



## **S.F. No. 3045 – State and Local Government Omnibus Budget Bill (the 1<sup>st</sup> Engrossment)**

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### **Article 1 – Appropriations**

**Article 1** appropriates money from the general fund and other named funds for operations of several state agencies and for other specified purposes, as detailed on the spreadsheet prepared by Andrew Erickson, Fiscal Analyst.

### **Article 2 – State Government Policy**

**Section 1 [State fossil; 1.1466]** designates the giant beaver as the official state fossil of the state. Identifies the beaver by its scientific name in Latin, and by its name in Dakota and Ojibwe languages. This is from SF 2132 (Cwodziński).

**Section 2 [Staff; compensation; 3.971, subd. 2]** requires the legislative auditor to establish a Special Reviews Division. This is from SF 1772 (Koran).

**Section 3 [Special reviews; 3.971, subd. 8a]** authorizes the legislative auditor to investigate allegations that an individual or organization subject to an Office of the Legislative Auditor (OLA) audit has not complied with a legal requirement. Under current law, the OLA is authorized to investigate allegations that an individual or organization has failed to comply with a legal requirement specifically related to the use of public money, public resources, or government data classified as not public. Authorizes the OLA to conduct a special review to follow up on a prior special review to assess what changes have occurred. This is from SF 1772 (Koran).

**Section 4 [Obligation to notify the legislative auditor; 3.971, subd. 9]** expands the list of officers who are required to notify the legislative auditor when the officer obtains information indicating that public money or other public resources may have been used for an unlawful purpose. Under current law, the chief executive, financial, and information officers are

subject to this obligation to report. This section adds the following positions to the list of officers who are obligated to report: deputy and assistant chief executive officers, chief administration officers, chief investigative officers, heads of divisions, bureaus, departments, institutes, or other organizational units, and board chairs, where applicable. This is from SF 1772 (Koran).

**Section 5 [Contracts; 11A.24, subd. 8]** exempts contracts entered into by the State Board of Investment related to certain investments from new restraints on contract terms. This is from SF 2501 (Xiong).

**Section 6 [Creation; 14.48, subd. 1]** changes the name of the Office of Administrative Hearings to the Court of Administrative Hearings. This section is from S.F. 2236 (Gustafson).

**Section 7 [Chief Administrative Law Judge; 14.48, subd. 2]** is a conforming change. This section is from S.F. 2236 (Gustafson).

**Section 8 [Writing Required; 14.62, subd. 1]** is a conforming change. This section is from S.F. 2236 (Gustafson).

**Section 9 [Administrative Law Judge Decision Final; 14.62, subd. 2a]** is a conforming change. This section is from S.F. 2236 (Gustafson).

**Section 10 [Agency Request for Remand; 14.62, subd. 2b]** creates a process for an agency to request a remand of a decision of an administrative law judge that may be a finding of fact, conclusion of law, or recommendation. Specifies information that the agency must include in a request for remand and sets a deadline for requesting remand with flexibility for good cause shown. Requires the chief judge or designee to accept a request for remand if: (1) the agency rejects a recommendation to grant summary disposition; (2) a party who had procedurally defaulted during an administrative proceeding seeks to participate; or (3) following remand from the Minnesota Court of Appeals or Minnesota Supreme Court, or identification of a mathematical or clerical error, the agency identifies a need for additional proceeding. Requires the chief judge or designee to assign an administrative law judge to conduct proceedings on the remand after a request for remand is accepted by the chief judge or designee. This section is from S.F. 2236 (Gustafson).

**Section 11 [Reporting Alleged Misused of Public Resources or Data; 15.0573]** requires the commissioner or chief executive officer of each department, board, commission, office, or other agency, to ensure that employee and nonemployee concerns about the misuse of public money, other public resources, or government data is promptly directed to an officer who is obligated to report the information to an obligated officer or the legislative auditor. The commissioner of management and budget must develop a policy for the process by which concerns are raised to an obligated officer or the legislative auditor. This is from SF 1772 (Koran).

**Section 12 [Local News Organization Advertising by State Agencies; 15.442]** encourages agencies to direct advertising expenditures toward local news organizations, with an emphasis on local newspapers, where practicable and in support of the agencies' advertising

goals. Advertising primarily targeted at out-of-state residents is not subject to this suggested practice. Requires agencies to publish information on their websites on specified topics related to their advertising. This section is from S.F. 2600 (Maye Quade).

**Section 13 [Report on Budget Reserve Percentage; 16A.152, subd. 8]** changes the month for the annual report from the commissioner of management and budget to the legislature on the percentage of the current biennium's general fund nondedicated revenue is recommended as a budget reserve. This section is from S.F. 2851 (Xiong).

