 by the commissioner until the 30-day period has expired.

28.16 (c) The commissioner may designate an eligible provider as an essential community  
28.17 provider for all the services offered by that provider or for specific services designated by  
28.18 the commissioner.

28.19 (d) For the purpose of this subdivision, supportive and stabilizing services include at a  
28.20 minimum, transportation, child care, cultural, and linguistic services where appropriate.

28.21 Sec. 27. Minnesota Statutes 2022, section 62Q.46, subdivision 1, is amended to read:

28.22 Subdivision 1. **Coverage for preventive items and services.** (a) "Preventive items and  
28.23 services" has the meaning specified in the Affordable Care Act. Preventive items and services  
28.24 includes:

28.25 (1) evidence-based items or services that have in effect a rating of A or B in the current  
28.26 recommendations of the United States Preventive Services Task Force with respect to the  
28.27 individual involved;

28.28 (2) immunizations for routine use in children, adolescents, and adults that have in effect  
28.29 a recommendation from the Advisory Committee on Immunization Practices of the Centers  
28.30 for Disease Control and Prevention with respect to the individual involved. For purposes  
28.31 of this clause, a recommendation from the Advisory Committee on Immunization Practices

29.1 of the Centers for Disease Control and Prevention is considered in effect after the  
29.2 recommendation has been adopted by the Director of the Centers for Disease Control and  
29.3 Prevention, and a recommendation is considered to be for routine use if the recommendation  
29.4 is listed on the Immunization Schedules of the Centers for Disease Control and Prevention;

29.5 (3) with respect to infants, children, and adolescents, evidence-informed preventive care  
29.6 and screenings provided for in comprehensive guidelines supported by the Health Resources  
29.7 and Services Administration;

29.8 (4) with respect to women, such additional preventive care and screenings not listed  
29.9 with a rating of A or B by the United States Preventive Services Task Force but provided  
29.10 for in comprehensive guidelines supported by the Health Resources and Services  
29.11 Administration; and

29.12 (5) all contraceptive methods established in guidelines published by the United States  
29.13 Food and Drug Administration.

29.14 (b) A health plan company must provide coverage for preventive items and services at  
29.15 a participating provider without imposing cost-sharing requirements, including a deductible,  
29.16 coinsurance, or co-payment. Nothing in this section prohibits a health plan company that  
29.17 has a network of providers from excluding coverage or imposing cost-sharing requirements  
29.18 for preventive items or services that are delivered by an out-of-network provider.

29.19 (c) A health plan company is not required to provide coverage for any items or services  
29.20 specified in any recommendation or guideline described in paragraph (a) if the  
29.21 recommendation or guideline is no longer included as a preventive item or service as defined  
29.22 in paragraph (a). Annually, a health plan company must determine whether any additional  
29.23 items or services must be covered without cost-sharing requirements or whether any items  
29.24 or services are no longer required to be covered.

29.25 (d) Nothing in this section prevents a health plan company from using reasonable medical  
29.26 management techniques to determine the frequency, method, treatment, or setting for a  
29.27 preventive item or service to the extent not specified in the recommendation or guideline.

29.28 (e) This section does not apply to grandfathered plans.

29.29 (f) This section does not apply to plans offered by the Minnesota Comprehensive Health  
29.30 Association.

30.1 Sec. 28. Minnesota Statutes 2022, section 62Q.46, subdivision 3, is amended to read:

30.2 Subd. 3. **Additional services not prohibited.** Nothing in this section prohibits a health  
30.3 plan company from providing coverage for preventive items and services in addition to  
30.4 those specified ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a), or from  
30.5 denying coverage for preventive items and services that are not recommended as preventive  
30.6 items and services specified under the Affordable Care Act subdivision 1, paragraph (a). A  
30.7 health plan company may impose cost-sharing requirements for a treatment not described  
30.8 ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a), even if the treatment results  
30.9 from a preventive item or service described ~~in the Affordable Care Act~~ under subdivision  
30.10 1, paragraph (a).

30.11 Sec. 29. **[62Q.465] MENTAL HEALTH PARITY AND SUBSTANCE ABUSE**  
30.12 **ACCOUNTABILITY OFFICE.**

30.13 (a) The Mental Health Parity and Substance Abuse Accountability Office is established  
30.14 within the Department of Commerce to create and execute effective strategies for  
30.15 implementing the requirements under:

30.16 (1) Minnesota Statutes, section 62Q.47;

30.17 (2) the federal Mental Health Parity Act of 1996, Public Law 104-204;

30.18 (3) the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction  
30.19 Equity Act of 2008, Public Law 110-343, division C, sections 511 and 512;

30.20 (4) the Affordable Care Act, as defined under section 62A.011, subdivision 1a; and

30.21 (5) amendments made to, and federal guidance or regulations issued or adopted under,  
30.22 the acts listed under clauses (2) to (4).

30.23 (b) The office may oversee compliance reviews, conduct and lead stakeholder  
30.24 engagement, review consumer and provider complaints, and serve as a resource for ensuring  
30.25 health plan compliance with mental health and substance abuse requirements.

30.26 Sec. 30. Minnesota Statutes 2022, section 62Q.47, is amended to read:

30.27 **62Q.47 ALCOHOLISM, MENTAL HEALTH, AND CHEMICAL DEPENDENCY**  
30.28 **SERVICES.**

30.29 (a) All health plans, as defined in section 62Q.01, that provide coverage for alcoholism,  
30.30 mental health, or chemical dependency services, must comply with the requirements of this  
30.31 section.

31.1 (b) Cost-sharing requirements and benefit or service limitations for outpatient mental  
31.2 health and outpatient chemical dependency and alcoholism services, except for persons  
31.3 placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to  
31.4 9530.6655, must not place a greater financial burden on the insured or enrollee, or be more  
31.5 restrictive than those requirements and limitations for outpatient medical services.

31.6 (c) Cost-sharing requirements and benefit or service limitations for inpatient hospital  
31.7 mental health services, psychiatric residential treatment facility services, and inpatient  
31.8 hospital and residential chemical dependency and alcoholism services, except for persons  
31.9 placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to  
31.10 9530.6655, must not place a greater financial burden on the insured or enrollee, or be more  
31.11 restrictive than those requirements and limitations for inpatient hospital medical services.

31.12 (d) A health plan company must not impose an NQTL with respect to mental health and  
31.13 substance use disorders in any classification of benefits unless, under the terms of the health  
31.14 plan as written and in operation, any processes, strategies, evidentiary standards, or other  
31.15 factors used in applying the NQTL to mental health and substance use disorders in the  
31.16 classification are comparable to, and are applied no more stringently than, the processes,  
31.17 strategies, evidentiary standards, or other factors used in applying the NQTL with respect  
31.18 to medical and surgical benefits in the same classification.

31.19 (e) All health plans must meet the requirements of the federal Mental Health Parity Act  
31.20 of 1996, Public Law 104-204; Paul Wellstone and Pete Domenici Mental Health Parity and  
31.21 Addiction Equity Act of 2008; the Affordable Care Act; and any amendments to, and federal  
31.22 guidance or regulations issued under, those acts.

31.23 (f) The commissioner may require information from health plan companies to confirm  
31.24 that mental health parity is being implemented by the health plan company. Information  
31.25 required may include comparisons between mental health and substance use disorder  
31.26 treatment and other medical conditions, including a comparison of prior authorization  
31.27 requirements, drug formulary design, claim denials, rehabilitation services, and other  
31.28 information the commissioner deems appropriate.

31.29 (g) Regardless of the health care provider's professional license, if the service provided  
31.30 is consistent with the provider's scope of practice and the health plan company's credentialing  
31.31 and contracting provisions, mental health therapy visits and medication maintenance visits  
31.32 shall be considered primary care visits for the purpose of applying any enrollee cost-sharing  
31.33 requirements imposed under the enrollee's health plan.

32.1 (h) All health plan companies offering health plans that provide coverage for alcoholism,  
32.2 mental health, or chemical dependency benefits shall provide reimbursement for the benefits  
32.3 delivered through the psychiatric Collaborative Care Model, which must include the following  
32.4 Current Procedural Terminology or Healthcare Common Procedure Coding System billing  
32.5 codes:

32.6 (1) 99492;

32.7 (2) 99493;

32.8 (3) 99494;

32.9 (4) G2214; and

32.10 (5) G0512.

32.11 This paragraph does not apply to: (i) managed care plans or county-based purchasing plans  
32.12 when the plan provides coverage to public health care program enrollees under chapter  
32.13 256B or 256L; or (ii) health care coverage offered by the state employee group insurance  
32.14 program.

32.15 (i) The commissioner of commerce shall update the list of codes in paragraph (h) if any  
32.16 alterations or additions to the billing codes for the psychiatric Collaborative Care Model  
32.17 are made.

32.18 (j) "Psychiatric Collaborative Care Model" means the evidence-based, integrated  
32.19 behavioral health service delivery method described at Federal Register, volume 81, page  
32.20 80230, which includes a formal collaborative arrangement among a primary care team  
32.21 consisting of a primary care provider, a care manager, and a psychiatric consultant, and  
32.22 includes but is not limited to the following elements:

32.23 (1) care directed by the primary care team;

32.24 (2) structured care management;

32.25 (3) regular assessments of clinical status using validated tools; and

32.26 (4) modification of treatment as appropriate.

32.27 ~~(h)~~ (k) By June 1 of each year, beginning June 1, 2021, the commissioner of commerce,  
32.28 in consultation with the commissioner of health, shall submit a report on compliance and  
32.29 oversight to the chairs and ranking minority members of the legislative committees with  
32.30 jurisdiction over health and commerce. The report must:

33.1 (1) describe the commissioner's process for reviewing health plan company compliance  
33.2 with United States Code, title 42, section 18031(j), any federal regulations or guidance  
33.3 relating to compliance and oversight, and compliance with this section and section 62Q.53;

33.4 (2) identify any enforcement actions taken by either commissioner during the preceding  
33.5 12-month period regarding compliance with parity for mental health and substance use  
33.6 disorders benefits under state and federal law, summarizing the results of any market conduct  
33.7 examinations. The summary must include: (i) the number of formal enforcement actions  
33.8 taken; (ii) the benefit classifications examined in each enforcement action; and (iii) the  
33.9 subject matter of each enforcement action, including quantitative and nonquantitative  
33.10 treatment limitations;

33.11 (3) detail any corrective action taken by either commissioner to ensure health plan  
33.12 company compliance with this section, section 62Q.53, and United States Code, title 42,  
33.13 section 18031(j); and

33.14 (4) describe the information provided by either commissioner to the public about  
33.15 alcoholism, mental health, or chemical dependency parity protections under state and federal  
33.16 law.

33.17 The report must be written in nontechnical, readily understandable language and must be  
33.18 made available to the public by, among other means as the commissioners find appropriate,  
33.19 posting the report on department websites. Individually identifiable information must be  
33.20 excluded from the report, consistent with state and federal privacy protections.

33.21 **Sec. 31. [62Q.481] COST-SHARING FOR PRESCRIPTION DRUGS AND RELATED**  
33.22 **MEDICAL SUPPLIES TO TREAT CHRONIC DISEASE.**

33.23 Subdivision 1. **Cost-sharing limits.** (a) A health plan must limit the amount of any  
33.24 enrollee cost-sharing for prescription drugs prescribed to treat a chronic disease to no more  
33.25 than \$25 per one-month supply for each prescription drug regardless of the amount or type  
33.26 of medication required to fill the prescription, and to no more than \$50 per month in total  
33.27 for all related medical supplies. The cost-sharing limit for related medical supplies does not  
33.28 increase with the number of chronic diseases for which an enrollee is treated. Coverage  
33.29 under this section shall not be subject to any deductible.

33.30 (b) If application of this section before an enrollee has met their plan's deductible would  
33.31 result in: (1) health savings account ineligibility under United States Code, title 26, section  
33.32 223; or (2) catastrophic health plan ineligibility under United States Code, title 42, section

34.1 18022(e), then this section shall apply to that specific prescription drug or related medical  
34.2 supply only after the enrollee has met their plan's deductible.

34.3 Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

34.4 (b) "Chronic disease" means diabetes, asthma, and allergies requiring the use of  
34.5 epinephrine auto-injectors.

34.6 (c) "Cost-sharing" means co-payments and coinsurance.

34.7 (d) "Related medical supplies" means syringes, insulin pens, insulin pumps, test strips,  
34.8 glucometers, continuous glucose monitors, epinephrine auto-injectors, asthma inhalers, and  
34.9 other medical supply items necessary to effectively and appropriately treat a chronic disease  
34.10 or administer a prescription drug prescribed to treat a chronic disease.

34.11 **EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to health  
34.12 plans offered, issued, or renewed on or after that date.

34.13 Sec. 32. Minnesota Statutes 2022, section 62Q.81, subdivision 4, is amended to read:

34.14 Subd. 4. **Essential health benefits; definition.** For purposes of this section, "essential  
34.15 health benefits" has the meaning given under section 1302(b) of the Affordable Care Act  
34.16 and includes:

34.17 (1) ambulatory patient services;

34.18 (2) emergency services;

34.19 (3) hospitalization;

34.20 (4) laboratory services;

34.21 (5) maternity and newborn care;

34.22 (6) mental health and substance use disorder services, including behavioral health  
34.23 treatment;

34.24 (7) pediatric services, including oral and vision care;

34.25 (8) prescription drugs;

34.26 (9) preventive and wellness services and chronic disease management;

34.27 (10) rehabilitative and habilitative services and devices; and

34.28 (11) additional essential health benefits included in the EHB-benchmark plan, as defined  
34.29 under the Affordable Care Act, and preventive items and services, as defined under section  
34.30 62Q.46, subdivision 1, paragraph (a).

35.1 Sec. 33. Minnesota Statutes 2022, section 62Q.81, is amended by adding a subdivision to  
35.2 read:

35.3 Subd. 7. **Standard plans.** (a) A health plan company that offers individual health plans  
35.4 must ensure that no less than one individual health plan at each level of coverage described  
35.5 in subdivision 1, paragraph (b), clause (3), that they offer in each geographic rating area  
35.6 they serve, conforms to the standard plan parameters as determined by the commissioner  
35.7 under paragraph (e).

35.8 (b) An individual health plan offered under this subdivision must be:

35.9 (1) clearly and appropriately labeled as standard plans to aid the purchaser in the selection  
35.10 process;

35.11 (2) marketed as standard plans and in the same manner as other individual health plans  
35.12 offered by the health plan company; and

35.13 (3) offered for purchase to any individual.

35.14 (c) This subdivision does not apply to catastrophic plans, grandfathered plans, small  
35.15 group health plans, large group health plans, health savings accounts, qualified high  
35.16 deductible health benefit plans, limited health benefit plans, or short-term limited-duration  
35.17 health insurance policies.

35.18 (d) Health plan companies must meet the requirements in this subdivision separately for  
35.19 plans offered through MNsure under chapter 62V and plans offered outside of MNsure.

35.20 (e) The commissioner of commerce, in consultation with the commissioner of health,  
35.21 shall annually determine standard plan parameters, including but not limited to cost-sharing  
35.22 structure and covered benefits, that comprise a standard plan in Minnesota.

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

35.25 Sec. 34. [62W.15] **CLINICIAN-ADMINISTERED DRUGS.**

35.26 Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions  
35.27 apply.

35.28 (b) "Affiliated pharmacy" means a pharmacy in which a pharmacy benefit manager or  
35.29 health carrier has an ownership interest either directly or indirectly, or through an affiliate  
35.30 or subsidiary.

36.1 (c) "Clinician-administered drug" means an outpatient prescription drug other than a  
36.2 vaccine that:

36.3 (1) cannot reasonably be self-administered by the patient to whom the drug is prescribed  
36.4 or by an individual assisting the patient with self-administration; and

36.5 (2) is typically administered:

36.6 (i) by a health care provider authorized to administer the drug, including when acting  
36.7 under a physician's delegation and supervision; and

36.8 (ii) in a physician's office, hospital outpatient infusion center, or other clinical setting.

36.9 **Subd. 2. Prohibition on requiring coverage as a pharmacy benefit.** A pharmacy  
36.10 benefit manager or health carrier shall not require that a clinician-administered drug or the  
36.11 administration of a clinician-administered drug be covered as a pharmacy benefit.

36.12 **Subd. 3. Enrollee choice.** A pharmacy benefit manager or health carrier:

36.13 (1) shall permit an enrollee to obtain a clinician-administered drug from a health care  
36.14 provider authorized to administer the drug, or a pharmacy;

36.15 (2) shall not interfere with the enrollee's right to obtain a clinician-administered drug  
36.16 from their provider or pharmacy of choice, and shall not offer financial or other incentives  
36.17 to influence the enrollee's choice of a provider or pharmacy;

36.18 (3) shall not require clinician-administered drugs to be dispensed by a pharmacy selected  
36.19 by the pharmacy benefit manager or health carrier; and

36.20 (4) shall not limit or exclude coverage for a clinician-administered drug when it is not  
36.21 dispensed by a pharmacy selected by the pharmacy benefit manager or health carrier, if the  
36.22 drug would otherwise be covered.

36.23 **Subd. 4. Cost-sharing and reimbursement.** A pharmacy benefit manager or health  
36.24 carrier:

36.25 (1) may impose coverage or benefit limitations on an enrollee who obtains a  
36.26 clinician-administered drug from a health care provider authorized to administer the drug,  
36.27 or a pharmacy, only if these limitations would also be imposed were the drug to be obtained  
36.28 from an affiliated pharmacy or a pharmacy selected by the pharmacy benefit manager or  
36.29 health carrier;

36.30 (2) may impose cost-sharing requirements on an enrollee who obtains a  
36.31 clinician-administered drug from a health care provider authorized to administer the drug,  
36.32 or a pharmacy, only if these requirements would also be imposed were the drug to be obtained

37.1 from an affiliated pharmacy or a pharmacy selected by the pharmacy benefit manager or  
37.2 health carrier; and

37.3 (3) shall not reimburse a health care provider or pharmacy for clinician-administered  
37.4 drugs and their administration, at an amount that is lower than would be applied to an  
37.5 affiliated pharmacy or pharmacy selected by the pharmacy benefit manager or health carrier.

37.6 Subd. 5. **Other requirements.** A pharmacy benefit manager or health carrier:

37.7 (1) shall not require or encourage the dispensing of a clinician-administered drug to an  
37.8 enrollee in a manner that is inconsistent with the supply chain security controls and chain  
37.9 of distribution set by the federal Drug Supply Chain Security Act, United States Code, title  
37.10 21, section 360eee, et seq.;

37.11 (2) shall not require a specialty pharmacy to dispense a clinician-administered drug  
37.12 directly to a patient with the intention that the patient will transport the drug to a health care  
37.13 provider for administration; and

37.14 (3) may offer, but shall not require:

37.15 (i) the use of a home infusion pharmacy to dispense or administer clinician-administered  
37.16 drugs to enrollees; and

37.17 (ii) the use of an infusion site external to the enrollee's provider office or clinic.

37.18 Subd. 6. **Exclusion.** This section does not apply to health plans offered under chapter  
37.19 256B or 256L.

37.20 **EFFECTIVE DATE.** This section is effective January 1, 2024.

37.21 Sec. 35. Minnesota Statutes 2022, section 151.071, subdivision 1, is amended to read:

37.22 Subdivision 1. **Forms of disciplinary action.** When the board finds that a licensee,  
37.23 registrant, or applicant has engaged in conduct prohibited under subdivision 2, it may do  
37.24 one or more of the following:

37.25 (1) deny the issuance of a license or registration;

37.26 (2) refuse to renew a license or registration;

37.27 (3) revoke the license or registration;

37.28 (4) suspend the license or registration;

37.29 (5) impose limitations, conditions, or both on the license or registration, including but  
37.30 not limited to: the limitation of practice to designated settings; the limitation of the scope

38.1 of practice within designated settings; the imposition of retraining or rehabilitation  
38.2 requirements; the requirement of practice under supervision; the requirement of participation  
38.3 in a diversion program such as that established pursuant to section 214.31 or the conditioning  
38.4 of continued practice on demonstration of knowledge or skills by appropriate examination  
38.5 or other review of skill and competence;

38.6 (6) impose a civil penalty not exceeding \$10,000 for each separate violation, except that  
38.7 a civil penalty not exceeding \$25,000 may be imposed for each separate violation of section  
38.8 62J.842, the amount of the civil penalty to be fixed so as to deprive a licensee or registrant  
38.9 of any economic advantage gained by reason of the violation, to discourage similar violations  
38.10 by the licensee or registrant or any other licensee or registrant, or to reimburse the board  
38.11 for the cost of the investigation and proceeding, including but not limited to, fees paid for  
38.12 services provided by the Office of Administrative Hearings, legal and investigative services  
38.13 provided by the Office of the Attorney General, court reporters, witnesses, reproduction of  
38.14 records, board members' per diem compensation, board staff time, and travel costs and  
38.15 expenses incurred by board staff and board members; and

38.16 (7) reprimand the licensee or registrant.

38.17 Sec. 36. Minnesota Statutes 2022, section 151.071, subdivision 2, is amended to read:

38.18 Subd. 2. **Grounds for disciplinary action.** The following conduct is prohibited and is  
38.19 grounds for disciplinary action:

38.20 (1) failure to demonstrate the qualifications or satisfy the requirements for a license or  
38.21 registration contained in this chapter or the rules of the board. The burden of proof is on  
38.22 the applicant to demonstrate such qualifications or satisfaction of such requirements;

38.23 (2) obtaining a license by fraud or by misleading the board in any way during the  
38.24 application process or obtaining a license by cheating, or attempting to subvert the licensing  
38.25 examination process. Conduct that subverts or attempts to subvert the licensing examination  
38.26 process includes, but is not limited to: (i) conduct that violates the security of the examination  
38.27 materials, such as removing examination materials from the examination room or having  
38.28 unauthorized possession of any portion of a future, current, or previously administered  
38.29 licensing examination; (ii) conduct that violates the standard of test administration, such as  
38.30 communicating with another examinee during administration of the examination, copying  
38.31 another examinee's answers, permitting another examinee to copy one's answers, or  
38.32 possessing unauthorized materials; or (iii) impersonating an examinee or permitting an  
38.33 impersonator to take the examination on one's own behalf;

39.1 (3) for a pharmacist, pharmacy technician, pharmacist intern, applicant for a pharmacist  
39.2 or pharmacy license, or applicant for a pharmacy technician or pharmacist intern registration,  
39.3 conviction of a felony reasonably related to the practice of pharmacy. Conviction as used  
39.4 in this subdivision includes a conviction of an offense that if committed in this state would  
39.5 be deemed a felony without regard to its designation elsewhere, or a criminal proceeding  
39.6 where a finding or verdict of guilt is made or returned but the adjudication of guilt is either  
39.7 withheld or not entered thereon. The board may delay the issuance of a new license or  
39.8 registration if the applicant has been charged with a felony until the matter has been  
39.9 adjudicated;

39.10 (4) for a facility, other than a pharmacy, licensed or registered by the board, if an owner  
39.11 or applicant is convicted of a felony reasonably related to the operation of the facility. The  
39.12 board may delay the issuance of a new license or registration if the owner or applicant has  
39.13 been charged with a felony until the matter has been adjudicated;

39.14 (5) for a controlled substance researcher, conviction of a felony reasonably related to  
39.15 controlled substances or to the practice of the researcher's profession. The board may delay  
39.16 the issuance of a registration if the applicant has been charged with a felony until the matter  
39.17 has been adjudicated;

39.18 (6) disciplinary action taken by another state or by one of this state's health licensing  
39.19 agencies:

39.20 (i) revocation, suspension, restriction, limitation, or other disciplinary action against a  
39.21 license or registration in another state or jurisdiction, failure to report to the board that  
39.22 charges or allegations regarding the person's license or registration have been brought in  
39.23 another state or jurisdiction, or having been refused a license or registration by any other  
39.24 state or jurisdiction. The board may delay the issuance of a new license or registration if an  
39.25 investigation or disciplinary action is pending in another state or jurisdiction until the  
39.26 investigation or action has been dismissed or otherwise resolved; and

39.27 (ii) revocation, suspension, restriction, limitation, or other disciplinary action against a  
39.28 license or registration issued by another of this state's health licensing agencies, failure to  
39.29 report to the board that charges regarding the person's license or registration have been  
39.30 brought by another of this state's health licensing agencies, or having been refused a license  
39.31 or registration by another of this state's health licensing agencies. The board may delay the  
39.32 issuance of a new license or registration if a disciplinary action is pending before another  
39.33 of this state's health licensing agencies until the action has been dismissed or otherwise  
39.34 resolved;

40.1 (7) for a pharmacist, pharmacy, pharmacy technician, or pharmacist intern, violation of  
40.2 any order of the board, of any of the provisions of this chapter or any rules of the board or  
40.3 violation of any federal, state, or local law or rule reasonably pertaining to the practice of  
40.4 pharmacy;

40.5 (8) for a facility, other than a pharmacy, licensed by the board, violations of any order  
40.6 of the board, of any of the provisions of this chapter or the rules of the board or violation  
40.7 of any federal, state, or local law relating to the operation of the facility;

40.8 (9) engaging in any unethical conduct; conduct likely to deceive, defraud, or harm the  
40.9 public, or demonstrating a willful or careless disregard for the health, welfare, or safety of  
40.10 a patient; or pharmacy practice that is professionally incompetent, in that it may create  
40.11 unnecessary danger to any patient's life, health, or safety, in any of which cases, proof of  
40.12 actual injury need not be established;

40.13 (10) aiding or abetting an unlicensed person in the practice of pharmacy, except that it  
40.14 is not a violation of this clause for a pharmacist to supervise a properly registered pharmacy  
40.15 technician or pharmacist intern if that person is performing duties allowed by this chapter  
40.16 or the rules of the board;

40.17 (11) for an individual licensed or registered by the board, adjudication as mentally ill  
40.18 or developmentally disabled, or as a chemically dependent person, a person dangerous to  
40.19 the public, a sexually dangerous person, or a person who has a sexual psychopathic  
40.20 personality, by a court of competent jurisdiction, within or without this state. Such  
40.21 adjudication shall automatically suspend a license for the duration thereof unless the board  
40.22 orders otherwise;

40.23 (12) for a pharmacist or pharmacy intern, engaging in unprofessional conduct as specified  
40.24 in the board's rules. In the case of a pharmacy technician, engaging in conduct specified in  
40.25 board rules that would be unprofessional if it were engaged in by a pharmacist or pharmacist  
40.26 intern or performing duties specifically reserved for pharmacists under this chapter or the  
40.27 rules of the board;

40.28 (13) for a pharmacy, operation of the pharmacy without a pharmacist present and on  
40.29 duty except as allowed by a variance approved by the board;

40.30 (14) for a pharmacist, the inability to practice pharmacy with reasonable skill and safety  
40.31 to patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type  
40.32 of material or as a result of any mental or physical condition, including deterioration through  
40.33 the aging process or loss of motor skills. In the case of registered pharmacy technicians,  
40.34 pharmacist interns, or controlled substance researchers, the inability to carry out duties

41.1 allowed under this chapter or the rules of the board with reasonable skill and safety to  
41.2 patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type  
41.3 of material or as a result of any mental or physical condition, including deterioration through  
41.4 the aging process or loss of motor skills;

41.5 (15) for a pharmacist, pharmacy, pharmacist intern, pharmacy technician, medical gas  
41.6 dispenser, or controlled substance researcher, revealing a privileged communication from  
41.7 or relating to a patient except when otherwise required or permitted by law;

41.8 (16) for a pharmacist or pharmacy, improper management of patient records, including  
41.9 failure to maintain adequate patient records, to comply with a patient's request made pursuant  
41.10 to sections 144.291 to 144.298, or to furnish a patient record or report required by law;

41.11 (17) fee splitting, including without limitation:

41.12 (i) paying, offering to pay, receiving, or agreeing to receive, a commission, rebate,  
41.13 kickback, or other form of remuneration, directly or indirectly, for the referral of patients;

41.14 (ii) referring a patient to any health care provider as defined in sections 144.291 to  
41.15 144.298 in which the licensee or registrant has a financial or economic interest as defined  
41.16 in section 144.6521, subdivision 3, unless the licensee or registrant has disclosed the  
41.17 licensee's or registrant's financial or economic interest in accordance with section 144.6521;  
41.18 and

41.19 (iii) any arrangement through which a pharmacy, in which the prescribing practitioner  
41.20 does not have a significant ownership interest, fills a prescription drug order and the  
41.21 prescribing practitioner is involved in any manner, directly or indirectly, in setting the price  
41.22 for the filled prescription that is charged to the patient, the patient's insurer or pharmacy  
41.23 benefit manager, or other person paying for the prescription or, in the case of veterinary  
41.24 patients, the price for the filled prescription that is charged to the client or other person  
41.25 paying for the prescription, except that a veterinarian and a pharmacy may enter into such  
41.26 an arrangement provided that the client or other person paying for the prescription is notified,  
41.27 in writing and with each prescription dispensed, about the arrangement, unless such  
41.28 arrangement involves pharmacy services provided for livestock, poultry, and agricultural  
41.29 production systems, in which case client notification would not be required;

41.30 (18) engaging in abusive or fraudulent billing practices, including violations of the  
41.31 federal Medicare and Medicaid laws or state medical assistance laws or rules;

42.1 (19) engaging in conduct with a patient that is sexual or may reasonably be interpreted  
 42.2 by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning  
 42.3 to a patient;

42.4 (20) failure to make reports as required by section 151.072 or to cooperate with an  
 42.5 investigation of the board as required by section 151.074;

42.6 (21) knowingly providing false or misleading information that is directly related to the  
 42.7 care of a patient unless done for an accepted therapeutic purpose such as the dispensing and  
 42.8 administration of a placebo;

42.9 (22) aiding suicide or aiding attempted suicide in violation of section 609.215 as  
 42.10 established by any of the following:

42.11 (i) a copy of the record of criminal conviction or plea of guilty for a felony in violation  
 42.12 of section 609.215, subdivision 1 or 2;

42.13 (ii) a copy of the record of a judgment of contempt of court for violating an injunction  
 42.14 issued under section 609.215, subdivision 4;

42.15 (iii) a copy of the record of a judgment assessing damages under section 609.215,  
 42.16 subdivision 5; or

42.17 (iv) a finding by the board that the person violated section 609.215, subdivision 1 or 2.  
 42.18 The board must investigate any complaint of a violation of section 609.215, subdivision 1  
 42.19 or 2;

42.20 (23) for a pharmacist, practice of pharmacy under a lapsed or nonrenewed license. For  
 42.21 a pharmacist intern, pharmacy technician, or controlled substance researcher, performing  
 42.22 duties permitted to such individuals by this chapter or the rules of the board under a lapsed  
 42.23 or nonrenewed registration. For a facility required to be licensed under this chapter, operation  
 42.24 of the facility under a lapsed or nonrenewed license or registration; ~~and~~

42.25 (24) for a pharmacist, pharmacist intern, or pharmacy technician, termination or discharge  
 42.26 from the health professionals services program for reasons other than the satisfactory  
 42.27 completion of the program; and

42.28 (25) for a manufacturer, a violation of section 62J.842 or section 62J.845.

42.29 Sec. 37. Minnesota Statutes 2022, section 256B.0631, subdivision 1, is amended to read:

42.30 Subdivision 1. **Cost-sharing.** (a) Except as provided in subdivision 2, the medical  
 42.31 assistance benefit plan shall include the following cost-sharing for all recipients, ~~effective~~  
 42.32 ~~for services provided on or after September 1, 2011:~~

43.1 (1) \$3 per nonpreventive visit, except as provided in paragraph (b). For purposes of this  
43.2 subdivision, a visit means an episode of service which is required because of a recipient's  
43.3 symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting  
43.4 by a physician or physician assistant, chiropractor, podiatrist, nurse midwife, advanced  
43.5 practice nurse, audiologist, optician, or optometrist;

43.6 (2) \$3.50 for nonemergency visits to a hospital-based emergency room, except that this  
43.7 co-payment shall be increased to \$20 upon federal approval;

43.8 (3) \$3 per brand-name drug prescription, \$1 per generic drug prescription, and \$1 per  
43.9 prescription for a brand-name multisource drug listed in preferred status on the preferred  
43.10 drug list, subject to a \$12 per month maximum for prescription drug co-payments. No  
43.11 co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness;

43.12 (4) a family deductible equal to \$2.75 per month per family and adjusted annually by  
43.13 the percentage increase in the medical care component of the CPI-U for the period of  
43.14 September to September of the preceding calendar year, rounded to the next higher five-cent  
43.15 increment; ~~and~~

43.16 (5) total monthly cost-sharing must not exceed five percent of family income. For  
43.17 purposes of this paragraph, family income is the total earned and unearned income of the  
43.18 individual and the individual's spouse, if the spouse is enrolled in medical assistance and  
43.19 also subject to the five percent limit on cost-sharing. This paragraph does not apply to  
43.20 premiums charged to individuals described under section 256B.057, subdivision 9-; and

43.21 (6) cost-sharing for prescription drugs and related medical supplies to treat chronic  
43.22 disease must comply with the requirements of section 62Q.481.

43.23 (b) Recipients of medical assistance are responsible for all co-payments and deductibles  
43.24 in this subdivision.

43.25 (c) Notwithstanding paragraph (b), the commissioner, through the contracting process  
43.26 under sections 256B.69 and 256B.692, may allow managed care plans and county-based  
43.27 purchasing plans to waive the family deductible under paragraph (a), clause (4). The value  
43.28 of the family deductible shall not be included in the capitation payment to managed care  
43.29 plans and county-based purchasing plans. Managed care plans and county-based purchasing  
43.30 plans shall certify annually to the commissioner the dollar value of the family deductible.

43.31 (d) Notwithstanding paragraph (b), the commissioner may waive the collection of the  
43.32 family deductible described under paragraph (a), clause (4), from individuals and allow  
43.33 long-term care and waived service providers to assume responsibility for payment.

44.1 (e) Notwithstanding paragraph (b), the commissioner, through the contracting process  
44.2 under section 256B.0756 shall allow the pilot program in Hennepin County to waive  
44.3 co-payments. The value of the co-payments shall not be included in the capitation payment  
44.4 amount to the integrated health care delivery networks under the pilot program.

44.5 **EFFECTIVE DATE.** This section is effective January 1, 2024.

44.6 Sec. 38. Minnesota Statutes 2022, section 256L.03, subdivision 5, is amended to read:

44.7 Subd. 5. **Cost-sharing.** (a) Co-payments, coinsurance, and deductibles do not apply to  
44.8 children under the age of 21 and to American Indians as defined in Code of Federal  
44.9 Regulations, title 42, section 600.5.

44.10 (b) The commissioner shall adjust co-payments, coinsurance, and deductibles for covered  
44.11 services in a manner sufficient to maintain the actuarial value of the benefit to 94 percent.  
44.12 The cost-sharing changes described in this paragraph do not apply to eligible recipients or  
44.13 services exempt from cost-sharing under state law. The cost-sharing changes described in  
44.14 this paragraph shall not be implemented prior to January 1, 2016.

44.15 (c) The cost-sharing changes authorized under paragraph (b) must satisfy the requirements  
44.16 for cost-sharing under the Basic Health Program as set forth in Code of Federal Regulations,  
44.17 title 42, sections 600.510 and 600.520.

44.18 (d) Cost-sharing for prescription drugs and related medical supplies to treat chronic  
44.19 disease must comply with the requirements of section 62Q.481.

44.20 **EFFECTIVE DATE.** This section is effective January 1, 2024.

44.21 Sec. 39. **EVALUATION OF EXISTING STATUTORY HEALTH BENEFIT**  
44.22 **MANDATES.**

44.23 (a) The commissioner of commerce must evaluate existing Minnesota statutory provisions  
44.24 that would constitute a state-required benefit included in Minnesota's EHB-benchmark plan,  
44.25 as defined in Code of Federal Regulations, title 45, section 156.20, if the statutory provision  
44.26 was offered as a legislative proposal on the date of enactment of this act.

44.27 (b) The commissioner must conduct the evaluation using the process established under  
44.28 Minnesota Statutes, section 62J.26, subdivision 2.

44.29 (c) The commissioner may prioritize and determine the order in which statutory provisions  
44.30 are evaluated under this section, provided that at least one statutory provision is evaluated  
44.31 each year.

45.1 (d) This section expires January 1, 2034.

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

45.3

### ARTICLE 3

45.4

### FINANCIAL INSTITUTIONS

45.5 Section 1. Minnesota Statutes 2022, section 46.131, subdivision 11, is amended to read:

45.6 Subd. 11. **Financial institutions account; appropriation.** (a) The financial institutions  
45.7 account is created as a separate account in the special revenue fund. Earnings, including  
45.8 interest, dividends, and any other earnings arising from account assets, must be credited to  
45.9 the account.

45.10 (b) The account consists of funds received from assessments under subdivision 7,  
45.11 examination fees under subdivision 8, and funds received pursuant to subdivision 10 and  
45.12 the following provisions: sections 46.04; 46.041; 46.048, subdivision 1; 47.101; 47.54,  
45.13 subdivision 1; 47.60, subdivision 3; 47.62, subdivision 4; 48.61, subdivision 7, paragraph  
45.14 (b); 49.36, subdivision 1; 52.203; ~~53B.09; 53B.11, subdivision 1;~~ 53B.38; 53B.41; 53B.43;  
45.15 53C.02; 56.02; 58.10; 58A.045, subdivision 2; 59A.03; 216C.437, subdivision 12; 332A.04;  
45.16 and 332B.04.

45.17 (c) Funds in the account are annually appropriated to the commissioner of commerce  
45.18 for activities under this section.

45.19 Sec. 2. **[53B.28] DEFINITIONS.**

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

45.22 Subd. 2. **Acting in concert.** "Acting in concert" means persons knowingly acting together  
45.23 with a common goal of jointly acquiring control of a licensee, whether or not pursuant to  
45.24 an express agreement.

45.25 Subd. 3. **Authorized delegate.** "Authorized delegate" means a person a licensee  
45.26 designates to engage in money transmission on behalf of the licensee.