**Section 14 [Federal Assistive Technology Act; 16B.055, subd. 1]** adds a member from the Board of Aging to the Minnesota Assistive Technology Advisory Council, which is established in law to fulfill the responsibilities required in the 21st Century Assistive Technology Act, a federal law. Makes other technical corrections to the name and the cite to the relevant Public Law. This section is from S.F. 2417 (Xiong).

**Section 15 [Other Projects; 16B.335, subd. 2]** clarifies requirements for certain types of notice to the legislature about capital projects.

Under current law, final plans for a capital project cannot be prepared until after certain members of the legislature have received program plans and cost estimates for construction, major remodeling projects, or land acquisition. This notice to the legislature is typically referred to as a “16B letter.” Some types of projects are exempted from this requirement. For other projects that are not construction, major remodeling, or land acquisition, a simple notice that work is ready to proceed is required. This section clarifies that this type of notice is required for all capital projects for which a specific appropriation is made, even if the project is of a type that is exempted from the “16B letter” requirement. This section is from S.F. 2417 (Xiong).

**Section 16 [Reimbursements; 16B.48, subd. 4]** changes the date, from July 1 to September 15 by which the commissioner of administration must annually report the rates to be charged for the general services revolving funds. This section is from S.F. 2417 (Xiong).

**Section 17 [Vehicles; 16B.54, subd. 2]** adds the Office of Ombudsman for Long-Term Care to the list of people for whom state-provided motor vehicles are not required to be marked. This section is from S.F. 2417 (Xiong).

**Section 18 [State Building Renewable Energy; Storage; Electric Vehicle Account; 16B.851]** creates an account in the special revenue fund to provide funds to state agencies for renewable energy improvements and renewable energy storage projects at state buildings. Makes the commissioner of management and budget responsible to apply to the federal government for elective payments under federal law, to be deposited in the account. Agencies would apply to the commissioner for the money for state building renewable energy, storage, EVSE, and electric fleet vehicle funds. Allows transfer to the state bond fund or to the motor pool revolving account, or to appropriate funds or agencies.

**Section 19 [Definitions; 16B.97, subd. 1]** adds a definition of “grantee” for purposes of the grants management statutes. Exempts capital project grants from grants management

statutes. This section is from S.F. 2578 (Xiong).

**Section 20 [Limitation; 16B.98, subd. 1]** requires that a grant recipient's administrative costs be necessary and reasonable, and removes a requirement that an agency "minimize" administrative costs. Exempts capital project grants from this requirement. This section is from S.F. 2578 (Xiong).

**Section 21 [Reporting of Violations; 16B.98, subd. 4]** requires a state employee to report evidence of a violation of laws governing grants to a supervisor, commissioner, or legislative auditor. Under current law, a state employee is encouraged to report this evidence. This section is from S.F. 2578 (Xiong).

**Section 22 [Agency Authority to Not Award Grant; 16B.981, subd. 4]** shortens the time that a grantee has to respond to an agency's demand for additional information to determine if there is a substantial risk that a potential grantee cannot or would not perform duties required under a grant agreement. Streamlines the process for an agency's decision to not award a grant based on a risk of nonperformance by eliminating an extra opportunity for a potential grantee to present additional written information. This section is from S.F. 2578 (Xiong).

**Section 23 [Authority; 16B.991, subd. 2]** is a technical clarifying change. This section is from S.F. 2578 (Xiong).

**Section 24 [Unenforceable terms; 16C.05, subdivision 8]** precludes certain terms in state contracts, as follows: (1) a requirement for the state to indemnify another unless specifically authorized in statute; (2) a term that binds a party but may be unilaterally changed by the other party; (3) a term that requires mandatory arbitration; (4) a term that extends arbitration obligations to disputes related to the original contract; (5) a term that construes the contract under the laws of another state; (6) a term that obligates state funds in subsequent fiscal years in the form of automatic renewal, which is defined as a plan or arrangement in which a subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term; or (7) a term that is inconsistent with the state's Data Practices Act. Any of these terms, if included in a contract, is void, but the rest of the contract remains enforceable. Requires the commissioner of administration to post a copy of this section on its website. This is from SF 2501 (Xiong).

**Section 25 [Evaluation; 16C.137, subd. 2]** changes a requirement for a report to the governor and legislature to a requirement to post on a public dashboard regarding goals and directives for each department's compliance with purchasing vehicles according to a preference order for fuel types, use of renewable transportation fuels, and the delivery of information through the internet to reduce the department's fleet. This section is from S.F. 2417 (Xiong).