45.27 Subd. 4. **Average daily money transmission liability.** "Average daily money  
45.28 transmission liability" means the amount of the licensee's outstanding money transmission  
45.29 obligations in Minnesota at the end of each day in a given period of time, added together,  
45.30 and divided by the total number of days in the given period of time. For purposes of  
45.31 calculating average daily money transmission liability under this chapter for any licensee

46.1 required to do so, the given period of time shall be the quarters ending March 31, June 30,  
46.2 September 30, and December 31.

46.3 Subd. 5. **Bank Secrecy Act.** "Bank Secrecy Act" means the Bank Secrecy Act under  
46.4 United States Code, title 31, section 5311, et seq., and the Bank Secrecy Act's implementing  
46.5 regulations, as amended and recodified from time to time.

46.6 Subd. 6. **Closed loop stored value.** "Closed loop stored value" means stored value that  
46.7 is redeemable by the issuer only for a good or service provided by the issuer, the issuer's  
46.8 affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the  
46.9 extent required by applicable law to be redeemable in cash for the good or service's cash  
46.10 value.

46.11 Subd. 7. **Control.** "Control" means:

46.12 (1) the power to vote, directly or indirectly, at least 25 percent of the outstanding voting  
46.13 shares or voting interests of a licensee or person in control of a licensee;

46.14 (2) the power to elect or appoint a majority of key individuals or executive officers,  
46.15 managers, directors, trustees, or other persons exercising managerial authority of a person  
46.16 in control of a licensee; or

46.17 (3) the power to exercise, directly or indirectly, a controlling influence over the  
46.18 management or policies of a licensee or person in control of a licensee.

46.19 Subd. 8. **Eligible rating.** "Eligible rating" means a credit rating of any of the three highest  
46.20 rating categories provided by an eligible rating service, whereby each category may include  
46.21 rating category modifiers such as "plus" or "minus" or the equivalent for any other eligible  
46.22 rating service. Long-term credit ratings are deemed eligible if the rating is equal to A- or  
46.23 higher or the equivalent from any other eligible rating service. Short-term credit ratings are  
46.24 deemed eligible if the rating is equal to or higher than A-2 or SP-2 by S&P, or the equivalent  
46.25 from any other eligible rating service. In the event that ratings differ among eligible rating  
46.26 services, the highest rating shall apply when determining whether a security bears an eligible  
46.27 rating.

46.28 Subd. 9. **Eligible rating service.** "Eligible rating service" means any Nationally  
46.29 Recognized Statistical Rating Organization (NRSRO), as defined by the United States  
46.30 Securities and Exchange Commission and any other organization designated by the  
46.31 commissioner by rule or order.

46.32 Subd. 10. **Federally insured depository financial institution.** "Federally insured  
46.33 depository financial institution" means a bank, credit union, savings and loan association,

47.1 trust company, savings association, savings bank, industrial bank, or industrial loan company  
47.2 organized under the laws of the United States or any state of the United States, when the  
47.3 bank, credit union, savings and loan association, trust company, savings association, savings  
47.4 bank, industrial bank, or industrial loan company has federally insured deposits.

47.5 Subd. 11. **In Minnesota.** "In Minnesota" means at a physical location within the state  
47.6 of Minnesota for a transaction requested in person. For a transaction requested electronically  
47.7 or by telephone, the provider of money transmission may determine if the person requesting  
47.8 the transaction is in Minnesota by relying on other information provided by the person  
47.9 regarding the location of the individual's residential address or a business entity's principal  
47.10 place of business or other physical address location, and any records associated with the  
47.11 person that the provider of money transmission may have that indicate the location, including  
47.12 but not limited to an address associated with an account.

47.13 Subd. 12. **Individual.** "Individual" means a natural person.

47.14 Subd. 13. **Key individual.** "Key individual" means any individual ultimately responsible  
47.15 for establishing or directing policies and procedures of the licensee, including but not limited  
47.16 to as an executive officer, manager, director, or trustee.

47.17 Subd. 14. **Licensee.** "Licensee" means a person licensed under this chapter.

47.18 Subd. 15. **Material litigation.** "Material litigation" means litigation, that according to  
47.19 United States generally accepted accounting principles, is significant to a person's financial  
47.20 health and would be required to be disclosed in the person's annual audited financial  
47.21 statements, report to shareholders, or similar records.

47.22 Subd. 16. **Money.** "Money" means a medium of exchange that is authorized or adopted  
47.23 by the United States or a foreign government. Money includes a monetary unit of account  
47.24 established by an intergovernmental organization or by agreement between two or more  
47.25 governments.

47.26 Subd. 17. **Monetary value.** "Monetary value" means a medium of exchange, whether  
47.27 or not redeemable in money.

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

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

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

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

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

48.3 Subd. 19. **Money services business accredited state or MSB accredited state.** "Money  
48.4 services businesses accredited state" or "MSB accredited state" means a state agency that  
48.5 is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators  
48.6 Association for money transmission licensing and supervision.

48.7 Subd. 20. **Multistate licensing process.** "Multistate licensing process" means any  
48.8 agreement entered into by and among state regulators relating to coordinated processing of  
48.9 applications for money transmission licenses, applications for the acquisition of control of  
48.10 a licensee, control determinations, or notice and information requirements for a change of  
48.11 key individuals.

48.12 Subd. 21. **NMLS.** "NMLS" means the Nationwide Multistate Licensing System and  
48.13 Registry developed by the Conference of State Bank Supervisors and the American  
48.14 Association of Residential Mortgage Regulators and owned and operated by the State  
48.15 Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and  
48.16 registration of persons in financial services industries.

48.17 Subd. 22. **Outstanding money transmission obligations.** (a) "Outstanding money  
48.18 transmission obligations" must be established and extinguished in accordance with applicable  
48.19 state law and means:

48.20 (1) any payment instrument or stored value issued or sold by the licensee to a person  
48.21 located in the United States or reported as sold by an authorized delegate of the licensee to  
48.22 a person that is located in the United States that has not yet been paid or refunded by or for  
48.23 the licensee, or escheated in accordance with applicable abandoned property laws; or

48.24 (2) any money received for transmission by the licensee or an authorized delegate in the  
48.25 United States from a person located in the United States that has not been received by the  
48.26 payee or refunded to the sender, or escheated in accordance with applicable abandoned  
48.27 property laws.

48.28 (b) For purposes of this subdivision, "in the United States" includes, to the extent  
48.29 applicable, a person in any state, territory, or possession of the United States; the District  
48.30 of Columbia; the Commonwealth of Puerto Rico; or a U.S. military installation that is  
48.31 located in a foreign country.

48.32 Subd. 23. **Passive investor.** "Passive investor" means a person that:

49.1 (1) does not have the power to elect a majority of key individuals or executive officers,  
49.2 managers, directors, trustees, or other persons exercising managerial authority of a person  
49.3 in control of a licensee;

49.4 (2) is not employed by and does not have any managerial duties of the licensee or person  
49.5 in control of a licensee;

49.6 (3) does not have the power to exercise, directly or indirectly, a controlling influence  
49.7 over the management or policies of a licensee or person in control of a licensee; and

49.8 (4) attests to clauses (1), (2), and (3), in a form and in a medium prescribed by the  
49.9 commissioner, or commits to the passivity characteristics under clauses (1), (2), and (3) in  
49.10 a written document.

49.11 Subd. 24. **Payment instrument.** (a) "Payment instrument" means a written or electronic  
49.12 check, draft, money order, traveler's check, or other written or electronic instrument for the  
49.13 transmission or payment of money or monetary value, whether or not negotiable.

49.14 (b) Payment instrument does not include stored value or any instrument that is: (1)  
49.15 redeemable by the issuer only for goods or services provided by the issuer, the issuer's  
49.16 affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the  
49.17 extent required by applicable law to be redeemable in cash for its cash value; or (2) not sold  
49.18 to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

49.19 Subd. 25. **Payroll processing services.** "Payroll processing services" means receiving  
49.20 money for transmission pursuant to a contract with a person to deliver wages or salaries,  
49.21 make payment of payroll taxes to state and federal agencies, make payments relating to  
49.22 employee benefit plans, or make distributions of other authorized deductions from wages  
49.23 or salaries. The term payroll processing services does not include an employer performing  
49.24 payroll processing services on the employer's own behalf or on behalf of the employer's  
49.25 affiliate, or a professional employment organization subject to regulation under other  
49.26 applicable state law.

49.27 Subd. 26. **Person.** "Person" means any individual, general partnership, limited partnership,  
49.28 limited liability company, corporation, trust, association, joint stock corporation, or other  
49.29 corporate entity identified by the commissioner.

49.30 Subd. 27. **Receiving money for transmission or money received for**  
49.31 **transmission.** "Receiving money for transmission" or "money received for transmission"  
49.32 means receiving money or monetary value in the United States for transmission within or  
49.33 outside the United States by electronic or other means.

50.1 Subd. 28. **Stored value.** (a) "Stored value" means monetary value representing a claim  
50.2 against the issuer evidenced by an electronic or digital record, and that is intended and  
50.3 accepted for use as a means of redemption for money or monetary value, or payment for  
50.4 goods or services. Stored value includes but is not limited to prepaid access, as defined  
50.5 under Code of Federal Regulations, title 31, part 1010.100, as amended or recodified from  
50.6 time to time.

50.7 (b) Notwithstanding this subdivision, stored value does not include: (1) a payment  
50.8 instrument or closed loop stored value; or (2) stored value not sold to the public but issued  
50.9 and distributed as part of a loyalty, rewards, or promotional program.

50.10 Subd. 29. **Tangible net worth.** "Tangible net worth" means the aggregate assets of a  
50.11 licensee excluding all intangible assets, less liabilities, as determined in accordance with  
50.12 United States generally accepted accounting principles.

50.13 Sec. 3. **[53B.29] EXEMPTIONS.**

50.14 This chapter does not apply to:

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

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

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

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

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

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

- 51.1 (i) is properly licensed or exempt from licensing requirements under this chapter;
- 51.2 (ii) provides a receipt, electronic record, or other written confirmation to the sender
- 51.3 identifying the entity as the provider of money transmission in the transaction; and
- 51.4 (iii) bears sole responsibility to satisfy the outstanding money transmission obligation
- 51.5 to the sender, including the obligation to make the sender whole in connection with any
- 51.6 failure to transmit the funds to the sender's designated recipient;
- 51.7 (4) the United States; a department, agency, or instrumentality of the United States; or
- 51.8 an agent of the United States;
- 51.9 (5) money transmission by the United States Postal Service or by an agent of the United
- 51.10 States Postal Service;
- 51.11 (6) a state; county; city; or any other governmental agency, governmental subdivision,
- 51.12 or instrumentality of a state; or the state's agent;
- 51.13 (7) a federally insured depository financial institution; bank holding company; office of
- 51.14 an international banking corporation; foreign bank that establishes a federal branch pursuant
- 51.15 to the International Bank Act, United States Code, title 12, section 3102, as amended or
- 51.16 recodified from time to time; corporation organized pursuant to the Bank Service Corporation
- 51.17 Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from
- 51.18 time to time; or corporation organized under the Edge Act, United States Code, title 12,
- 51.19 sections 611 to 633, as amended or recodified from time to time;
- 51.20 (8) electronic funds transfer of governmental benefits for a federal, state, county, or
- 51.21 governmental agency by a contractor on behalf of the United States or a department, agency,
- 51.22 or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or
- 51.23 instrumentality thereof;
- 51.24 (9) a board of trade designated as a contract market under the federal Commodity
- 51.25 Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from
- 51.26 time to time; or a person that in the ordinary course of business provides clearance and
- 51.27 settlement services for a board of trade to the extent of its operation as or for such a board;
- 51.28 (10) a registered futures commission merchant under the federal commodities laws, to
- 51.29 the extent of the registered futures commission merchant's operation as a merchant;
- 51.30 (11) a person registered as a securities broker-dealer under federal or state securities
- 51.31 laws, to the extent of the person's operation as a securities broker-dealer;

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

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

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

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

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

52.17 **Sec. 4. [53B.30] AUTHORITY TO REQUIRE DEMONSTRATION OF**  
52.18 **EXEMPTION.**

52.19 The commissioner may require any person that claims to be exempt from licensing under  
52.20 section 53B.29 to provide to the commissioner information and documentation that  
52.21 demonstrates the person qualifies for any claimed exemption.

52.22 **Sec. 5. [53B.31] IMPLEMENTATION.**

52.23 Subdivision 1. **General authority.** In order to carry out the purposes of this chapter, the  
52.24 commissioner may, subject to section 53B.32, paragraphs (a) and (b):

52.25 (1) enter into agreements or relationships with other government officials or federal and  
52.26 state regulatory agencies and regulatory associations in order to (i) improve efficiencies  
52.27 and reduce regulatory burden by standardizing methods or procedures, and (ii) share  
52.28 resources, records, or related information obtained under this chapter;

52.29 (2) use, hire, contract, or employ analytical systems, methods, or software to examine  
52.30 or investigate any person subject to this chapter;

53.1 (3) accept, from other state or federal government agencies or officials, licensing,  
53.2 examination, or investigation reports made by such other state or federal government agencies  
53.3 or officials; and

53.4 (4) accept audit reports made by an independent certified public accountant or other  
53.5 qualified third-party auditor for an applicant or licensee and incorporate the audit report in  
53.6 any report of examination or investigation.

53.7 Subd. 2. **Administrative authority.** The commissioner is granted broad administrative  
53.8 authority to: (1) administer, interpret, and enforce this chapter; (2) adopt regulations to  
53.9 implement this chapter; and (3) recover the costs incurred to administer and enforce this  
53.10 chapter by imposing and collecting proportionate and equitable fees and costs associated  
53.11 with applications, examinations, investigations, and other actions required to achieve the  
53.12 purpose of this chapter.

53.13 Sec. 6. **[53B.32] CONFIDENTIALITY.**

53.14 (a) All information or reports obtained by the commissioner contained in or related to  
53.15 an examination that is prepared by, on behalf of, or for the use of the commissioner are  
53.16 confidential and are not subject to disclosure under section 46.07.

53.17 (b) The commissioner may disclose information not otherwise subject to disclosure  
53.18 under paragraph (a) to representatives of state or federal agencies pursuant to section 53B.31,  
53.19 subdivision 1.

53.20 (c) This section does not prohibit the commissioner from disclosing to the public a list  
53.21 of all licensees or the aggregated financial or transactional data concerning those licensees.

53.22 Sec. 7. **[53B.33] SUPERVISION.**

53.23 (a) The commissioner may conduct an examination or investigation of a licensee or  
53.24 authorized delegate or otherwise take independent action authorized by this chapter, or by  
53.25 a rule adopted or order issued under this chapter, as reasonably necessary or appropriate to  
53.26 administer and enforce this chapter, rules implementing this chapter, and other applicable  
53.27 law, including the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56. The  
53.28 commissioner may:

53.29 (1) conduct an examination either on site or off site as the commissioner may reasonably  
53.30 require;

54.1 (2) conduct an examination in conjunction with an examination conducted by  
54.2 representatives of other state agencies or agencies of another state or of the federal  
54.3 government;

54.4 (3) accept the examination report of another state agency or an agency of another state  
54.5 or of the federal government, or a report prepared by an independent accounting firm, which  
54.6 on being accepted is considered for all purposes as an official report of the commissioner;  
54.7 and

54.8 (4) summon and examine under oath a key individual or employee of a licensee or  
54.9 authorized delegate and require the person to produce records regarding any matter related  
54.10 to the condition and business of the licensee or authorized delegate.

54.11 (b) A licensee or authorized delegate must provide, and the commissioner has full and  
54.12 complete access to, all records the commissioner may reasonably require to conduct a  
54.13 complete examination. The records must be provided at the location and in the format  
54.14 specified by the commissioner. The commissioner may use multistate record production  
54.15 standards and examination procedures when the standards reasonably achieve the  
54.16 requirements of this paragraph.

54.17 (c) Unless otherwise directed by the commissioner, a licensee must pay all costs  
54.18 reasonably incurred in connection with an examination of the licensee or the licensee's  
54.19 authorized delegates.

54.20 **Sec. 8. [53B.34] NETWORKED SUPERVISION.**

54.21 (a) To efficiently and effectively administer and enforce this chapter and to minimize  
54.22 regulatory burden, the commissioner is authorized to participate in multistate supervisory  
54.23 processes established between states and coordinated through the Conference of State Bank  
54.24 Supervisors, the Money Transmitter Regulators Association, and the affiliates and successors  
54.25 of the Conference of State Bank Supervisors and the Money Transmitter Regulators  
54.26 Association for all licensees that hold licenses in this state and other states. As a participant  
54.27 in multistate supervision, the commissioner may:

54.28 (1) cooperate, coordinate, and share information with other state and federal regulators  
54.29 in accordance with section 53B.32;

54.30 (2) enter into written cooperation, coordination, or information-sharing contracts or  
54.31 agreements with organizations the membership of which is made up of state or federal  
54.32 governmental agencies; and

55.1 (3) cooperate, coordinate, and share information with organizations the membership of  
55.2 which is made up of state or federal governmental agencies, provided that the organizations  
55.3 agree in writing to maintain the confidentiality and security of the shared information in  
55.4 accordance with section 53B.32.

55.5 (b) The commissioner is prohibited from waiving, and nothing in this section constitutes  
55.6 a waiver of, the commissioner's authority to conduct an examination or investigation or  
55.7 otherwise take independent action authorized by this chapter, or a rule adopted or order  
55.8 issued under this chapter, to enforce compliance with applicable state or federal law.

55.9 (c) A joint examination or investigation, or acceptance of an examination or investigation  
55.10 report, does not waive an examination fee provided for in this chapter.

55.11 **Sec. 9. [53B.35] RELATIONSHIP TO FEDERAL LAW.**

55.12 (a) In the event state money transmission jurisdiction is conditioned on a federal law,  
55.13 any inconsistencies between a provision of this chapter and the federal law governing money  
55.14 transmission is governed by the applicable federal law to the extent of the inconsistency.

55.15 (b) In the event of any inconsistencies between this chapter and a federal law that governs  
55.16 pursuant to paragraph (a), the commissioner may provide interpretive guidance that:

55.17 (1) identifies the inconsistency; and

55.18 (2) identifies the appropriate means of compliance with federal law.

55.19 **Sec. 10. [53B.36] LICENSE REQUIRED.**

55.20 (a) A person is prohibited from engaging in the business of money transmission, or  
55.21 advertising, soliciting, or representing that the person provides money transmission, unless  
55.22 the person is licensed under this chapter.

55.23 (b) Paragraph (a) does not apply to:

55.24 (1) a person that is an authorized delegate of a person licensed under this chapter acting  
55.25 within the scope of authority conferred by a written contract with the licensee; or

55.26 (2) a person that is exempt under section 53B.29 and does not engage in money  
55.27 transmission outside the scope of the exemption.

55.28 (c) A license issued under section 53B.40 is not transferable or assignable.

56.1 Sec. 11. [53B.37] CONSISTENT STATE LICENSING.

56.2 (a) To establish consistent licensing between Minnesota and other states, the  
56.3 commissioner is authorized to:

56.4 (1) implement all licensing provisions of this chapter in a manner that is consistent with  
56.5 (i) other states that have adopted substantially similar licensing requirements, or (ii) multistate  
56.6 licensing processes; and

56.7 (2) participate in nationwide protocols for licensing cooperation and coordination among  
56.8 state regulators provided that the protocols are consistent with this chapter.