**Section 26 [Small business; 16C.16, subd. 2]** allows the commissioner of administration to establish a standard for "small business" for purposes of state contracting. Current law relies on the definition in federal rules. This is from SF 3234 (Johnson Stewart).

**Section 27 [Purchasing methods; 16C.16, subdivision 6]** makes certain subcontracting

requirements applicable to prime contractors who are small businesses or small targeted group businesses. This is from SF 2501 (Xiong).

**Section 28 [Veteran-owned small businesses; 16C.16, subdivision 6a]** makes certain subcontracting requirements applicable to veteran-owned small businesses that provide professional and technical services or construction services. This is from SF 2501 (Xiong).

**Section 29 [Economically disadvantaged areas; 16C.16, subdivision 7]** makes certain subcontracting requirements applicable to small businesses located in an economically disadvantaged area. This is from SF 2501 (Xiong).

**Section 30 [Generally; 16D.09, subd. 1]** changes the due date for a report from the commissioner of management and budget to the legislature on uncollectable debt. This section is from S.F. 1737 (Carlson).

**Section 31 [Procurement of a pharmacy benefit manager; 43A.231, subdivision 3]** allows the commissioner of management and budget to contract for prescription drug benefits and pharmacy benefit management (“PBM”) services from separate or multiple vendors or to fold prescription drug benefits into an overall medical benefit, for purposes of benefits for state employees. This is from SF 3055 (Mann).

**Section 32 [Technology platform; 43A.231, subdivision 4]** eliminates certain deadlines for steps in a reverse auction process to select a vendor to provide a technology platform for a reverse auction. Eliminates a preclusion on subcontracting for the technology platform vendor awarded the state’s contract. Requires the commissioner of management and budget to hire a vendor to perform a required claim by claim review of invoiced PBM claims with an online comparison of PBM invoices. Allows the claim review vendor and the platform vendor to be the same or different entities. This is from SF 3055 (Mann).

**Section 33 [Data protections; 43A.231, subdivision 6]** makes conforming changes to specify data treatment by all vendors involved selecting a pharmacy benefit manager. This is from SF 3055 (Mann).

**Section 34 [Retired employees; 43A.27, subd. 3]** allows a spouse of an eligible retired employee to purchase hospital, medical, and dental coverage under the State Employees Group Insurance Plan (SEGIP) at personal expense even though the retired employee is no longer eligible to purchase coverage under SEGIP because the retired employee enrolled in medical assistance and has a disability that makes the retired employee eligible for the Supplemental Security Income program. An eligible retired employee is one who would otherwise be eligible to purchase coverage in retirement under SEGIP. This includes state employees who meet age and service requirements, as well as employees retired from employment with certain other employers, who meet age, service, and retirement plan eligibility requirements. This is from SF 2668 (Wiklund).

**Section 35 [Payments to state; 240.131, subd. 7]** increases the regulatory fee from one percent to two percent on the amount wagered by residents with an authorized advance deposit wagering provider. This provision is from the governor’s revised recommendations.

**Section 36 [Responsible Lottery Official Definition; 349A.01]** defines “responsible lottery official” to mean an officer, director or owner of an organization, firm, partnership, or corporation that have oversight of lottery ticket sales. This section is from SF 1891 (Lang).

**Section 37 [Qualifications; 349A.06, subd. 2]** clarifies how certain restrictions on who can be a lottery retailer apply to organizations, firms, partnerships, or corporations, by making restrictions applicable to an officer, director, or owner who has oversight of lottery ticket sales. Eliminates obsolete provisions. This section is from S.F. 1891 (Lang).

**Section 38 [Criminal history; 349A.06, subd. 4]** authorizes the Bureau of Criminal Apprehension to conduct a Minnesota criminal history records check on an applicant to be a lottery retailer, at the request of the director and after receiving a consent from the applicant their fingerprints, and required fee. The director of the lottery must obtain a Minnesota and national criminal history check for a sole proprietor or responsible lottery official who has not undergone a check within the past seven years or has had a lapse in its contract to sell lottery tickets. This section is from an amendment added in the State Government committee.

**Section 39 [Cancellation, Suspension, Refusal to Renew; 349A.06, subd. 11]** clarifies and distinguishes sole proprietors from business organizations, in setting restrictions on who can contract to be a lottery retailer. This section is from S.F. 1891 (Lang).

**Section 40 [Revisor Instruction]** is a conforming change related to renaming the Office of Administrative Hearings the Court of Administrative Hearings. This section is from S.F. 2236 (Gustafson).