56.9 (b) In order to fulfill the purposes of this chapter, the commissioner is authorized to  
56.10 establish relationships or contracts with NMLS or other entities designated by NMLS to  
56.11 enable the commissioner to:

56.12 (1) collect and maintain records;

56.13 (2) coordinate multistate licensing processes and supervision processes;

56.14 (3) process fees; and

56.15 (4) facilitate communication between the commissioner and licensees or other persons  
56.16 subject to this chapter.

56.17 (c) The commissioner is authorized to use NMLS for all aspects of licensing in accordance  
56.18 with this chapter, including but not limited to license applications, applications for  
56.19 acquisitions of control, surety bonds, reporting, criminal history background checks, credit  
56.20 checks, fee processing, and examinations.

56.21 (d) The commissioner is authorized to use NMLS forms, processes, and functions in  
56.22 accordance with this chapter. If NMLS does not provide functionality, forms, or processes  
56.23 for a requirement under this chapter, the commissioner is authorized to implement the  
56.24 requirements in a manner that facilitates uniformity with respect to licensing, supervision,  
56.25 reporting, and regulation of licensees which are licensed in multiple jurisdictions.

56.26 (e) For the purpose of participating in the NMLS registry, the commissioner is authorized  
56.27 to, by rule or order: (1) waive or modify, in whole or in part, any or all of the requirements;  
56.28 and (2) establish new requirements as reasonably necessary to participate in the NMLS  
56.29 registry.

57.1 Sec. 12. [53B.38] APPLICATION FOR LICENSE.

57.2 (a) An applicant for a license must apply in a form and in a medium as prescribed by  
57.3 the commissioner. The application must state or contain, as applicable:

57.4 (1) the legal name and residential and business addresses of the applicant and any  
57.5 fictitious or trade name used by the applicant in conducting its business;

57.6 (2) a list of any criminal convictions of the applicant and any material litigation in which  
57.7 the applicant has been involved in the ten-year period next preceding the submission of the  
57.8 application;

57.9 (3) a description of any money transmission previously provided by the applicant and  
57.10 the money transmission that the applicant seeks to provide in this state;

57.11 (4) a list of the applicant's proposed authorized delegates and the locations in this state  
57.12 where the applicant and its authorized delegates propose to engage in money transmission;

57.13 (5) a list of other states in which the applicant is licensed to engage in money transmission  
57.14 and any license revocations, suspensions, or other disciplinary action taken against the  
57.15 applicant in another state;

57.16 (6) information concerning any bankruptcy or receivership proceedings affecting the  
57.17 licensee or a person in control of a licensee;

57.18 (7) a sample form of contract for authorized delegates, if applicable;

57.19 (8) a sample form of payment instrument or stored value, as applicable;

57.20 (9) the name and address of any federally insured depository financial institution through  
57.21 which the applicant plans to conduct money transmission; and

57.22 (10) any other information the commissioner or NMLS reasonably requires with respect  
57.23 to the applicant.

57.24 (b) If an applicant is a corporation, limited liability company, partnership, or other legal  
57.25 entity, the applicant must also provide:

57.26 (1) the date of the applicant's incorporation or formation and state or country of  
57.27 incorporation or formation;

57.28 (2) if applicable, a certificate of good standing from the state or country in which the  
57.29 applicant is incorporated or formed;

58.1 (3) a brief description of the structure or organization of the applicant, including any  
58.2 parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly  
58.3 traded;

58.4 (4) the legal name, any fictitious or trade name, all business and residential addresses,  
58.5 and the employment, as applicable, in the ten-year period next preceding the submission of  
58.6 the application of each key individual and person in control of the applicant;

58.7 (5) a list of any criminal convictions and material litigation in which a person in control  
58.8 of the applicant that is not an individual has been involved in the ten-year period preceding  
58.9 the submission of the application;

58.10 (6) a copy of audited financial statements of the applicant for the most recent fiscal year  
58.11 and for the two-year period next preceding the submission of the application or, if the  
58.12 commissioner deems acceptable, certified unaudited financial statements for the most recent  
58.13 fiscal year or other period acceptable to the commissioner;

58.14 (7) a certified copy of unaudited financial statements of the applicant for the most recent  
58.15 fiscal quarter;

58.16 (8) if the applicant is a publicly traded corporation, a copy of the most recent report filed  
58.17 with the United States Securities and Exchange Commission under section 13 of the federal  
58.18 Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or  
58.19 recodified from time to time;

58.20 (9) if the applicant is a wholly owned subsidiary of:

58.21 (i) a corporation publicly traded in the United States, a copy of audited financial  
58.22 statements for the parent corporation for the most recent fiscal year or a copy of the parent  
58.23 corporation's most recent report filed under section 13 of the Securities Exchange Act of  
58.24 1934, United States Code, title 15, section 78m, as amended or recodified from time to time;  
58.25 or

58.26 (ii) a corporation publicly traded outside the United States, a copy of similar  
58.27 documentation filed with the regulator of the parent corporation's domicile outside the  
58.28 United States;

58.29 (10) the name and address of the applicant's registered agent in this state; and

58.30 (11) any other information the commissioner reasonably requires with respect to the  
58.31 applicant.

59.1 (c) A nonrefundable application fee of \$4,000 must accompany an application for a  
59.2 license under this section.

59.3 (d) The commissioner may: (1) waive one or more requirements of paragraphs (a) and  
59.4 (b); or (2) permit an applicant to submit other information in lieu of the required information.

59.5 **Sec. 13. [53B.39] INFORMATION REQUIREMENTS; CERTAIN INDIVIDUALS.**

59.6 Subdivision 1. **Individuals with or seeking control.** Any individual in control of a  
59.7 licensee or applicant, any individual that seeks to acquire control of a licensee, and each  
59.8 key individual must furnish to the commissioner through NMLS:

59.9 (1) the individual's fingerprints for submission to the Federal Bureau of Investigation  
59.10 and the commissioner for a national criminal history background check, unless the person  
59.11 currently resides outside of the United States and has resided outside of the United States  
59.12 for the last ten years; and

59.13 (2) personal history and business experience in a form and in a medium prescribed by  
59.14 the commissioner, to obtain:

59.15 (i) an independent credit report from a consumer reporting agency;

59.16 (ii) information related to any criminal convictions or pending charges; and

59.17 (iii) information related to any regulatory or administrative action and any civil litigation  
59.18 involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach  
59.19 of fiduciary duty, or breach of contract.

59.20 Subd. 2. **Individuals having resided outside the United States.** (a) If an individual  
59.21 has resided outside of the United States at any time in the last ten years, the individual must  
59.22 also provide an investigative background report prepared by an independent search firm  
59.23 that meets the requirements of this subdivision.

59.24 (b) At a minimum, the search firm must:

59.25 (1) demonstrate that the search firm has sufficient knowledge, resources, and employs  
59.26 accepted and reasonable methodologies to conduct the research of the background report;  
59.27 and

59.28 (2) not be affiliated with or have an interest with the individual the search firm is  
59.29 researching.

59.30 (c) At a minimum, the investigative background report must be written in English and  
59.31 must contain:

60.1 (1) if available in the individual's current jurisdiction of residency, a comprehensive  
60.2 credit report, or any equivalent information obtained or generated by the independent search  
60.3 firm to accomplish a credit report, including a search of the court data in the countries,  
60.4 provinces, states, cities, towns, and contiguous areas where the individual resided and  
60.5 worked;

60.6 (2) criminal records information for the past ten years, including but not limited to  
60.7 felonies, misdemeanors, or similar convictions for violations of law in the countries,  
60.8 provinces, states, cities, towns, and contiguous areas where the individual resided and  
60.9 worked;

60.10 (3) employment history;

60.11 (4) media history, including an electronic search of national and local publications, wire  
60.12 services, and business applications; and

60.13 (5) financial services-related regulatory history, including but not limited to money  
60.14 transmission, securities, banking, consumer finance, insurance, and mortgage-related  
60.15 industries.

60.16 **Sec. 14. [53B.40] LICENSE ISSUANCE.**

60.17 (a) When an application for an original license under this chapter includes all of the  
60.18 items and addresses all of the matters that are required, the application is complete and the  
60.19 commissioner must promptly notify the applicant in a record of the date on which the  
60.20 application is determined to be complete.

60.21 (b) The commissioner's determination that an application is complete and accepted for  
60.22 processing means only that the application, on the application's face, appears to include all  
60.23 of the items, including the criminal background check response from the Federal Bureau  
60.24 of Investigation, and address all of the matters that are required. The commissioner's  
60.25 determination that an application is complete is not an assessment of the substance of the  
60.26 application or of the sufficiency of the information provided.

60.27 (c) When an application is filed and considered complete under this section, the  
60.28 commissioner must investigate the applicant's financial condition and responsibility, financial  
60.29 and business experience, character, and general fitness. The commissioner may conduct an  
60.30 investigation of the applicant, the reasonable cost of which the applicant must pay. The  
60.31 commissioner must issue a license to an applicant under this section if the commissioner  
60.32 finds:

60.33 (1) the applicant has complied with sections 53B.38 and 53B.39; and

61.1 (2) the financial condition and responsibility; financial and business experience,  
61.2 competence, character, and general fitness of the applicant; and the competence, experience,  
61.3 character, and general fitness of the key individuals and persons in control of the applicant  
61.4 indicate that it is in the interest of the public to permit the applicant to engage in money  
61.5 transmission.

61.6 (d) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

61.7 (1) the commissioner is authorized to accept the investigation results of a lead  
61.8 investigative state for the purposes of paragraph (c); or

61.9 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate  
61.10 the applicant pursuant to paragraph (c) and the time frames established by agreement through  
61.11 the multistate licensing process, provided that the time frame complies with the application  
61.12 review period provided under paragraph (e).

61.13 (e) The commissioner must approve or deny the application within 120 days after the  
61.14 date the application is deemed complete. If the application is not approved or denied within  
61.15 120 days after the completion date, the application is approved and the license takes effect  
61.16 on the first business day after the 120-day period expires.

61.17 (f) The commissioner must issue a formal written notice of the denial of a license  
61.18 application within 30 days of the date the decision to deny the application is made. The  
61.19 commissioner must set forth in the notice of denial the specific reasons for the denial of the  
61.20 application. An applicant whose application is denied by the commissioner under this  
61.21 paragraph may appeal within 30 days of the date the written notice of the denial is received.  
61.22 The commissioner must set a hearing date that is not later than 60 days after service of the  
61.23 response, unless a later date is set with the consent of the denied applicant.

61.24 (g) The initial license term begins on the day the application is approved. The license  
61.25 expires on December 31 of the year in which the license term began, unless the initial license  
61.26 date is between November 1 and December 31, in which case the initial license term runs  
61.27 through December 31 of the following year. If a license is approved between November 1  
61.28 and December 31, the applicant is subject to the renewal fee under section 53B.31, paragraph  
61.29 (a).

61.30 Sec. 15. [53B.41] LICENSE RENEWAL.

61.31 (a) A license under this chapter must be renewed annually. An annual renewal fee of  
61.32 \$2,500 must be paid no more than 60 days before the license expires. The renewal term is

62.1 a period of one year and begins on January 1 each year after the initial license term. The  
62.2 renewal term expires on December 31 of the year the renewal term begins.

62.3 (b) A licensee must submit a renewal report with the renewal fee, in a form and in a  
62.4 medium prescribed by the commissioner. The renewal report must state or contain a  
62.5 description of each material change in information submitted by the licensee in the licensee's  
62.6 original license application that has not been previously reported to the commissioner.

62.7 (c) The commissioner may grant an extension of the renewal date for good cause.

62.8 (d) The commissioner is authorized to use the NMLS to process license renewals,  
62.9 provided that the NMLS functionality is consistent with this section.

62.10 Sec. 16. **[53B.42] MAINTENANCE OF LICENSE.**

62.11 (a) If a licensee does not continue to meet the qualifications or satisfy the requirements  
62.12 that apply to an applicant for a new money transmission license, the commissioner may  
62.13 suspend or revoke the licensee's license in accordance with the procedures established by  
62.14 this chapter or other applicable state law for license suspension or revocation.

62.15 (b) An applicant for a money transmission license must demonstrate that the applicant  
62.16 meets or will meet, and a money transmission licensee must at all times meet, the  
62.17 requirements in sections 53B.59 to 53B.61.

62.18 Sec. 17. **[53B.43] ACQUISITION OF CONTROL.**

62.19 (a) Any person, or group of persons acting in concert, seeking to acquire control of a  
62.20 licensee must obtain the commissioner's written approval before acquiring control. An  
62.21 individual is not deemed to acquire control of a licensee and is not subject to these acquisition  
62.22 of control provisions when that individual becomes a key individual in the ordinary course  
62.23 of business.

62.24 (b) For the purpose of this section, a person is presumed to exercise a controlling influence  
62.25 when the person holds the power to vote, directly or indirectly, at least ten percent of the  
62.26 outstanding voting shares or voting interests of a licensee or person in control of a licensee.  
62.27 A person presumed to exercise a controlling influence as defined by this subdivision can  
62.28 rebut the presumption of control if the person is a passive investor.

62.29 (c) For purposes of determining the percentage of a person controlled by any other  
62.30 person, the person's interest shall be aggregated with the interest of any other immediate  
62.31 family member, including the person's spouse, parents, children, siblings, mothers- and

63.1 fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and any other person  
63.2 who shares the person's home.

63.3 (d) A person, or group of persons acting in concert, seeking to acquire control of a  
63.4 licensee must, in cooperation with the licensee:

63.5 (1) submit an application in a form and in a medium prescribed by the commissioner;  
63.6 and

63.7 (2) submit a nonrefundable fee of \$4,000 with the request for approval.

63.8 (e) Upon request, the commissioner may permit a licensee or the person, or group of  
63.9 persons acting in concert, to submit some or all information required by the commissioner  
63.10 pursuant to paragraph (d), clause (1), without using NMLS.

63.11 (f) The application required by paragraph (d), clause (1), must include information  
63.12 required by section 53B.39 for any new key individuals that have not previously completed  
63.13 the requirements of section 53B.39 for a licensee.

63.14 (g) When an application for acquisition of control under this section appears to include  
63.15 all of the items and address all of the matters that are required, the application is considered  
63.16 complete and the commissioner must promptly notify the applicant in a record of the date  
63.17 on which the application was determined to be complete.

63.18 (h) The commissioner must approve or deny the application within 60 days after the  
63.19 completion date. If the application is not approved or denied within 60 days after the  
63.20 completion date, the application is approved and the person, or group of persons acting in  
63.21 concert, are not prohibited from acquiring control. The commissioner may extend the  
63.22 application period for good cause.

63.23 (i) The commissioner's determination that an application is complete and is accepted for  
63.24 processing means only that the application, on the application's face, appears to include all  
63.25 of the items and address all of the matters that are required. The commissioner's determination  
63.26 that an application is complete is not an assessment of the application's substance or of the  
63.27 sufficiency of the information provided.

63.28 (j) When an application is filed and considered complete under paragraph (g), the  
63.29 commissioner must investigate the financial condition and responsibility; the financial and  
63.30 business experience; character; and the general fitness of the person, or group of persons  
63.31 acting in concert, seeking to acquire control. The commissioner must approve an acquisition  
63.32 of control under this section if the commissioner finds:

63.33 (1) the requirements of paragraphs (d) and (f) have been met, as applicable; and

64.1 (2) the financial condition and responsibility, financial and business experience,  
64.2 competence, character, and general fitness of the person, or group of persons acting in  
64.3 concert, seeking to acquire control; and the competence, experience, character, and general  
64.4 fitness of the key individuals and persons that control the licensee after the acquisition of  
64.5 control indicate that it is in the interest of the public to permit the person, or group of persons  
64.6 acting in concert, to control the licensee.

64.7 (k) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

64.8 (1) the commissioner is authorized to accept the investigation results of a lead  
64.9 investigative state for the purposes of paragraph (j); or

64.10 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate  
64.11 the applicant under paragraph (j) and consistent with the time frames established by  
64.12 agreement through the multistate licensing process.

64.13 (l) The commissioner must issue a formal written notice of the denial of an application  
64.14 to acquire control. The commissioner must set forth in the notice of denial the specific  
64.15 reasons the application was denied. An applicant whose application is denied by the  
64.16 commissioner under this paragraph may appeal the denial within 30 days of the date the  
64.17 written notice of the denial is received. Chapter 14 applies to appeals under this paragraph.

64.18 (m) Paragraphs (a) and (d) do not apply to:

64.19 (1) a person that acts as a proxy for the sole purpose of voting at a designated meeting  
64.20 of the shareholders or holders of voting shares or voting interests of a licensee or a person  
64.21 in control of a licensee;

64.22 (2) a person that acquires control of a licensee by devise or descent;

64.23 (3) a person that acquires control of a licensee as a personal representative, custodian,  
64.24 guardian, conservator, or trustee, or as an officer appointed by a court of competent  
64.25 jurisdiction or by operation of law;

64.26 (4) a person that is exempt under section 53B.29, clause (7);

64.27 (5) a person that the commissioner determines is not subject to paragraph (a), based on  
64.28 the public interest;

64.29 (6) a public offering of securities of a licensee or a person in control of a licensee; or

64.30 (7) an internal reorganization of a person controlling the licensee, where the ultimate  
64.31 person controlling the licensee remains the same.

65.1 (n) A person identified in paragraph (m), clause (2), (3), (4), or (6), that is cooperating  
65.2 with the licensee must notify the commissioner within 15 days of the date the acquisition  
65.3 of control occurs.

65.4 (o) Paragraphs (a) and (d) do not apply to a person that has complied with and received  
65.5 approval to engage in money transmission under this chapter, or that was identified as a  
65.6 person in control in a prior application filed with and approved by the commissioner or by  
65.7 another state pursuant to a multistate licensing process, provided that:

65.8 (1) the person has not had a license revoked or suspended or controlled a licensee that  
65.9 has had a license revoked or suspended while the person was in control of the licensee in  
65.10 the previous five years;

65.11 (2) if the person is a licensee, the person is well managed and has received at least a  
65.12 satisfactory rating for compliance at the person's most recent examination by an  
65.13 MSB-accredited state if a rating was given;

65.14 (3) the licensee to be acquired is projected to meet the requirements of sections 53B.59  
65.15 to 53B.61 after the acquisition of control is completed, and if the person acquiring control  
65.16 is a licensee, the acquiring licensee is also projected to meet the requirements of sections  
65.17 53B.59 to 53B.61 after the acquisition of control is completed;

65.18 (4) the licensee to be acquired does not implement any material changes to the acquired  
65.19 licensee's business plan as a result of the acquisition of control, and if the person acquiring  
65.20 control is a licensee, the acquiring licensee does not implement any material changes to the  
65.21 acquiring licensee's business plan as a result of the acquisition of control; and

65.22 (5) the person provides notice of the acquisition in cooperation with the licensee and  
65.23 attests to clauses (1), (2), (3), and (4) in a form and in a medium prescribed by the  
65.24 commissioner.

65.25 (p) If the notice under paragraph (o), clause (5), is not disapproved within 30 days after  
65.26 the date on which the notice was determined to be complete, the notice is deemed approved.

65.27 (q) Before filing an application for approval to acquire control of a licensee, a person  
65.28 may request in writing a determination from the commissioner as to whether the person  
65.29 would be considered a person in control of a licensee upon consummation of a proposed  
65.30 transaction. If the commissioner determines that the person would not be a person in control  
65.31 of a licensee, the proposed person and transaction is not subject to paragraphs (a) and (d).

65.32 (r) If a multistate licensing process includes a determination pursuant to paragraph (q)  
65.33 and an applicant avails itself or is otherwise subject to the multistate licensing process:

66.1 (1) the commissioner is authorized to accept the control determination of a lead  
66.2 investigative state with sufficient staffing, expertise, and minimum standards for the purposes  
66.3 of paragraph (q); or

66.4 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate  
66.5 the applicant under paragraph (q) and consistent with the time frames established by  
66.6 agreement through the multistate licensing process.

66.7 Sec. 18. **[53B.44] CHANGE OF KEY INDIVIDUALS; NOTICE AND**  
66.8 **INFORMATION REQUIREMENTS.**

66.9 (a) A licensee that adds or replaces any key individual must:

66.10 (1) provide notice, in a manner prescribed by the commissioner, within 15 days after  
66.11 the effective date of the key individual's appointment; and

66.12 (2) provide the information required under section 53B.39 within 45 days of the effective  
66.13 date of the key individual's appointment.

66.14 (b) Within 90 days of the date on which the notice provided under section 53B.44,  
66.15 paragraph (a), was determined to be complete, the commissioner may issue a notice of  
66.16 disapproval of a key individual if the commissioner finds that the competence, business  
66.17 experience, character, or integrity of the individual is not in the best interests of the public  
66.18 or the customers of the licensee.

66.19 (c) A notice of disapproval must contain a statement of the basis for disapproval and  
66.20 must be sent to the licensee and the disapproved individual. A licensee may appeal a notice  
66.21 of disapproval pursuant to chapter 14 within 30 days of the date the notice of disapproval  
66.22 is received.

66.23 (d) If the notice provided under paragraph (a) is not disapproved within 90 days after  
66.24 the date on which the notice was determined to be complete, the key individual is deemed  
66.25 approved.

66.26 (e) If a multistate licensing process includes a key individual notice review and  
66.27 disapproval process under this section and the licensee avails itself of or is otherwise subject  
66.28 to the multistate licensing process:

66.29 (1) the commissioner is authorized to accept the determination of another state if the  
66.30 investigating state has sufficient staffing, expertise, and minimum standards for the purposes  
66.31 of this section; or

67.1 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate  
67.2 the applicant under paragraph (b) and the time frames established by agreement through  
67.3 the multistate licensing process.

67.4 Sec. 19. **[53B.45] REPORT OF CONDITION.**

67.5 (a) Each licensee must submit a report of condition within 45 days of the end of the  
67.6 calendar quarter, or within any extended time the commissioner prescribes.

67.7 (b) The report of condition must include:

67.8 (1) financial information at the licensee level;

67.9 (2) nationwide and state-specific money transmission transaction information in every  
67.10 jurisdiction in the United States where the licensee is licensed to engage in money  
67.11 transmission;

67.12 (3) a permissible investments report;

67.13 (4) transaction destination country reporting for money received for transmission, if  
67.14 applicable; and

67.15 (5) any other information the commissioner reasonably requires with respect to the  
67.16 licensee.

67.17 (c) The commissioner is authorized to use NMLS to submit the report required under  
67.18 paragraph (a).

67.19 (d) The information required by paragraph (b), clause (4), must only be included in a  
67.20 report of condition submitted within 45 days of the end of the fourth calendar quarter.

67.21 Sec. 20. **[53B.46] AUDITED FINANCIAL STATEMENTS.**

67.22 (a) Each licensee must, within 90 days after the end of each fiscal year, or within any  
67.23 extended time the commissioner prescribes, file with the commissioner:

67.24 (1) an audited financial statement of the licensee for the fiscal year prepared in accordance  
67.25 with United States generally accepted accounting principles; and

67.26 (2) any other information the commissioner may reasonably require.

67.27 (b) The audited financial statements must be prepared by an independent certified public  
67.28 accountant or independent public accountant who is satisfactory to the commissioner.

67.29 (c) The audited financial statements must include or be accompanied by a certificate of  
67.30 opinion prepared by the independent certified public accountant or independent public

68.1 accountant that is satisfactory in form and content to the commissioner. If the certificate or  
68.2 opinion is qualified, the commissioner may order the licensee to take any action the  
68.3 commissioner finds necessary to enable the independent or certified public accountant or  
68.4 independent public accountant to remove the qualification.

68.5 Sec. 21. **[53B.47] AUTHORIZED DELEGATE REPORTING.**

68.6 (a) Each licensee must submit a report of authorized delegates within 45 days of the end  
68.7 of the calendar quarter. The commissioner is authorized to use NMLS to submit the report  
68.8 required by this paragraph, provided that the functionality is consistent with the requirements  
68.9 of this section.

68.10 (b) The authorized delegate report must include, at a minimum, each authorized delegate's:

68.11 (1) company legal name;

68.12 (2) taxpayer employer identification number;

68.13 (3) principal provider identifier;

68.14 (4) physical address;

68.15 (5) mailing address;

68.16 (6) any business conducted in other states;

68.17 (7) any fictitious or trade name;

68.18 (8) contact person name, telephone number, and email;

68.19 (9) start date as the licensee's authorized delegate;

68.20 (10) end date acting as the licensee's authorized delegate, if applicable;

68.21 (11) court orders under section 53B.53; and

68.22 (12) any other information the commissioner reasonably requires with respect to the  
68.23 authorized delegate.

68.24 Sec. 22. **[53B.48] REPORTS OF CERTAIN EVENTS.**

68.25 (a) A licensee must file a report with the commissioner within ten business days after  
68.26 the licensee has reason to know any of the following events has occurred:

68.27 (1) a petition by or against the licensee under the United States Bankruptcy Code, United  
68.28 States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for  
68.29 bankruptcy or reorganization has been filed;

69.1 (2) a petition by or against the licensee for receivership, the commencement of any other  
69.2 judicial or administrative proceeding for the licensee's dissolution or reorganization, or the  
69.3 making of a general assignment for the benefit of the licensee's creditors has been filed; or

69.4 (3) a proceeding to revoke or suspend the licensee's license in a state or country in which  
69.5 the licensee engages in business or is licensed has been commenced.

69.6 (b) A licensee must file a report with the commissioner within ten business days after  
69.7 the licensee has reason to know any of the following events has occurred:

69.8 (1) the licensee or a key individual or person in control of the licensee is charged with  
69.9 or convicted of a felony related to money transmission activities; or

69.10 (2) an authorized delegate is charged with or convicted of a felony related to money  
69.11 transmission activities.

69.12 **Sec. 23. [53B.49] BANK SECRECY ACT REPORTS.**

69.13 A licensee and an authorized delegate must file all reports required by federal currency  
69.14 reporting, record keeping, and suspicious activity reporting requirements as set forth in the  
69.15 Bank Secrecy Act and other federal and state laws pertaining to money laundering. A licensee  
69.16 and authorized delegate that timely files with the appropriate federal agency a complete and  
69.17 accurate report required under this section is deemed to comply with the requirements of  
69.18 this section.

69.19 **Sec. 24. [53B.50] RECORDS.**

69.20 (a) A licensee must maintain the following records, for purposes of determining the  
69.21 licensee's compliance with this chapter, for at least three years:

69.22 (1) a record of each outstanding money transmission obligation sold;

69.23 (2) a general ledger posted at least monthly containing all asset, liability, capital, income,  
69.24 and expense accounts;

69.25 (3) bank statements and bank reconciliation records;

69.26 (4) records of outstanding money transmission obligations;

69.27 (5) records of each outstanding money transmission obligation paid within the three-year  
69.28 period;

69.29 (6) a list of the last known names and addresses of all of the licensee's authorized  
69.30 delegates; and

70.1 (7) any other records the commissioner reasonably requires by administrative rule.

70.2 (b) The items specified in paragraph (a) may be maintained in any form of record.

70.3 (c) The records specified in paragraph (a) may be maintained outside of Minnesota if  
70.4 the records are made accessible to the commissioner upon seven business-days' notice that  
70.5 is sent in a record.

70.6 (d) All records maintained by the licensee as required under paragraphs (a) to (c) are  
70.7 open to inspection by the commissioner under section 53B.33, paragraph (a).

70.8 **Sec. 25. [53B.51] RELATIONSHIP BETWEEN LICENSEE AND AUTHORIZED**  
70.9 **DELEGATE.**

70.10 (a) For purposes of this section, "remit" means to make direct payments of money to (1)  
70.11 a licensee, or (2) a licensee's representative authorized to receive money or to deposit money  
70.12 in a bank in an account specified by the licensee.

70.13 (b) Before a licensee is authorized to conduct business through an authorized delegate  
70.14 or allows a person to act as the licensee's authorized delegate, the licensee must:

70.15 (1) adopt, and update as necessary, written policies and procedures reasonably designed  
70.16 to ensure that the licensee's authorized delegates comply with applicable state and federal  
70.17 law;

70.18 (2) enter into a written contract that complies with paragraph (d); and

70.19 (3) conduct a reasonable risk-based background investigation sufficient for the licensee  
70.20 to determine whether the authorized delegate has complied and will likely comply with  
70.21 applicable state and federal law.

70.22 (c) An authorized delegate must operate in full compliance with this chapter.

70.23 (d) The written contract required by paragraph (b) must be signed by the licensee and  
70.24 the authorized delegate. The written contract must, at a minimum:

70.25 (1) appoint the person signing the contract as the licensee's authorized delegate with the  
70.26 authority to conduct money transmission on behalf of the licensee;

70.27 (2) set forth the nature and scope of the relationship between the licensee and the  
70.28 authorized delegate and the respective rights and responsibilities of the parties;

70.29 (3) require the authorized delegate to agree to fully comply with all applicable state and  
70.30 federal laws, rules, and regulations pertaining to money transmission, including this chapter

71.1 and regulations implementing this chapter, relevant provisions of the Bank Secrecy Act and  
71.2 the USA PATRIOT Act, Public Law 107-56;

71.3 (4) require the authorized delegate to remit and handle money and monetary value in  
71.4 accordance with the terms of the contract between the licensee and the authorized delegate;

71.5 (5) impose a trust on money and monetary value net of fees received for money  
71.6 transmission for the benefit of the licensee;

71.7 (6) require the authorized delegate to prepare and maintain records as required by this  
71.8 chapter or administrative rules implementing this chapter, or as reasonably requested by  
71.9 the commissioner;

71.10 (7) acknowledge that the authorized delegate consents to examination or investigation  
71.11 by the commissioner;

71.12 (8) state that the licensee is subject to regulation by the commissioner and that as part  
71.13 of that regulation the commissioner may (1) suspend or revoke an authorized delegate  
71.14 designation, or (2) require the licensee to terminate an authorized delegate designation; and

71.15 (9) acknowledge receipt of the written policies and procedures required under paragraph  
71.16 (b), clause (1).

71.17 (e) If the licensee's license is suspended, revoked, surrendered, or expired, within five  
71.18 business days the licensee must provide documentation to the commissioner that the licensee  
71.19 has notified all applicable authorized delegates of the licensee whose names are in a record  
71.20 filed with the commissioner of the suspension, revocation, surrender, or expiration of a  
71.21 license. Upon suspension, revocation, surrender, or expiration of a license, applicable  
71.22 authorized delegates must immediately cease to provide money transmission as an authorized  
71.23 delegate of the licensee.

71.24 (f) An authorized delegate of a licensee holds in trust for the benefit of the licensee all  
71.25 money net of fees received from money transmission. If an authorized delegate commingles  
71.26 any funds received from money transmission with other funds or property owned or  
71.27 controlled by the authorized delegate, all commingled funds and other property are considered  
71.28 held in trust in favor of the licensee in an amount equal to the amount of money net of fees  
71.29 received from money transmission.

71.30 (g) An authorized delegate is prohibited from using a subdelegate to conduct money  
71.31 transmission on behalf of a licensee.

72.1 Sec. 26. **[53B.52] UNAUTHORIZED ACTIVITIES.**

72.2 A person is prohibited from engaging in the business of money transmission on behalf  
72.3 of a person not licensed under this chapter or not exempt under sections 53B.29 and 53B.30.  
72.4 A person that engages in the business of money transmission on behalf of a person that is  
72.5 not licensed under this chapter or not exempt under sections 53B.29 and 53B.30 provides  
72.6 money transmission to the same extent as if the person were a licensee, and is jointly and  
72.7 severally liable with the unlicensed or nonexempt person.

72.8 Sec. 27. **[53B.53] PROHIBITED AUTHORIZED DELEGATES.**

72.9 (a) The district court in an action brought by a licensee has jurisdiction to grant  
72.10 appropriate equitable or legal relief, including without limitation prohibiting the authorized  
72.11 delegate from directly or indirectly acting as an authorized delegate for any licensee in  
72.12 Minnesota and the payment of restitution, damages, or other monetary relief, if the district  
72.13 court finds that an authorized delegate failed to remit money in accordance with the written  
72.14 contract required by section 53B.51, paragraph (b), or as otherwise directed by the licensee  
72.15 or required by law.

72.16 (b) If the district court issues an order prohibiting a person from acting as an authorized  
72.17 delegate for any licensee under paragraph (a), the licensee that brought the action must  
72.18 report the order to the commissioner within 30 days of the date of the order and must report  
72.19 the order through NMLS within 90 days of the date of the order.

72.20 Sec. 28. **[53B.54] TIMELY TRANSMISSION.**

72.21 (a) Every licensee must forward all money received for transmission in accordance with  
72.22 the terms of the agreement between the licensee and the sender, unless the licensee has a  
72.23 reasonable belief or a reasonable basis to believe that the sender may be a victim of fraud  
72.24 or that a crime or violation of law, rule, or regulation has occurred, is occurring, or may  
72.25 occur.

72.26 (b) If a licensee fails to forward money received for transmission as provided under this  
72.27 section, the licensee must respond to inquiries by the sender with the reason for the failure,  
72.28 unless providing a response would violate a state or federal law, rule, or regulation.

72.29 Sec. 29. **[53B.55] REFUNDS.**

72.30 (a) This section does not apply to:

73.1 (1) money received for transmission that is subject to the federal remittance rule under  
73.2 Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from  
73.3 time to time; or

73.4 (2) money received for transmission pursuant to a written agreement between the licensee  
73.5 and payee to process payments for goods or services provided by the payee.

73.6 (b) A licensee must refund to the sender within ten days of the date the licensee receives  
73.7 the sender's written request for a refund of any and all money received for transmission,  
73.8 unless:

73.9 (1) the money has been forwarded within ten days of the date on which the money was  
73.10 received for transmission;

73.11 (2) instructions have been given committing an equivalent amount of money to the  
73.12 person designated by the sender within ten days of the date on which the money was received  
73.13 for transmission;

73.14 (3) the agreement between the licensee and the sender instructs the licensee to forward  
73.15 the money at a time that is beyond ten days of the date on which the money was received  
73.16 for transmission. If money has not been forwarded in accordance with the terms of the  
73.17 agreement between the licensee and the sender, the licensee must issue a refund in accordance  
73.18 with the other provisions of this section; or

73.19 (4) the refund is requested for a transaction that the licensee has not completed based  
73.20 on a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule,  
73.21 or regulation has occurred, is occurring, or may occur.

73.22 (c) A refund request does not enable the licensee to identify:

73.23 (1) the sender's name and address or telephone number; or

73.24 (2) the particular transaction to be refunded in the event the sender has multiple  
73.25 transactions outstanding.

73.26 Sec. 30. [53B.56] RECEIPTS.

73.27 Subdivision 1. Definition. For purposes of this section, "receipt" means a paper receipt,  
73.28 electronic record, or other written confirmation.

73.29 Subd. 2. Exemption. This section does not apply to:

74.1 (1) money received for transmission that is subject to the federal remittance rule under  
74.2 Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from  
74.3 time to time;

74.4 (2) money received for transmission that is not primarily for personal, family, or  
74.5 household purposes;

74.6 (3) money received for transmission pursuant to a written agreement between the licensee  
74.7 and payee to process payments for goods or services provided by the payee; or

74.8 (4) payroll processing services.

74.9 Subd. 3. **Transaction types; receipts form.** For a transaction conducted in person, the  
74.10 receipt may be provided electronically if the sender requests or agrees to receive an electronic  
74.11 receipt. For a transaction conducted electronically or by telephone, a receipt may be provided  
74.12 electronically. All electronic receipts must be provided in a retainable form.

74.13 Subd. 4. **Receipts required.** (a) Every licensee or its authorized delegate shall provide  
74.14 the sender a receipt for money received for transmission.

74.15 (b) The receipt must contain, as applicable:

74.16 (1) the name of the sender;

74.17 (2) the name of the designated recipient;

74.18 (3) the date of the transaction;

74.19 (4) the unique transaction or identification number;

74.20 (5) the name of the licensee, NMLS Unique ID, the licensee's business address, and the  
74.21 licensee's customer service telephone number;

74.22 (6) the transaction amount, expressed in United States dollars;

74.23 (7) any fee the licensee charges the sender for the transaction; and

74.24 (8) any taxes the licensee collects from the sender for the transaction.

74.25 (c) The receipt required by this section must be in (1) English, and (2) the language  
74.26 principally used by the licensee or authorized delegate to advertise, solicit, or negotiate,  
74.27 either orally or in writing, for a transaction conducted in person, electronically, or by  
74.28 telephone, if the language principally used is a language other than English.

75.1 Sec. 31. **[53B.57] NOTICE.**

75.2 Every licensee or authorized delegate must include on a receipt or disclose on the  
75.3 licensee's website or mobile application the name and telephone number of the department  
75.4 and a statement that the licensee's customers can contact the department with questions or  
75.5 complaints about the licensee's money transmission services.

75.6 Sec. 32. **[53B.58] PAYROLL PROCESSING SERVICES; DISCLOSURES.**

75.7 (a) A licensee that provides payroll processing services must:

75.8 (1) issue reports to clients detailing client payroll obligations in advance of the payroll  
75.9 funds being deducted from an account; and

75.10 (2) make available worker pay stubs or an equivalent statement to workers.

75.11 (b) Paragraph (a) does not apply to a licensee providing payroll processing services if  
75.12 the licensee's client designates the intended recipients to the licensee and is responsible for  
75.13 providing the disclosures required by paragraph (a), clause (2).

75.14 Sec. 33. **[53B.59] NET WORTH.**

75.15 (a) A licensee under this chapter must maintain at all times a tangible net worth that is  
75.16 the greater of: (1) \$100,000; or (2) three percent of total assets for the first \$100,000,000;  
75.17 two percent of additional assets between \$100,000,000 to \$1,000,000,000; and one-half  
75.18 percent of additional assets over \$1,000,000,000.

75.19 (b) Tangible net worth must be demonstrated in the initial application by the applicant's  
75.20 most recent audited or unaudited financial statements under section 53B.38, paragraph (b),  
75.21 clause (6).