**Section 41 [Repealer]** repeals:

**Subd. 1. Political and campaign provisions.** Repeals **Minn. Stat. section 211B.06** that makes a person guilty of a gross misdemeanor for certain actions related to disseminating information in political advertising, campaign material, or a letter to an editor, that the person knows to be false or communicates to others with reckless disregard of whether it is false; and **Section 211B.08** that precludes a religious, charitable, or education organization from requesting a candidate or committee contribute to an organization, subscribe for the support of a club or organization, buy tickets to entertainment, or pay for space in a publication. This section is from S.F. 2236 (Gustafson).

**Subd. 2. Model ordinance for outdoor lighting.** Repeals **Minn. Stat. section 16B.328, subd. 2** that requires the commissioner of administration to develop a model ordinance for local government governing outdoor lighting to reduce light pollution. This section is from S.F. 2417 (Xiong).

**Subd. 3. Reorganization services under master contract; 16C.36.** Repeals a requirement that the commissioner of administration make available a list of eligible contractors who can assist state agencies in using data analytics to accomplish agency

reorganization along service lines; and to bring about internal reorganization of management functions to flatten organizational structures. This is from SF 2501 (Xiong).

**Subd. 4. Legislative auditor; 16B.45.** Repeals certain responsibilities of the legislative auditor relating to systems analysis, information services, and computerization efforts of agencies, the University of Minnesota, and metropolitan board, agencies, and commissions. This is from SF 1772 (Koran)

### **Article 3 – State Personnel Management**

**Article 3** makes changes to statutes regarding state personnel management. These sections are from SF 3057 (Carlson).

**Section 1 [Equitable compensation relationships; 43A.01, subd. 3]** modifies the policy of the state regarding establishing equitable compensation relationships between classes of employees based on gender domination, so that the policy of the state will be “to establish equitable compensation relationships” rather than “to attempt to establish equitable compensation relationships.” Changes the basis of comparison for determining whether total compensation is equitable to other classifications, rather than positions, in the executive branch.

**Section 2 [Nonrepresented employees compensation plan; 43A.02, subd. 14]** changes the name of a compensation plan from the “commissioner’s” plan to the “nonrepresented employees compensation plan.”

**Section 3 [Statewide leadership; 43A.04, subd. 1]** authorizes the commissioner of management and budget to issue determinations on personnel matters regarding board-appointed executive directors or leaders, if requested to do so by the appointing authority. Eliminates authorization for the commissioner of management and budget to assess and collect premiums from state agencies for the annual costs to the commissioner of administration of administering the worker’s compensation program and the costs incurred by the attorney general in investigating, administering, and defending a claim against the state for compensation that is paid out of the state compensation revolving fund.

**Section 4 [Administrative procedures; 43A.04, subd. 4]** makes a technical change.

**Section 5 [Duration of time; 43A.04]** authorizes appointing authorities to allow employees from two additional law enforcement units to donate up to eight hours of vacation to their union representative for the purpose of carrying out the duties of the office.

**Section 6 [Nonrepresented employees compensation plan; 43A.05, subd. 3]** is a conforming change to the name change for the commissioner’s compensation plan.

**Section 7 [Additional unclassified positions; 43A.08, subd. 1a]** extends the authority to designate additional unclassified positions to all agencies by replacing a list of select agencies with the term “agency.” “Agency” is defined for this chapter to mean “a department, commission, board, institution, or other employing entity of the civil service, in which all positions are under the same appointing authority.”

**Section 8 [Length of service for student workers; 43A.08, subd. 4]** modifies the requirements for a student worker to be in the unclassified service.

**Section 9 [Nonselection; explanation; 43A.11, subd. 9]** eliminates a requirement that an appointing authority provide a reason for rejection to a candidate who has claimed veteran's preference and is not selected for a position.

**Section 10 [Ranking of the applicant pool; 43A.121]** eliminates a requirement that names in an applicant pool be listed in descending order based on the number of skill matches for the vacant position.

**Section 11 [Temporary appointments; 43A.15, subd. 3]** extends the maximum time limit for a temporary appointment from six months to one year. Eliminates required conditions under which the commissioner of management and budget is authorized to extend a temporary appointment from six months to one year.

**Section 12 [Provisional appointments; 43A.15, subd. 4]** eliminates a required period of time before the commissioner of management and budget can authorize a probationary appointment of a provisions appointee who has performed satisfactorily.

**Section 13 [Appointments for unclassified incumbents of newly classified positions; 43A.15, subd. 7]** eliminates a condition for when the commissioner may authorize the probationary appointment of an incumbent who has passed a qualifying selection process and who has served at least one year in an unclassified position.