75.22 (c) Notwithstanding paragraphs (a) and (b), the commissioner has the authority, for good  
75.23 cause shown, to exempt any applicant or licensee in-part or in whole from the requirements  
75.24 of this section.

75.25 Sec. 34. **[53B.60] SURETY BOND.**

75.26 (a) An applicant for a money transmission license must provide, and a licensee must at  
75.27 all times maintain (1) security consisting of a surety bond in a form satisfactory to the  
75.28 commissioner, or (2) with the commissioner's approval, a deposit instead of a bond in  
75.29 accordance with this section.

75.30 (b) The amount of the required security under this section is:

76.1 (1) the greater of (i) \$100,000, or (ii) an amount equal to one hundred percent of the  
76.2 licensee's average daily money transmission liability in Minnesota, calculated for the most  
76.3 recently completed three-month period, up to a maximum of \$500,000; or

76.4 (2) in the event that the licensee's tangible net worth exceeds ten percent of total assets,  
76.5 the licensee must maintain a surety bond of \$100,000.

76.6 (c) A licensee that maintains a bond in the maximum amount provided for in paragraph  
76.7 (b), clause (1) or (2), as applicable, is not required to calculate the licensee's average daily  
76.8 money transmission liability in Minnesota for purposes of this section.

76.9 (d) A licensee may exceed the maximum required bond amount pursuant to section  
76.10 53B.62, paragraph (a), clause (5).

76.11 (e) The security device remains effective until cancellation, which may occur only after  
76.12 30 days' written notice to the commissioner. Cancellation does not affect the rights of any  
76.13 claimant for any liability incurred or accrued during the period for which the bond was in  
76.14 force.

76.15 (f) The security device must remain in place for no longer than five years after the  
76.16 licensee ceases money transmission operations in Minnesota. Notwithstanding this paragraph,  
76.17 the commissioner may permit the security device to be reduced or eliminated before that  
76.18 time to the extent that the amount of the licensee's payment instruments outstanding in  
76.19 Minnesota are reduced. The commissioner may also permit a licensee to substitute a letter  
76.20 of credit or other form of security device acceptable to the commissioner for the security  
76.21 device in place at the time the licensee ceases money transmission operations in Minnesota.

76.22 **Sec. 35. [53B.61] MAINTENANCE OF PERMISSIBLE INVESTMENTS.**

76.23 (a) A licensee must maintain at all times permissible investments that have a market  
76.24 value computed in accordance with United States generally accepted accounting principles  
76.25 of not less than the aggregate amount of all of the licensee's outstanding money transmission  
76.26 obligations.

76.27 (b) Except for permissible investments enumerated in section 53B.62, paragraph (a),  
76.28 the commissioner may by administrative rule or order, with respect to any licensee, limit  
76.29 the extent to which a specific investment maintained by a licensee within a class of  
76.30 permissible investments may be considered a permissible investment, if the specific  
76.31 investment represents undue risk to customers not reflected in the market value of  
76.32 investments.

77.1 (c) Permissible investments, even if commingled with other assets of the licensee, are  
77.2 held in trust for the benefit of the purchasers and holders of the licensee's outstanding money  
77.3 transmission obligations in the event of insolvency; the filing of a petition by or against the  
77.4 licensee under the United States Bankruptcy Code, United States Code, title 11, sections  
77.5 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization;  
77.6 the filing of a petition by or against the licensee for receivership; the commencement of any  
77.7 other judicial or administrative proceeding for the licensee's dissolution or reorganization;  
77.8 or in the event of an action by a creditor against the licensee who is not a beneficiary of this  
77.9 statutory trust. No permissible investments impressed with a trust pursuant to this paragraph  
77.10 are subject to attachment, levy of execution, or sequestration by order of any court, except  
77.11 for a beneficiary of the statutory trust.

77.12 (d) Upon the establishment of a statutory trust in accordance with paragraph (c), or when  
77.13 any funds are drawn on a letter of credit pursuant to section 53B.62, paragraph (a), clause  
77.14 (4), the commissioner must notify the applicable regulator of each state in which the licensee  
77.15 is licensed to engage in money transmission, if any, of the establishment of the trust or the  
77.16 funds drawn on the letter of credit, as applicable. Notice is deemed satisfied if performed  
77.17 pursuant to a multistate agreement or through NMLS. Funds drawn on a letter of credit, and  
77.18 any other permissible investments held in trust for the benefit of the purchasers and holders  
77.19 of the licensee's outstanding money transmission obligations, are deemed held in trust for  
77.20 the benefit of the purchasers and holders of the licensee's outstanding money transmission  
77.21 obligations on a pro rata and equitable basis in accordance with statutes pursuant to which  
77.22 permissible investments are required to be held in Minnesota and other states, as defined  
77.23 by a substantially similar statute in the other state. Any statutory trust established under this  
77.24 section terminates upon extinguishment of all of the licensee's outstanding money  
77.25 transmission obligations.

77.26 (e) The commissioner may by rule or by order allow other types of investments that the  
77.27 commissioner determines are of sufficient liquidity and quality to be a permissible  
77.28 investment. The commissioner is authorized to participate in efforts with other state regulators  
77.29 to determine that other types of investments are of sufficient liquidity and quality to be a  
77.30 permissible investment.

77.31 **Sec. 36. [53B.62] PERMISSIBLE INVESTMENTS.**

77.32 Subdivision 1. **Certain investments permissible.** The following investments are  
77.33 permissible under section 53B.61:

78.1 (1) cash, including demand deposits, savings deposits, and funds in accounts held for  
78.2 the benefit of the licensee's customers in a federally insured depository financial institution;  
78.3 and cash equivalents, including ACH items in transit to the licensee and ACH items or  
78.4 international wires in transit to a payee, cash in transit via armored car, cash in smart safes,  
78.5 cash in licensee-owned locations, debit card or credit card funded transmission receivables  
78.6 owed by any bank, or money market mutual funds rated AAA or the equivalent from any  
78.7 eligible rating service;

78.8 (2) certificates of deposit or senior debt obligations of an insured depository institution,  
78.9 as defined in section 3 of the Federal Deposit Insurance Act, United States Code, title 12,  
78.10 section 1813, as amended or recodified from time to time, or as defined under the federal  
78.11 Credit Union Act, United States Code, title 12, section 1781, as amended or recodified from  
78.12 time to time;

78.13 (3) an obligation of the United States or a commission, agency, or instrumentality thereof;  
78.14 an obligation that is guaranteed fully as to principal and interest by the United States; or an  
78.15 obligation of a state or a governmental subdivision, agency, or instrumentality thereof;

78.16 (4) the full drawable amount of an irrevocable standby letter of credit, for which the  
78.17 stated beneficiary is the commissioner, that stipulates that the beneficiary need only draw  
78.18 a sight draft under the letter of credit and present the sight draft to obtain funds up to the  
78.19 letter of credit amount within seven days of presentation of the items required by subdivision  
78.20 2, paragraph (c); and

78.21 (5) one hundred percent of the surety bond or deposit provided for under section 53B.60  
78.22 that exceeds the average daily money transmission liability in Minnesota.

78.23 Subd. 2. **Letter of credit; requirements.** (a) A letter of credit under subdivision 1,  
78.24 clause (4), must:

78.25 (1) be issued by a federally insured depository financial institution, a foreign bank that  
78.26 is authorized under federal law to maintain a federal agency or federal branch office in a  
78.27 state or states, or a foreign bank that is authorized under state law to maintain a branch in  
78.28 a state that: (i) bears an eligible rating or whose parent company bears an eligible rating;  
78.29 and (ii) is regulated, supervised, and examined by United States federal or state authorities  
78.30 having regulatory authority over banks, credit unions, and trust companies;

78.31 (2) be irrevocable, unconditional, and indicate that it is not subject to any condition or  
78.32 qualifications outside of the letter of credit;

79.1 (3) not contain reference to any other agreements, documents, or entities, or otherwise  
79.2 provide for any security interest in the licensee; and

79.3 (4) contain an issue date and expiration date, and expressly provide for automatic  
79.4 extension without a written amendment, for an additional period of one year from the present  
79.5 or each future expiration date, unless the issuer of the letter of credit notifies the  
79.6 commissioner in writing by certified or registered mail or courier mail or other receipted  
79.7 means, at least 60 days before any expiration date, that the irrevocable letter of credit will  
79.8 not be extended.

79.9 (b) In the event of any notice of expiration or nonextension of a letter of credit issued  
79.10 under paragraph (a), clause (4), the licensee must demonstrate to the satisfaction of the  
79.11 commissioner, 15 days before the letter or credit's expiration, that the licensee maintains  
79.12 and will maintain permissible investments in accordance with section 53B.61, paragraph  
79.13 (a), upon the expiration of the letter of credit. If the licensee is not able to do so, the  
79.14 commissioner may draw on the letter of credit in an amount up to the amount necessary to  
79.15 meet the licensee's requirements to maintain permissible investments in accordance with  
79.16 section 53B.61, paragraph (a). Any draw under this paragraph must be offset against the  
79.17 licensee's outstanding money transmission obligations. The drawn funds must be held in  
79.18 trust by the commissioner or the commissioner's designated agent, to the extent authorized  
79.19 by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding  
79.20 money transmission obligations.

79.21 (c) The letter of credit must provide that the issuer of the letter of credit must honor, at  
79.22 sight, a presentation made by the beneficiary to the issuer of the following documents on  
79.23 or before the expiration date of the letter of credit:

79.24 (1) the original letter of credit, including any amendments; and

79.25 (2) a written statement from the beneficiary stating that any of the following events have  
79.26 occurred:

79.27 (i) the filing of a petition by or against the licensee under the United States Bankruptcy  
79.28 Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time  
79.29 to time, for bankruptcy or reorganization;

79.30 (ii) the filing of a petition by or against the licensee for receivership, or the  
79.31 commencement of any other judicial or administrative proceeding for the licensee's  
79.32 dissolution or reorganization;

80.1 (iii) the seizure of assets of a licensee by a commissioner of any other state pursuant to  
80.2 an emergency order issued in accordance with applicable law, on the basis of an action,  
80.3 violation, or condition that has caused or is likely to cause the insolvency of the licensee;  
80.4 or

80.5 (iv) the beneficiary has received notice of expiration or nonextension of a letter of credit  
80.6 and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee  
80.7 will maintain permissible investments in accordance with section 53B.61, paragraph (a),  
80.8 upon the expiration or nonextension of the letter of credit.

80.9 (d) The commissioner may designate an agent to serve on the commissioner's behalf as  
80.10 beneficiary to a letter of credit, provided the agent and letter of credit meet requirements  
80.11 the commissioner establishes. The commissioner's agent may serve as agent for multiple  
80.12 licensing authorities for a single irrevocable letter of credit if the proceeds of the drawable  
80.13 amount for the purposes of subdivision 1, clause (4), and this subdivision are assigned to  
80.14 the commissioner.

80.15 (e) The commissioner is authorized to participate in multistate processes designed to  
80.16 facilitate the issuance and administration of letters of credit, including but not limited to  
80.17 services provided by the NMLS and State Regulatory Registry, LLC.

80.18 Subd. 3. **Other permissible investments.** Unless the commissioner by administrative  
80.19 rule or order otherwise permits an investment to exceed the limit set forth in this subdivision,  
80.20 the following investments are permissible under section 53B.61 to the extent specified:

80.21 (1) receivables that are payable to a licensee from its authorized delegates in the ordinary  
80.22 course of business that are less than seven days old, up to 50 percent of the aggregate value  
80.23 of the licensee's total permissible investments;

80.24 (2) of the receivables permissible under clause (1), receivables that are payable to a  
80.25 licensee from a single authorized delegate in the ordinary course of business may not exceed  
80.26 ten percent of the aggregate value of the licensee's total permissible investments;

80.27 (3) the following investments are permissible up to 20 percent per category and combined  
80.28 up to 50 percent of the aggregate value of the licensee's total permissible investments:

80.29 (i) a short-term investment of up to six months bearing an eligible rating;

80.30 (ii) commercial paper bearing an eligible rating;

80.31 (iii) a bill, note, bond, or debenture bearing an eligible rating;

81.1 (iv) United States tri-party repurchase agreements collateralized at 100 percent or more  
81.2 with United States government or agency securities, municipal bonds, or other securities  
81.3 bearing an eligible rating;

81.4 (v) money market mutual funds rated less than "AAA" and equal to or higher than "A-"  
81.5 by S&P, or the equivalent from any other eligible rating service; and

81.6 (vi) a mutual fund or other investment fund composed solely and exclusively of one or  
81.7 more permissible investments listed in subdivision 1, clauses (1) to (3); and

81.8 (4) cash, including demand deposits, savings deposits, and funds in accounts held for  
81.9 the benefit of the licensee's customers, at foreign depository institutions are permissible up  
81.10 to ten percent of the aggregate value of the licensee's total permissible investments, if the  
81.11 licensee has received a satisfactory rating in the licensee's most recent examination and the  
81.12 foreign depository institution:

81.13 (i) has an eligible rating;

81.14 (ii) is registered under the Foreign Account Tax Compliance Act, Public Law 111-147;

81.15 (iii) is not located in any country subject to sanctions from the Office of Foreign Asset  
81.16 Control; and

81.17 (iv) is not located in a high-risk or noncooperative jurisdiction, as designated by the  
81.18 Financial Action Task Force.

81.19 **Sec. 37. [53B.63] SUSPENSION; REVOCATION.**

81.20 (a) The commissioner may suspend or revoke a license or order a licensee to revoke the  
81.21 designation of an authorized delegate if:

81.22 (1) the licensee violates this chapter, or an administrative rule adopted or an order issued  
81.23 under this chapter;

81.24 (2) the licensee does not cooperate with an examination or investigation conducted by  
81.25 the commissioner;

81.26 (3) the licensee engages in fraud, intentional misrepresentation, or gross negligence;

81.27 (4) an authorized delegate is convicted of a violation of a state or federal statute  
81.28 prohibiting money laundering, or violates an administrative rule adopted or an order issued  
81.29 under this chapter, as a result of the licensee's willful misconduct or willful blindness;

81.30 (5) the competence, experience, character, or general fitness of the licensee, authorized  
81.31 delegate, person in control of a licensee, key individual, or responsible person of the

82.1 authorized delegate indicates that it is not in the public interest to permit the person to  
82.2 provide money transmission;

82.3 (6) the licensee engages in an unsafe or unsound practice;

82.4 (7) the licensee is insolvent, suspends payment of the licensee's obligations, or makes a  
82.5 general assignment for the benefit of the licensee's creditors; or

82.6 (8) the licensee does not remove an authorized delegate after the commissioner issues  
82.7 and serves upon the licensee a final order that includes a finding that the authorized delegate  
82.8 has violated this chapter.

82.9 (b) When determining whether a licensee is engaging in an unsafe or unsound practice,  
82.10 the commissioner may consider the size and condition of the licensee's money transmission,  
82.11 the magnitude of the loss, the gravity of the violation of this chapter, and the previous  
82.12 conduct of the person involved.

82.13 **Sec. 38. [53B.64] AUTHORIZED DELEGATES; SUSPENSION AND**  
82.14 **REVOCAATION.**

82.15 (a) The commissioner may issue an order suspending or revoking the designation of an  
82.16 authorized delegate if the commissioner finds:

82.17 (1) the authorized delegate violated this chapter, or an administrative rule adopted or an  
82.18 order issued under this chapter;

82.19 (2) the authorized delegate did not cooperate with an examination or investigation  
82.20 conducted by the commissioner;

82.21 (3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross  
82.22 negligence;

82.23 (4) the authorized delegate is convicted of a violation of a state or federal anti-money  
82.24 laundering statute;

82.25 (5) the competence, experience, character, or general fitness of the authorized delegate  
82.26 or a person in control of the authorized delegate indicates that it is not in the public interest  
82.27 to permit the authorized delegate to provide money transmission; or

82.28 (6) the authorized delegate is engaging in an unsafe or unsound practice.

82.29 (b) When determining whether an authorized delegate is engaging in an unsafe or unsound  
82.30 practice, the commissioner may consider the size and condition of the authorized delegate's  
82.31 provision of money transmission, the magnitude of the loss, the gravity of the violation of

83.1 this chapter, or an administrative rule adopted or order issued under this chapter, and the  
83.2 previous conduct of the authorized delegate.

83.3 (c) An authorized delegate may apply for relief from a suspension or revocation of  
83.4 designation as an authorized delegate in the same manner as a licensee.

83.5 Sec. 39. **[53B.65] ENFORCEMENT.**

83.6 Section 45.027 applies to this chapter.

83.7 Sec. 40. **[53B.66] CRIMINAL PENALTIES.**

83.8 (a) A person who intentionally makes a false statement, misrepresentation, or false  
83.9 certification in a record filed or required to be maintained under this chapter or that  
83.10 intentionally makes a false entry or omits a material entry in a record filed or required to  
83.11 be maintained under this chapter is guilty of a felony.

83.12 (b) A person who knowingly engages in an activity for which a license is required under  
83.13 this chapter without being licensed under this chapter, and who receives more than \$1,000  
83.14 in compensation within a 30-day period from the activity, is guilty of a felony.

83.15 (c) A person who knowingly engages in an activity for which a license is required under  
83.16 this chapter without being licensed under this chapter, and who receives more than \$500  
83.17 but less than \$1,000 in compensation within a 30-day period from the activity, is guilty of  
83.18 a gross misdemeanor.

83.19 (d) A person who knowingly engages in an activity for which a license is required under  
83.20 this chapter without being licensed under this chapter, and who receives no more than \$500  
83.21 in compensation within a 30-day period from the activity, is guilty of a misdemeanor.

83.22 Sec. 41. **[53B.67] SEVERABILITY.**

83.23 If any provision of this chapter or the chapter's application to any person or circumstance  
83.24 is held invalid, the invalidity does not affect other provisions or applications of this chapter  
83.25 that can be given effect without the invalid provision or application.

83.26 Sec. 42. **[53B.68] TRANSITION PERIOD.**

83.27 (a) A person licensed in Minnesota to engage in the business of money transmission is  
83.28 not subject to the provisions of this chapter to the extent that this chapter's provisions conflict  
83.29 with current law or establish new requirements not imposed under current law until the

84.1 licensee renews the licensee's current license or for five months after the effective date of  
84.2 this chapter, whichever is later.

84.3 (b) Notwithstanding paragraph (a), a licensee is only required to amend the licensee's  
84.4 authorized delegate contracts for contracts entered into or amended after the effective date  
84.5 or the completion of any transition period contemplated under paragraph (a). Nothing in  
84.6 this section limits an authorized delegate's obligations to operate in full compliance with  
84.7 this chapter, as required under section 53B.51, paragraph (c).

84.8 Sec. 43. **[53B.69] DEFINITIONS.**

84.9 Subdivision 1. **Terms.** For purposes of sections 53B.70 to 53B.74, the following terms  
84.10 have the meaning given them.

84.11 Subd. 2. **Control of virtual currency.** "Control of virtual currency," when used in  
84.12 reference to a transaction or relationship involving virtual currency, means the power to  
84.13 execute unilaterally or prevent indefinitely a virtual currency transaction.

84.14 Subd. 3. **Exchange.** "Exchange," used as a verb, means to assume control of virtual  
84.15 currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:

84.16 (1) virtual currency for money, bank credit, or one or more forms of virtual currency;  
84.17 or

84.18 (2) money or bank credit for one or more forms of virtual currency.

84.19 Subd. 4. **Transfer.** "Transfer" means to assume control of virtual currency from or on  
84.20 behalf of a person and to:

84.21 (1) credit the virtual currency to the account of another person;

84.22 (2) move the virtual currency from one account of a person to another account of the  
84.23 same person; or

84.24 (3) relinquish control of virtual currency to another person.

84.25 Subd. 5. **United States dollar equivalent of virtual currency.** "United States dollar  
84.26 equivalent of virtual currency" means the equivalent value of a particular virtual currency  
84.27 in United States dollars shown on a virtual-currency exchange based in the United States  
84.28 for a particular date or period specified in this chapter.

84.29 Subd. 6. **Virtual currency.** (a) "Virtual currency" means a digital representation of value  
84.30 that:

84.31 (1) is used as a medium of exchange, unit of account, or store of value; and

85.1 (2) is not money, whether or not denominated in money.

85.2 (b) Virtual currency does not include:

85.3 (1) a transaction in which a merchant grants, as part of an affinity or rewards program,  
85.4 value that cannot be taken from or exchanged with the merchant for money, bank credit, or  
85.5 virtual currency; or

85.6 (2) a digital representation of value issued by or on behalf of a publisher and used solely  
85.7 within an online game, game platform, or family of games sold by the same publisher or  
85.8 offered on the same game platform.

85.9 Subd. 7. **Virtual-currency administration.** "Virtual-currency administration" means  
85.10 issuing virtual currency with the authority to redeem the currency for money, bank credit,  
85.11 or other virtual currency.

85.12 Subd. 8. **Virtual-currency business activity.** "Virtual-currency business activity" means:

85.13 (1) exchanging, transferring, or storing virtual currency or engaging in virtual-currency  
85.14 administration, whether directly or through an agreement with a virtual-currency  
85.15 control-services vendor;

85.16 (2) holding electronic precious metals or electronic certificates representing interests in  
85.17 precious metals on behalf of another person or issuing shares or electronic certificates  
85.18 representing interests in precious metals; or

85.19 (3) exchanging one or more digital representations of value used within one or more  
85.20 online games, game platforms, or family of games for:

85.21 (i) virtual currency offered by or on behalf of the same publisher from which the original  
85.22 digital representation of value was received; or

85.23 (ii) money or bank credit outside the online game, game platform, or family of games  
85.24 offered by or on behalf of the same publisher from which the original digital representation  
85.25 of value was received.

85.26 Subd. 9. **Virtual-currency control-services vendor.** "Virtual-currency control-services  
85.27 vendor" means a person that has control of virtual currency solely under an agreement with  
85.28 a person that, on behalf of another person, assumes control of virtual currency.

85.29 Sec. 44. **[53B.70] SCOPE.**

85.30 (a) Sections 53B.71 to 53B.74 do not apply to the exchange, transfer, or storage of virtual  
85.31 currency or to virtual-currency administration to the extent the Electronic Fund Transfer

86.1 Act of 1978, United States Code, title 15, sections 1693 to 1693r, as amended or recodified  
86.2 from time to time; the Securities Exchange Act of 1934, United States Code, title 15, sections  
86.3 78a to 78oo, as amended or recodified from time to time; the Commodities Exchange Act  
86.4 of 1936, United States Code, title 7, sections 1 to 27f, as amended or recodified from time  
86.5 to time; or chapter 80A govern the activity.

86.6 (b) Sections 53B.71 to 53B.74 do not apply to activity by:

86.7 (1) a person that:

86.8 (i) contributes only connectivity software or computing power to a decentralized virtual  
86.9 currency, or to a protocol governing transfer of the digital representation of value;

86.10 (ii) provides only data storage or security services for a business engaged in  
86.11 virtual-currency business activity and does not otherwise engage in virtual-currency business  
86.12 activity on behalf of another person; or

86.13 (iii) provides only to a person otherwise exempt from this chapter virtual currency as  
86.14 one or more enterprise solutions used solely among each other and has no agreement or  
86.15 relationship with a person that is an end-user of virtual currency;

86.16 (2) a person using virtual currency, including creating, investing, buying or selling, or  
86.17 obtaining virtual currency as payment for the purchase or sale of goods or services, solely:

86.18 (i) on the person's own behalf;

86.19 (ii) for personal, family, or household purposes; or

86.20 (iii) for academic purposes;

86.21 (3) a person whose virtual-currency business activity with or on behalf of persons is  
86.22 reasonably expected to be valued, in the aggregate, on an annual basis at \$5,000 or less,  
86.23 measured by the United States dollar equivalent of virtual currency;

86.24 (4) an attorney to the extent of providing escrow services to a person;

86.25 (5) a title insurance company to the extent of providing escrow services to a person; or

86.26 (6) a securities intermediary, as defined under section 336.8-102(14), or a commodity  
86.27 intermediary, as defined under section 336.9-102(17), that:

86.28 (i) does not engage in the ordinary course of business in virtual-currency business activity  
86.29 with or on behalf of a person in addition to maintaining securities accounts or commodities  
86.30 accounts and is regulated as a securities intermediary or commodity intermediary under  
86.31 federal law, law of Minnesota other than this chapter, or law of another state; and

87.1 (ii) affords a person protections comparable to those set forth under section 53B.37.

87.2 (c) Sections 53B.71 to 53B.74 do not apply to a secured creditor, as defined under  
87.3 sections 336.9-101 to 336.9-809 or to a creditor with a judicial lien or lien arising by  
87.4 operation of law on collateral that is virtual currency, if the virtual-currency business activity  
87.5 of the creditor is limited to enforcement of the security interest in compliance with sections  
87.6 336.9-101 to 336.9-809 or lien in compliance with the law applicable to the lien.

87.7 (d) Sections 53B.71 to 53B.74 do not apply to a virtual-currency control-services vendor.

87.8 (e) Sections 53B.71 to 53B.74 do not apply to a person that:

87.9 (1) does not receive compensation from a person to:

87.10 (i) provide virtual-currency products or services; or

87.11 (ii) conduct virtual-currency business activity; or

87.12 (2) is engaged in testing products or services with the person's own money.

87.13 (f) The commissioner may determine that a person or class of persons, given facts  
87.14 particular to the person or class, should be exempt from this chapter, whether the person or  
87.15 class is covered by requirements imposed under federal law on a money-service business.

87.16 **Sec. 45. [53B.71] VIRTUAL CURRENCY BUSINESS ACTIVITY; CONDITIONS**  
87.17 **PRECEDENT.**

87.18 (a) A person may not engage in virtual-currency business activity, or hold itself out as  
87.19 being able to engage in virtual-currency business activity, with or on behalf of another  
87.20 person unless the person is:

87.21 (1) licensed in Minnesota by the commissioner under section 53B.40; or

87.22 (2) exempt from licensing under section 53B.29.

87.23 (b) A person that is licensed to engage in virtual-currency business activity is engaged  
87.24 in the business of money transmission and is subject to the requirements of this chapter.

87.25 **Sec. 46. [53B.72] REQUIRED DISCLOSURES.**

87.26 (a) A licensee that engages in virtual currency business activity must provide to a person  
87.27 who uses the licensee's products or services the disclosures required by paragraph (b) and  
87.28 any additional disclosure the commissioner by administrative rule determines reasonably  
87.29 necessary to protect persons. The commissioner must determine by administrative rule the  
87.30 time and form required for disclosure. A disclosure required by this section must be made

88.1 separately from any other information provided by the licensee and in a clear and conspicuous  
88.2 manner in a record the person may keep. A licensee may propose for the commissioner's  
88.3 approval alternate disclosures as more appropriate for the licensee's virtual-currency business  
88.4 activity with or on behalf of persons.

88.5 (b) Before establishing a relationship with a person, a licensee must disclose, to the  
88.6 extent applicable to the virtual-currency business activity the licensee undertakes with the  
88.7 person:

88.8 (1) a schedule of fees and charges the licensee may assess, the manner by which fees  
88.9 and charges are calculated if the fees and charges are not set in advance and disclosed, and  
88.10 the timing of the fees and charges;

88.11 (2) whether the product or service provided by the licensee is covered by:

88.12 (i) a form of insurance or is otherwise guaranteed against loss by an agency of the United  
88.13 States:

88.14 (A) up to the full United States dollar equivalent of virtual currency purchased from the  
88.15 licensee or for control of virtual currency by the licensee as of the date of the placement or  
88.16 purchase, including the maximum amount provided by insurance under the Federal Deposit  
88.17 Insurance Corporation or otherwise available from the Securities Investor Protection  
88.18 Corporation; or

88.19 (B) if not provided at the full United States dollar equivalent of virtual currency purchased  
88.20 from the licensee or for control of virtual currency by the licensee, the maximum amount  
88.21 of coverage for each person expressed in the United States dollar equivalent of the virtual  
88.22 currency; or

88.23 (ii) private insurance against theft or loss, including cyber theft or theft by other means;

88.24 (3) the irrevocability of a transfer or exchange and any exception to irrevocability;

88.25 (4) a description of:

88.26 (i) liability for an unauthorized, mistaken, or accidental transfer or exchange;

88.27 (ii) the person's responsibility to provide notice to the licensee of the transfer or exchange;

88.28 (iii) the basis for any recovery by the person from the licensee;

88.29 (iv) general error-resolution rights applicable to the transfer or exchange; and

88.30 (v) the method for the person to update the person's contact information with the licensee;

89.1 (5) that the date or time when the transfer or exchange is made and the person's account  
89.2 is debited may differ from the date or time when the person initiates the instruction to make  
89.3 the transfer or exchange;

89.4 (6) whether the person has a right to stop a preauthorized payment or revoke authorization  
89.5 for a transfer, and the procedure to initiate a stop-payment order or revoke authorization  
89.6 for a subsequent transfer;

89.7 (7) the person's right to receive a receipt, trade ticket, or other evidence of the transfer  
89.8 or exchange;

89.9 (8) the person's right to at least 30 days' prior notice of a change in the licensee's fee  
89.10 schedule, other terms and conditions of operating the licensee's virtual-currency business  
89.11 activity with the person, and the policies applicable to the person's account; and

89.12 (9) that virtual currency is not money.

89.13 (c) Except as otherwise provided in paragraph (d), at the conclusion of a virtual-currency  
89.14 transaction with or on behalf of a person, a licensee must provide the person a confirmation  
89.15 in a record. The record must contain:

89.16 (1) the name and contact information of the licensee, including information the person  
89.17 may need to ask a question or file a complaint;

89.18 (2) the type, value, date, precise time, and amount of the transaction; and

89.19 (3) the fee charged for the transaction, including any charge for conversion of virtual  
89.20 currency to money, bank credit, or other virtual currency.

89.21 (d) If a licensee discloses that it provides a daily confirmation in the initial disclosure  
89.22 under paragraph (c), the licensee may elect to provide a single, daily confirmation for all  
89.23 transactions with or on behalf of a person on that day instead of a per-transaction  
89.24 confirmation.

89.25 Sec. 47. **[53B.73] PROPERTY INTERESTS AND ENTITLEMENTS TO VIRTUAL**  
89.26 **CURRENCY.**

89.27 (a) A licensee that has control of virtual currency for one or more persons must maintain  
89.28 control of virtual currency in each type of virtual currency sufficient to satisfy the aggregate  
89.29 entitlements of the persons to the type of virtual currency.

89.30 (b) If a licensee violates paragraph (a), the property interests of the persons in the virtual  
89.31 currency are pro rata property interests in the type of virtual currency to which the persons

90.1 are entitled, without regard to the time the persons became entitled to the virtual currency  
90.2 or the licensee obtained control of the virtual currency.

90.3 (c) The virtual currency referred to in this section is:

90.4 (1) held for the persons entitled to the virtual currency;

90.5 (2) not property of the licensee;

90.6 (3) not subject to the claims of creditors of the licensee; and

90.7 (4) a permissible investment under this chapter.

90.8 **Sec. 48. [53B.74] VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL**  
90.9 **REQUIREMENTS.**

90.10 (a) A licensee engaged in virtual currency business activities may include virtual currency  
90.11 in the licensee's calculation of tangible net worth, by measuring the average value of the  
90.12 virtual currency in United States dollar equivalent over the prior six months, excluding  
90.13 control of virtual currency for a person entitled to the protections under section 53B.73.

90.14 (b) A licensee must maintain, for all virtual-currency business activity with or on behalf  
90.15 of a person five years after the date of the activity, a record of:

90.16 (1) each of the licensee's transactions with or on behalf of the person, or for the licensee's  
90.17 account in Minnesota, including:

90.18 (i) the identity of the person;

90.19 (ii) the form of the transaction;

90.20 (iii) the amount, date, and payment instructions given by the person; and

90.21 (iv) the account number, name, and United States Postal Service address of the person,  
90.22 and, to the extent feasible, other parties to the transaction;

90.23 (2) the aggregate number of transactions and aggregate value of transactions by the  
90.24 licensee with or on behalf of the person and for the licensee's account in this state, expressed  
90.25 in the United States dollar equivalent of the virtual currency for the previous 12 calendar  
90.26 months;

90.27 (3) each transaction in which the licensee exchanges one form of virtual currency for  
90.28 money or another form of virtual currency with or on behalf of the person;

90.29 (4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities,  
90.30 capital, income, and expenses;

91.1 (5) each business-call report the licensee is required to create or provide to the department  
91.2 or NMLS;

91.3 (6) bank statements and bank reconciliation records for the licensee and the name,  
91.4 account number, and United States Postal Service address of each bank the licensee uses  
91.5 to conduct virtual-currency business activity with or on behalf of the person;

91.6 (7) a report of any dispute with the person; and

91.7 (8) a report of any virtual-currency business activity transaction with or on behalf of a  
91.8 person which the licensee was unable to complete.

91.9 (c) A licensee must maintain records required by paragraph (b) in a form that enables  
91.10 the commissioner to determine whether the licensee is in compliance with this chapter, any  
91.11 court order, and law of Minnesota other than this chapter.

91.12 **Sec. 49. [58B.011] STUDENT LOAN ADVOCATE.**

91.13 Subdivision 1. **Designation of a student loan advocate.** The commissioner of commerce  
91.14 must designate a student loan advocate within the Department of Commerce to provide  
91.15 timely assistance to borrowers and to effectuate this chapter.

91.16 Subd. 2. **Duties.** The student loan advocate has the following duties:

91.17 (1) receive, review, and attempt to resolve complaints from borrowers, including but  
91.18 not limited to attempts to resolve borrower complaints in collaboration with institutions of  
91.19 higher education, student loan servicers, and any other participants in student loan lending;

91.20 (2) compile and analyze data on borrower complaints received under clause (1);

91.21 (3) help borrowers understand the rights and responsibilities under the terms of student  
91.22 loans;

91.23 (4) provide information to the public, state agencies, legislators, and relevant stakeholders  
91.24 regarding the problems and concerns of borrowers;

91.25 (5) make recommendations to resolve the problems of borrowers;

91.26 (6) analyze and monitor the development and implementation of federal, state, and local  
91.27 laws, regulations, and policies relating to borrowers, and recommend any changes deemed  
91.28 necessary;

91.29 (7) review the complete student loan history for any borrower who has provided written  
91.30 consent to conduct the review;

92.1 (8) increase public awareness that the advocate is available to assist in resolving the  
 92.2 student loan servicing concerns of potential and actual borrowers, institutions of higher  
 92.3 education, student loan servicers, and any other participant in student loan lending; and

92.4 (9) take other actions as necessary to fulfill the duties of the advocate, as provided under  
 92.5 this section.

92.6 Subd. 3. **Student loan education course.** The advocate must establish and maintain a  
 92.7 borrower education course. The course must include educational presentations and materials  
 92.8 regarding important topics in student loans, including but not limited to:

92.9 (1) the meaning of important terminology used in student lending;

92.10 (2) documentation requirements;

92.11 (3) monthly payment obligations;

92.12 (4) income-based repayment options;

92.13 (5) the availability of state and federal loan forgiveness programs; and

92.14 (6) disclosure requirements.

92.15 Subd. 4. **Reporting.** By January 15 of each odd-numbered year, the advocate must report  
 92.16 to the legislative committees with jurisdiction over commerce and higher education. The  
 92.17 report must describe the advocate's implementation of this section, the outcomes achieved  
 92.18 by the advocate during the previous two years, and recommendations to improve the  
 92.19 regulation of student loan servicers.

92.20 Sec. 50. **REPEALER.**

92.21 Minnesota Statutes 2022, sections 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06;  
 92.22 53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16;  
 92.23 53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; and  
 92.24 53B.27, subdivisions 1, 2, 5, 6, and 7, are repealed.

## 92.25 **ARTICLE 4**

### 92.26 **WEIGHTS AND MEASURES**

92.27 **Section 1.** Minnesota Statutes 2022, section 239.791, subdivision 8, is amended to read:

92.28 **Subd. 8. Disclosure; reporting.** (a) A refinery or terminal, shall provide, at the time  
 92.29 gasoline is sold or transferred from the refinery or terminal, a bill of lading or shipping  
 92.30 manifest to the person who receives the gasoline. For oxygenated gasoline, the bill of lading

93.1 or shipping manifest must include the identity and the volume percentage or gallons of  
93.2 oxygenate included in the gasoline, and it must state: "This fuel contains an oxygenate. Do  
93.3 not blend this fuel with ethanol or with any other oxygenate." For nonoxygenated gasoline  
93.4 ~~sold or transferred after September 30, 1997~~, the bill or manifest must state: "This fuel is  
93.5 not oxygenated. It must not be sold at retail in Minnesota." This subdivision does not apply  
93.6 to sales or transfers of gasoline between refineries, between terminals, or between a refinery  
93.7 and a terminal.

93.8 (b) A delivery ticket required under section 239.092 for biofuel blended with gasoline  
93.9 must state the volume percentage of biofuel blended into gasoline delivered through a meter  
93.10 into a storage tank used for dispensing by persons not exempt under subdivisions 10 to 14  
93.11 and 16.

93.12 (c) On or before the 23rd day of each month, a person responsible for the product must  
93.13 report to the department, in the form prescribed by the commissioner, the gross number of  
93.14 gallons of intermediate blends sold at retail by the person during the preceding calendar  
93.15 month. The report must identify the number of gallons by blend type. For purposes of this  
93.16 subdivision, "intermediate blends" means blends of gasoline and biofuel in which the biofuel  
93.17 content, exclusive of denaturants and other permitted components, is greater than ten percent  
93.18 and no more than 50 percent by volume. This paragraph only applies to a person who is  
93.19 responsible for selling intermediate blends at retail at more than ten locations. A person  
93.20 responsible for the product at fewer than ten locations is not precluded from reporting the  
93.21 gross number of intermediate blends if a report is available.

93.22 (d) All reports provided pursuant to paragraph (c) are nonpublic data as defined in section  
93.23 13.02, subdivision 9.

93.24 **EFFECTIVE DATE.** This section is effective July 1, 2023.