**Section 14 [Trainee appointments; 43A.15, subd. 12]** makes a technical change.

**Section 15 [700-hour on-the-job demonstration experience; 43A.15, subd. 14]** changes a permission to a requirement that the commissioner of management and budget must authorize probationary appointment of an applicant that demonstrates qualifications through a program for demonstrating qualifications through job performance.

**Section 16 [Salary on demotion; special cases; 43A.17, subd. 5]** eliminates age and health as conditions under which the commissioner of management and budget may approve a salary rate for an individual employee above the maximum for the class.

**Section 17 [Donation of vacation time; 43A.181, subd. 1]** eliminates certain procedural steps for a state employee to donate vacation time.

**Section 18 [Vacation Donation to Sick Leave Account; 43A.1815]** authorizes state employees to donate accumulated vacation at retirement, in excess of the 40 hours.

**Section 19 [Statewide affirmative action program; 43A.19, subd. 1]** is a technical change.

**Section 20 [General; 43A.23, subd. 1]** makes technical changes.

**Section 21 [Contract to contain statement of benefits; 43A.23, subd. 2]** changes from a requirement to permission for the commissioners of commerce and health to review a summary of benefits describing hospital and medical service benefits offered to state employees.

**Section 22 [Opt out; 43A.24, subd. 1a]** eliminates a requirement for the commissioner of management and budget to report annually to the legislature on the number of employees



choosing to opt out of state employee group insurance coverage (SEGIP), including itemized statistics with the total amount of savings for each agency from employees opting out of SEGIP.

**Section 23 [Other eligible person; 43a.24, subd. 2]** eliminates employees of the University of Minnesota from eligibility for state paid life insurance and hospital, medical, and dental benefits.

**Section 24 [Elective eligibility; 43A.27, subd. 2]** eliminates certain employees from eligibility to enroll at the person's own expense in life insurance and hospital, medical, and dental benefits. This affects employees of the University of Minnesota, the Minnesota International Center, the Minnesota Academy of Science, the Science Museum of Minnesota, the state Office of Disabled American Veterans, and the state Office of the Military Order of the Purple Heart. This section adds eligibility for self-paid benefits to employees and officers of the Center for Rural Policy and Development, and the Agricultural Utilization Research Institute, and Affinity Plus Federal Credit Union, and removes the Highway Credit Union.

**Section 25 [Procedures; 43A.33, subd. 3]** is a clarifying change.

**Section 26 [Eligibility; 43A.346, subd. 2]** modifies eligibility for a post-retirement option for a terminated state employee.

**Section 27 [Duration; 43A.346, subd. 6]** is a clarifying change.

**Section 28 [Cooperation; state agencies; 43A.36, subd. 1]** is a clarifying change.

**Section 29 [Supported Work Program/Customized Employment; 43A.421]** eliminates specified requirements for a supported work program for people with significant disabilities and replaces it with responsibilities to the commissioner of management and budget to establish, administer, and oversee a program providing customized employment opportunities for people with significant disabilities. Appointments are made by matching skills offered to specific tasks and projects within agencies, rather than to an existing job classification. When job coach services are necessary, the job coach is not a state employee unless the job coach holds another specified position. Authorizes the commissioner of management and budget to determine eligibility for the program.

**Section 30 [Repealer]** repeals:

- **Section 43A.315 [State Employee Efficient Use of Health Care Incentive Program]** eliminates a requirement for the commissioner of management and budget to create an incentive program for employees to use SEGIP benefits efficiently.
- **Section 43A.317 [Minnesota Employees Insurance Program]** eliminates an enabling statute for the Minnesota Employees Insurance Program (MEIP) program.
- **Section 43A.318 [Public Employees Group Long-Term Care Insurance Program]** eliminates the group long-term care insurance program for public employees.

## **Article 4 – Licensing Boards**

**Section 1 [Textured Hair Definition; 155A.23, subd. 22]** defines “textured hair” for the cosmetology chapter. This section is from S.F.2428 (Champion).

**Section 2 [Qualifications; 155A.27, subd. 2]** eliminates a requirement that a person applying for a license to be a cosmetologist, hair technician, manager, or instructor, have training and experience related to all hair types and textures. This section is from S.F. 2428 (Champion).

**Section 3 [Training; 155A.2705, subd. 3]** eliminates training requirements related to hair types and textures for obtaining a license as a hair technician. This section is from S.F. 2428 (Champion).

**Section 4 [Standards; 155A.30, subd. 2]** requires that cosmetologist and hair technician courses, required by the Board of Cosmetologist Examiners as an education preparation prerequisite to testing and licensing, include textured hair training that consists of theoretical and clinical instruction on working with hair with various curl, coil, and wave patterns; hair strand thicknesses; and volumes. This section is from S.F. 2428 (Champion).

**Section 5 [Qualifications of Board Members; 326.05]** lowers the practice requirement from ten years to five years and lowers the requirement for having been in responsible charge of professional work from five years to two years to be a member of the board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design (AELSLAGID). This section is from S.F.96 (Hoffman).

**Section 6 [Issuance; 326.10, subd. 1]** eliminates the age requirement to be licensed as an architect, engineer, land surveyor, landscape architect, geoscientist, or interior designer and adds a requirement to comply the board’s Rules of Professional Conduct. This section is from S.F.96 (Hoffman).

**Section 7 [Examination; 326.10, subd. 2]** eliminates a requirement that one person involved in issuing licenses or certificates be licensed or certified in the relevant profession. Requires that an applicant for licensure or certification must provide evidence of passing required examinations. This section is from S.F.96 (Hoffman).

**Section 8 [Temporary military license; 326.10, subd. 10]** eliminates the fee for a temporary license issued by the board of AELSLAGID for former and current military members. Currently the fee is \$132. This section is from S.F.96 (Hoffman).

**Section 9 [Cease and desist orders; 326.111]** specifies procedures for serving a cease and desist order of the board of AELSLAGID and establishes when service is deemed complete. This section is from S.F.96 (Hoffman).

**Section 10 [Actions against applicants and licensees; 326.111, subd. 4]** specifies procedures for serving orders of the board of AELSLAGID affecting licensees and applicants and establishes when service is deemed complete. This section is from S.F.96 (Hoffman).

**Section 11 [Procedure for temporary suspension of license or certificate; 326.111, subd. 5]** specifies the procedure for serving an order of the board of AELSLAGID for temporary suspension of a license or certificate and establishes when service is complete. This section is from S.F.96 (Hoffman).

**Section 12 [Actions against a person with a lapsed license or certificate; 326.111, subd. 8]** authorizes the board of AELSLAGID to take actions against a person with a lapsed license. The board may initiate a proceeding to suspend or revoke a license or certificate, or to impose a civil penalty. This section is from S.F.96 (Hoffman).

**Section 13 [Certificate Requirements Until July 1, 2030; 326A.03, subd. 6]** sets an end date of June 30, 2030, for current education and experience requirements to be certified as a public accountant. The current education and experience requirements are completion of at least 150 semester or 225 quarter hours at a college or university that is fully accredited by a recognized accrediting agency listed with the U.S. Department of Education. This section is from S.F. 1536 (Rasmusson).

**Section 14 [Certificate Requirements After June 30, 2030; 326A.03, subd. 6a]** establishes new education and experience requirements to be certified as a public accountant. The new education and experience requirements are either: (1) completion of a master's degree at a college or university accredited by an accrediting agency listed with the U.S. Department of Education, and completion of one year of acceptable experience; or (2) completion of a bachelor's degree from a college or university accredited by an accrediting agency listed with the U.S. Department of Education, and completion of two years of acceptable experience. As under current requirements, "acceptable experience" includes any type of service or advice that involves accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, as verified by a licensee and meeting rules established by the board. Further, as under current requirements, experience as an auditor in the Office of the Legislative Auditor or the Office of the State Auditor, as verified by the board, is acceptable experience. This section is from S.F. 1536 (Rasmusson).

**Section 15 [Transitional Period; 326A.03, subd. 6b]** specifies that until July 1, 2030, a person can obtain certification as a public accountant by meeting either the current education and experience requirements or the new education and experience requirements. This section is from S.F. 1536 (Rasmusson).

**Section 16 [Mobility; 326A.14]** changes requirements for a person with specified accounting credentials to practice accountancy in the state without obtaining a Minnesota license or certificate. Eliminates a requirement for an applicant to provide proof that another state in which the person is credentialed has substantially equivalent requirements for credentialing. The current requirement is that the person hold a valid license in good standing as a certified public accountant from any state that has requirements that are substantially equivalent to Minnesota's; alternatively, if the person's license is from a state that does not have license requirements substantially equivalent to Minnesota's, the person will be presumed to have substantially equivalent qualifications if the person obtains verification that the person's qualifications are substantially equivalent. Under this section, a person who has a valid certificate, license, or permit to practice as a certified public accountant issued in another

state; has a bachelor's or higher degree from an accredited postsecondary school with an accounting concentration or equivalent as determined by the board by rule; and has passed the Uniform CPA examination. This section eliminates an exemption from certain education requirements for a person who passed the Uniform CPA Examination prior to January 1, 2009, and was licensed in another state. This section is effective the day after enactment. This section is from S.F. 1536 (Rasmusson).