## 93.25 ARTICLE 5

### 93.26 CONSUMER PROTECTION

93.27 Section 1. **[13.6505] ATTORNEY GENERAL DATA CODED ELSEWHERE.**

93.28 Subdivision 1. **Scope.** The sections referred to in this section are codified outside this  
93.29 chapter. Those sections classify attorney general data as other than public, place restrictions  
93.30 on access to government data, or involve data sharing.

93.31 Subd. 2. **Data protection impact assessments.** A data protection impact assessment  
93.32 collected or maintained by the attorney general under section 325O.04, is classified under  
93.33 section 325O.04, subdivision 4.

94.1 Sec. 2. [325O.01] CITATION; CONSTRUCTION.

94.2 Subdivision 1. Citation. This chapter may be cited as the "Minnesota Age-Appropriate  
94.3 Design Code Act."

94.4 Subd. 2. Construction. (a) A business that develops and provides online services,  
94.5 products, or features that children are likely to access must consider the best interests of  
94.6 children when designing, developing, and providing that online service, product, or feature.

94.7 (b) If a conflict arises between commercial interests of a business and the best interests  
94.8 of children likely to access an online product, service, or feature, the business must prioritize  
94.9 the privacy, safety, and well-being of children over its commercial interests.

94.10 Sec. 3. [325O.02] DEFINITIONS.

94.11 (a) For purposes of this chapter, the following terms have the meanings given.

94.12 (b) "Affiliate" means a legal entity that controls, is controlled by, or is under common  
94.13 control with, that other legal entity. For these purposes, "control" or "controlled" means:  
94.14 ownership of, or the power to vote, more than 50 percent of the outstanding shares of any  
94.15 class of voting security of a company; control in any manner over the election of a majority  
94.16 of the directors or of individuals exercising similar functions; or the power to exercise a  
94.17 controlling influence over the management of a company.

94.18 (c) "Business" means:

94.19 (1) a sole proprietorship, partnership, limited liability company, corporation, association,  
94.20 or other legal entity that is organized or operated for the profit or financial benefit of its  
94.21 shareholders or other owners; and

94.22 (2) an affiliate of a business that shares common branding with the business. For purposes  
94.23 of this clause, "common branding" means a shared name, servicemark, or trademark that  
94.24 the average consumer would understand that two or more entities are commonly owned.

94.25 For purposes of this chapter, for a joint venture or partnership composed of businesses in  
94.26 which each business has at least a 40 percent interest, the joint venture or partnership and  
94.27 each business that composes the joint venture or partnership shall separately be considered  
94.28 a single business, except that personal data in the possession of each business and disclosed  
94.29 to the joint venture or partnership must not be shared with the other business.

94.30 (d) "Child" means a consumer who is under 18 years of age.

95.1 (e) "Collect" means buying, renting, gathering, obtaining, receiving, or accessing any  
95.2 personal data pertaining to a consumer by any means. This includes receiving data from the  
95.3 consumer, either actively or passively, or by observing the consumer's behavior.

95.4 (f) "Consumer" means a natural person who is a Minnesota resident, however identified,  
95.5 including by any unique identifier.

95.6 (g) "Dark pattern" means a user interface designed or manipulated with the substantial  
95.7 effect of subverting or impairing user autonomy, decision making, or choice.

95.8 (h) "Data protection impact assessment" means a systematic survey to assess and mitigate  
95.9 risks to children who are reasonably likely to access the online service, product, or feature  
95.10 that arise from the data management practices of the business.

95.11 (i) "Default" means a preselected option adopted by the business for the online service,  
95.12 product, or feature.

95.13 (j) "Deidentified" means data that cannot reasonably be used to infer information about,  
95.14 or otherwise be linked to, an identified or identifiable natural person, or a device linked to  
95.15 such person, provided that the business that possesses the data:

95.16 (1) takes reasonable measures to ensure that the data cannot be associated with a natural  
95.17 person;

95.18 (2) publicly commits to maintain and use the data only in a deidentified fashion and not  
95.19 attempt to reidentify the data; and

95.20 (3) contractually obligates any recipients of the data to comply with all provisions of  
95.21 this paragraph.

95.22 (k) "Likely to be accessed by children" means an online service, product, or feature that  
95.23 it is reasonable to expect would be accessed by children based on any of the following  
95.24 indicators:

95.25 (1) the online service, product, or feature is directed to children, as defined by the  
95.26 Children's Online Privacy Protection Act, United States Code, title 15, section 6501 et seq.;

95.27 (2) the online service, product, or feature is determined, based on competent and reliable  
95.28 evidence regarding audience composition, to be routinely accessed by a significant number  
95.29 of children;

95.30 (3) the online service, product, or feature contains advertisements marketed to children;

95.31 (4) the online service, product, or feature is substantially similar or the same as an online  
95.32 service, product, or feature subject to clause (2);

96.1 (5) the online service, product, or feature has design elements that are known to be of  
96.2 interest to children, including but not limited to games, cartoons, music, and celebrities who  
96.3 appeal to children; or

96.4 (6) a significant amount of the audience of the online service, product, or feature is  
96.5 determined, based on internal company research, to be children.

96.6 (l) "Online service, product, or feature" does not mean any of the following:

96.7 (1) telecommunications service, as defined in United States Code, title 47, section 153;

96.8 (2) a broadband service as defined by section 116J.39, subdivision 1; or

96.9 (3) the delivery or use of a physical product.

96.10 (m) "Personal data" means any information that is linked or reasonably linkable to an  
96.11 identified or identifiable natural person. Personal data does not include deidentified data or  
96.12 publicly available information. For purposes of this paragraph, "publicly available  
96.13 information" means information that (1) is lawfully made available from federal, state, or  
96.14 local government records or widely distributed media, and (2) a controller has a reasonable  
96.15 basis to believe a consumer has lawfully made available to the general public.

96.16 (n) "Precise geolocation" means any data that is derived from a device and that is used  
96.17 or intended to be used to locate a consumer within a geographic area that is equal to or less  
96.18 than the area of a circle with a radius of 1,850 feet, except as prescribed by regulations.

96.19 (o) "Process" or "processing" means any operation or set of operations that are performed  
96.20 on personal data or on sets of personal data, whether or not by automated means, such as  
96.21 the collection, use, storage, disclosure, analysis, deletion, or modification of personal data.

96.22 (p) "Profiling" means any form of automated processing of personal data to evaluate,  
96.23 analyze, or predict personal aspects concerning an identified or identifiable natural person's  
96.24 economic situation, health, personal preferences, interests, reliability, behavior, location,  
96.25 or movements.

96.26 (q) "Sale," "sell," or "sold" means the exchange of personal data for monetary or other  
96.27 valuable consideration by a business to a third party. Sale does not include the following:

96.28 (1) the disclosure of personal data to a third party who processes the personal data on  
96.29 behalf of the business;

96.30 (2) the disclosure of personal data to a third party with whom the consumer has a direct  
96.31 relationship for purposes of providing a product or service requested by the consumer;

96.32 (3) the disclosure or transfer of personal data to an affiliate of the business;

97.1 (4) the disclosure of data that the consumer intentionally made available to the general  
97.2 public via a channel of mass media and did not restrict to a specific audience; or

97.3 (5) the disclosure or transfer of personal data to a third party as an asset that is part of a  
97.4 completed or proposed merger, acquisition, bankruptcy, or other transaction in which the  
97.5 third party assumes control of all or part of the business's assets.

97.6 (r) "Share" means sharing, renting, releasing, disclosing, disseminating, making available,  
97.7 transferring, or otherwise communicating orally, in writing, or by electronic or other means  
97.8 a consumer's personal data by the business to a third party for cross-context behavioral  
97.9 advertising, whether or not for monetary or other valuable consideration, including  
97.10 transactions between a business and a third party for cross-context behavioral advertising  
97.11 for the benefit of a business in which no money is exchanged.

97.12 (s) "Third party" means a natural or legal person, public authority, agency, or body other  
97.13 than the consumer or the business.

97.14 Sec. 4. **[3250.03] SCOPE; EXCLUSIONS.**

97.15 (a) A business is subject to this chapter if it:

97.16 (1) collects consumers' personal data or has consumers' personal data collected on its  
97.17 behalf by a third party;

97.18 (2) alone or jointly with others, determines the purposes and means of the processing  
97.19 of consumers' personal data;

97.20 (3) does business in Minnesota; and

97.21 (4) satisfies one or more of the following thresholds:

97.22 (i) has annual gross revenues in excess of \$25,000,000, as adjusted every odd-numbered  
97.23 year to reflect the Consumer Price Index;

97.24 (ii) alone or in combination, annually buys, receives for the business's commercial  
97.25 purposes, sells, or shares for commercial purposes, alone or in combination, the personal  
97.26 data of 50,000 or more consumers, households, or devices; or

97.27 (iii) derives 50 percent or more of its annual revenues from selling consumers' personal  
97.28 data.

97.29 (b) This chapter does not apply to:

97.30 (1) protected health information that is collected by a covered entity or business associate  
97.31 governed by the privacy, security, and breach notification rules issued by the United States

98.1 Department of Health and Human Services, Code of Federal Regulations, title 45, parts 160  
98.2 and 164, established pursuant to the Health Insurance Portability and Accountability Act  
98.3 of 1996, Public Law 104-191, and the Health Information Technology for Economic and  
98.4 Clinical Health Act, Public Law 111-5;

98.5 (2) a covered entity governed by the privacy, security, and breach notification rules  
98.6 issued by the United States Department of Health and Human Services, Code of Federal  
98.7 Regulations, title 45, parts 160 and 164, established pursuant to the Health Insurance  
98.8 Portability and Accountability Act of 1996, Public Law 104-191, to the extent the provider  
98.9 or covered entity maintains patient information in the same manner as medical information  
98.10 or protected health information as described in clause (1); or

98.11 (3) information collected as part of a clinical trial subject to the federal policy for the  
98.12 protection of human subjects, also known as the common rule, pursuant to good clinical  
98.13 practice guidelines issued by the International Council for Harmonisation or pursuant to  
98.14 human subject protection requirements of the United States Food and Drug Administration.

98.15 **Sec. 5. [3250.04] BUSINESS OBLIGATIONS.**

98.16 Subdivision 1. **Requirements for businesses.** A business that provides an online service,  
98.17 product, or feature likely to be accessed by children must:

98.18 (1) before any new online services, products, or features are offered to the public,  
98.19 complete a data protection impact assessment for any online service, product, or feature  
98.20 likely to be accessed by children and maintain documentation of this assessment as long as  
98.21 the online service, product, or feature is likely to be accessed by children;

98.22 (2) biennially review all data protection impact assessments;

98.23 (3) document any risk of material detriment to children that arises from the data  
98.24 management practices of the business identified in the data protection impact assessment  
98.25 required by clause (1) and create a timed plan to mitigate or eliminate the risk before the  
98.26 online service, product, or feature is accessed by children;

98.27 (4) within three business days of a written request by the attorney general, provide to  
98.28 the attorney general a list of all data protection impact assessments the business has  
98.29 completed;

98.30 (5) within five business days of a written request by the attorney general, provide the  
98.31 attorney general with a copy of any data protection impact assessment;

99.1 (6) estimate the age of child users with a reasonable level of certainty appropriate to the  
99.2 risks that arise from the data management practices of the business or apply the privacy and  
99.3 data protections afforded to children to all consumers;

99.4 (7) configure all default privacy settings provided to children by the online service,  
99.5 product, or feature to settings that offer a high level of privacy, unless the business can  
99.6 demonstrate a compelling reason that a different setting is in the best interests of children;

99.7 (8) provide any privacy information, terms of service, policies, and community standards  
99.8 concisely, prominently, and using clear language suited to the age of children likely to  
99.9 access that online service, product, or feature;

99.10 (9) if the online service, product, or feature allows a child's parent, guardian, or any  
99.11 other consumer to monitor the child's online activity or track the child's location, provide  
99.12 an obvious signal to the child when the child is being monitored or tracked;

99.13 (10) enforce published terms, policies, and community standards established by the  
99.14 business, including but not limited to privacy policies and those concerning children; and

99.15 (11) provide prominent, accessible, and responsive tools to help children, or if applicable  
99.16 their parents or guardians, exercise their privacy rights and report concerns.

99.17 Subd. 2. **Data protection impact assessments; requirements.** (a) A data protection  
99.18 impact assessment required by this section must:

99.19 (1) identify the purpose of the online service, product, or feature; how it uses children's  
99.20 personal data; and the risks of material detriment to children that arise from the data  
99.21 management practices of the business; and

99.22 (2) address, to the extent applicable:

99.23 (i) whether the design of the online product, service, or feature could harm children,  
99.24 including by exposing children to harmful, or potentially harmful, content on the online  
99.25 product, service, or feature;

99.26 (ii) whether the design of the online product, service, or feature could lead to children  
99.27 experiencing or being targeted by harmful, or potentially harmful, contacts on the online  
99.28 product, service, or feature;

99.29 (iii) whether the design of the online product, service, or feature could permit children  
99.30 to witness, participate in, or be subject to harmful, or potentially harmful, conduct on the  
99.31 online product, service, or feature;

100.1 (iv) whether the design of the online product, service, or feature could allow children  
100.2 to be party to or exploited by a harmful, or potentially harmful, contact on the online product,  
100.3 service, or feature;

100.4 (v) whether algorithms used by the online product, service, or feature could harm children;

100.5 (vi) whether targeted advertising systems used by the online product, service, or feature  
100.6 could harm children;

100.7 (vii) whether and how the online product, service, or feature uses system design features  
100.8 to increase, sustain, or extend use of the online product, service, or feature by children,  
100.9 including the automatic playing of media, rewards for time spent, and notifications; and

100.10 (viii) whether, how, and for what purpose the online product, service, or feature collects  
100.11 or processes personal data of children.

100.12 (b) A data protection impact assessment conducted by a business for the purpose of  
100.13 compliance with any other law complies with this section if the data protection impact  
100.14 assessment meets the requirements of this chapter.

100.15 (c) A single data protection impact assessment may contain multiple similar processing  
100.16 operations that present similar risks only if each relevant online service, product, or feature  
100.17 is addressed.

100.18 Subd. 3. **Prohibitions on businesses.** A business that provides an online service, product,  
100.19 or feature likely to be accessed by children must not:

100.20 (1) use the personal data of any child in a way that the business knows, or has reason to  
100.21 know, is materially detrimental to the physical health, mental health, or well-being of a  
100.22 child;

100.23 (2) profile a child by default unless both of the following criteria are met:

100.24 (i) the business can demonstrate it has appropriate safeguards in place to protect children;  
100.25 and

100.26 (ii) either of the following is true:

100.27 (A) profiling is necessary to provide the online service, product, or feature requested  
100.28 and only with respect to the aspects of the online service, product, or feature with which a  
100.29 child is actively and knowingly engaged; or

100.30 (B) the business can demonstrate a compelling reason that profiling is in the best interests  
100.31 of children;

101.1 (3) collect, sell, share, or retain any personal data that is not necessary to provide an  
101.2 online service, product, or feature with which a child is actively and knowingly engaged,  
101.3 or as described below, unless the business can demonstrate a compelling reason that the  
101.4 collecting, selling, sharing, or retaining of the personal data is in the best interests of children  
101.5 likely to access the online service, product, or feature;

101.6 (4) if the end user is a child, use personal data for any reason other than a reason for  
101.7 which that personal data was collected, unless the business can demonstrate a compelling  
101.8 reason that use of the personal data is in the best interests of children;

101.9 (5) collect, sell, or share any precise geolocation information of children by default,  
101.10 unless the collection of that precise geolocation information is strictly necessary for the  
101.11 business to provide the service, product, or feature requested and then only for the limited  
101.12 time that the collection of precise geolocation information is necessary to provide the service,  
101.13 product, or feature;

101.14 (6) collect any precise geolocation information of a child without providing an obvious  
101.15 sign to the child for the duration of that collection that precise geolocation information is  
101.16 being collected;

101.17 (7) use dark patterns to lead or encourage children to provide personal data beyond what  
101.18 is reasonably expected to provide that online service, product, or feature to forego privacy  
101.19 protections, or to take any action that the business knows, or has reason to know, is materially  
101.20 detrimental to the child's physical health, mental health, or well-being; or

101.21 (8) use any personal data collected to estimate age or age range for any purpose other  
101.22 than to fulfill the requirements of subdivision 1, clause (6), or retain that personal data longer  
101.23 than necessary to estimate age. Age assurance must be proportionate to the risks and data  
101.24 practice of an online service, product, or feature.

101.25 Subd. 4. **Data practices.** (a) A data protection impact assessment collected or maintained  
101.26 by the attorney general under subdivision 1 is classified as nonpublic data or private data  
101.27 on individuals under section 13.02, subdivisions 9 and 12.

101.28 (b) To the extent any information contained in a data protection impact assessment  
101.29 disclosed to the attorney general includes information subject to attorney-client privilege  
101.30 or work product protection, disclosure pursuant to this section does not constitute a waiver  
101.31 of that privilege or protection.

102.1 **Sec. 6. [3250.05] ATTORNEY GENERAL ENFORCEMENT.**

102.2 (a) A business that violates this chapter may be subject to an injunction and liable for a  
102.3 civil penalty of not more than \$2,500 per affected child for each negligent violation, or not  
102.4 more than \$7,500 per affected child for each intentional violation, which may be assessed  
102.5 and recovered only in a civil action brought by the attorney general in accordance with  
102.6 section 8.31. If the state prevails in an action to enforce this chapter, the state may, in addition  
102.7 to penalties provided by this paragraph or other remedies provided by law, be allowed an  
102.8 amount determined by the court to be the reasonable value of all or part of the state's litigation  
102.9 expenses incurred.

102.10 (b) Any penalties, fees, and expenses recovered in an action brought under this chapter  
102.11 must be deposited in an account in the special revenue fund and are appropriated to the  
102.12 attorney general to offset costs incurred by the attorney general in connection with  
102.13 enforcement of this chapter.

102.14 (c) If a business is in substantial compliance with the requirements of section 3250.04,  
102.15 subdivision 1, clauses (1) to (5), the attorney general must, before initiating a civil action  
102.16 under this section, provide written notice to the business identifying the specific provisions  
102.17 of this chapter that the attorney general alleges have been or are being violated. If, within  
102.18 90 days of the notice required by this paragraph, the business cures any noticed violation  
102.19 and provides the attorney general a written statement that the alleged violations have been  
102.20 cured, and sufficient measures have been taken to prevent future violations, the business is  
102.21 not liable for a civil penalty for any violation cured pursuant to this section.

102.22 (d) Nothing in this chapter provides a private right of action under this chapter, section  
102.23 8.31, or any other law.

102.24 **Sec. 7. EFFECTIVE DATE.**

102.25 (a) This article is effective July 1, 2024.

102.26 (b) By July 1, 2025, a business must complete a data protection impact assessment for  
102.27 any online service, product, or feature likely to be accessed by children offered to the public  
102.28 before July 1, 2024, unless that online service, product, or feature is exempt under paragraph  
102.29 (c).

102.30 (c) This article does not apply to an online service, product, or feature that is not offered  
102.31 to the public on or after July 1, 2024."

102.32 Amend the title accordingly