**Section 17 [Repealer]** repeals the following:

**Subd. 1. Board of Accountancy.** Repeals **Minnesota Rules, part 1105.7900, item D:** a rule that requires a person to verify substantial equivalence of license requirements and to retain documentation supporting verification for six years. This section is from S.F. 1536 (Rasmusson).

**Subd. 2. Board of Cosmetologist Examiners.** Repeals **Laws 2024, ch 120, art. 3, sec. 2,** that required coursework, instruction, and experience for cosmetologists to include study of all hair types and textures, including coil, curl or wave patterns, hair strand thicknesses, and volumes of hair. This section is from S.F. 2428 (Champion).

## **Article 5 – Minnesota Business Filing Fraud Prevention**

**Article 5** establishes a process for complainants who believe that a business filing was made fraudulently to submit a declaration of wrongful filing with the Office of the Secretary of State (SOS). The SOS must make preliminary and final determinations regarding whether the filing subject to the complaint is fraudulent. If the SOS determines that a filing is fraudulent, the filing must be treated as if the filing never existed. If a business is registered using a Minnesota resident's name, address, or identity within the resident's consent, the business is deemed dissolved. The final order of the SOS is appealable to district court. This article also requires nongovernment entities who send solicitations to businesses to include clear statements that the solicitation is an advertisement and not from a government agency. This article provides criminal penalties and classifies data. The sections in this article are from SF 1734 (Klein).

**Section 1 [13.485, subd. 1; Scope]** makes a technical change to the Minnesota Government Data Practices Act (MGDPA).

**Section 2 [13.485, subd. 7; Business fraud investigations]** makes a conforming change to the MGDPA.

**Section 3 [300.70; Citation and definitions]** defines “complainant,” “filer,” and “office.”

**Section 4 [300.71; Declaration of wrongful filing]** permits a complainant to deliver a declaration of wrongful filing to the SOS if the complainant believes that a filing made under chapters 301 to 323A was not authorized and was filed with the intent to modify the ownership, registered agent, address, or other business information or register a business using another person's information. A declaration must include the file number for the allegedly wrong filing, the complainant's contact information and interest in the business that

is the subject of the filing, and other supporting evidence. A false material statement of fact in a declaration is a violation of section 609.48 (perjury). The SOS may reject a declaration if the declaration is incomplete, is not on a form issued by the SOS, or was delivered with intent to harass or defraud.

**Section 5 [300.72; Notice]** requires that If the SOS accepts the declaration, the SOS must provide notice of the declaration and the process to resolve the allegations to the complainant and the filer. If notice to the filer is returned as undeliverable, the office may deem the filing fraudulent and issue a final order.

**Section 6 [300.73; Response]** requires a filer to provide a response to the SOS within 21 calendar days of receipt of the notice,.

**Section 7 [300.74; Procedure when no response received]** requires the SOS to deem the filing fraudulent and issue a final order If the filer fails to respond within 21 calendar days.

**Section 8 [300.75; Procedure when response received]** requires the SOS to investigate the allegations and send a preliminary determination notice to the complainant and filer if the filer responds within 21 calendar days. The SOS may request additional information from the parties. Within 10 calendar days of receipt of the notice, the nonprevailing party must respond to the notice with additional information or evidence. The prevailing party may send additional information within the same time period. If the nonprevailing party fails to respond, the preliminary determination becomes final and the SOS must issue a final order. If the nonprevailing party responds, the office must consider the additional information, make a final determination and issue a final order.

**Section 9 [300.76; Final order]** requires that the filing be treated for legal purposes as if the filing never existed if the SOS issues a final order determining that a filing is fraudulent. If a business is registered using a Minnesota resident's name, address, or identity within the resident's consent, the business is deemed dissolved. The SOS must mark the filing or business record as fraudulent or unauthorized, redact names and addresses used without authorization. If the SOS determines that a filing was not fraudulent or that there was insufficient information to make a determination, the final order must state that the office is not removing the filing from the database and provide the rationale for the determination.

**Section 10 [300.77; Judicial review]** authorizes a party aggrieved by a final order to appeal the decision to district court. The aggrieved party must serve the adverse party and the SOS in person or by mail. The court administrator must not charge a filing fee for an appeal filed under this section. The SOS may elect to be a party to the judicial proceedings. The court may consider the matter in or out of chambers. A party aggrieved by the district court's decision may appeal the matter in the same manner as any other civil case.

**Section 11 [300.78; Data practices]** classifies data submitted by the complainant or filer as private data on individuals or nonpublic data. A final order is public, except that the complainant or filer's personal contact information is private data on individuals. The unredacted version of a filing deemed fraudulent is nonpublic data or private data on

individuals, but the redacted version is public data. The SOS may communicate data of any classification to aid an investigation or if required to do so pursuant to a court order or law.

**Section 12 [300.80; Prohibition of deceptive business mailings]** specifies that, for purposes of this section, a solicitation is a communication sent by a nongovernment entity that notifies the business of an operating requirement or offers a service that relates to filing documents or reporting information to the SOS. Solicitations sent to businesses must include clear statements that the solicitation is an advertisement and not from a government agency and must provide the name and physical address of the entity sending the solicitation. A solicitation must not imply that the solicitation is an official government notice, incorporate the state seal or other official branding of the state, or imply a legal duty to act on the solicitation. A violation of this section is a misdemeanor and a violation of the Uniform Deceptive Trade Practices Act (UDTPA). The UDTPA authorizes injunctive relief and attorney fee awards to the prevailing party.

**Section 13 [609.48, subd. 1; Acts constituting]** makes a conforming change to the criminal code.

**Section 14 [Rulemaking]** authorizes the SOS to adopt rules to carry out the provisions of this act, and no time limit applies to the rulemaking authority.

**Section 15 [Effective date]** makes sections 3 to 11 effective for filings made on or after January 1, 2026.

## **Article 6 – Secretary of State Fee Increases**

**Sections 1-10** increase various business filing fees imposed by the Secretary of State.

## **Article 7 - Local Government Policy**

**Sections 1 and 2 (13D.02)** amend the open meeting law to allow members of a public body to participate remotely in a meeting governed by the open meeting laws from a location that is not open and accessible to the public. Under current law, a member may only participate from a nonpublic location three times a year, and only if the member is serving in the military or has personal or family medical reasons for not being in a public place.

**Section 3 (222.37)** provides that public water district, sewer district, or combination water and sewer districts may install water and sewer lines within public road right-of-way.

**Section 4 (331A.10)** amends the law regulating qualified newspapers. In most circumstances where public notice is required by law or court order, the notice must be published in a qualified newspaper that meets certain requirements of law. This bill modifies how notices must be published if a qualified newspaper ceases to be published before a notice is published, or during the time the notice was required to be published. When a local qualified newspaper ceases publication, the political subdivision must post notices on its website and

on the Minnesota Newspaper Association's statewide public notice website, until another qualified newspaper can be identified.

**Section 5 (367.36)** raises the revenue threshold above for towns that combine the offices of clerk and treasurer are required to perform audits annually, rather than at least once every five years. The bill sets the threshold to \$1,000,000, to be adjusted annually for inflation. The previous threshold was set at \$150,000 in 2005, and is annually adjusted for inflation.

**Sections 6 [383A.151], subdivision 1** creates the Ramsey County Economic Development Authority, which has the powers of an economic development authority under existing state law, except for the power to tax, the powers of a housing and redevelopment authority, and the powers of a city. For purposes of applying the chapter of law that authorizes the creation of economic development authorities to this circumstance, the county of Ramsey has the powers and duties of a city, the county board has the powers and duties of the governing body, the chair of the county board has the powers of the mayor, and the area of operation is the territorial boundaries of the county. The section of law establishing the powers of a county economic development authority or housing redevelopment authority does not apply to Ramsey, except for the provision that allows a city to elect to participate or withdraw participation by resolution.

**Subdivision 2** provides that the Ramsey County Economic Authority consists of seven commissioners, and the Ramsey County board shall appoint the commissioners and fill vacancies. The Ramsey County Board of Commissioners also constitutes the Ramsey County Housing and Redevelopment Authority. The board may appoint the sitting commissioners of the Housing and Redevelopment Authority as commissioners of the Economic Development Authority. The result would be that the boards consist of the same people.

**Section 7 [383A.152]** expands the Ramsey County Housing and Development Authority's powers to include the Ramsey County Economic Authority's powers under section 4. These sections are effective after approval by the governing body of Ramsey County and the filing of the approval with the secretary of state, which is required for all special laws.

**Section 8 (383C.035)** amends the law governing Saint Louis County's unclassified civil service to permit the county to have more than two deputy administrators.

**Section 9 (412.02, subd. 3)** raises the annual audit revenue threshold for cities that operate under the standard plan of government and combine the offices of clerk and treasurer. The bill sets the threshold for an annual audit to \$1,000,000, to be adjusted annually for inflation. The previous threshold was set at \$150,000 in 2005, and is annually adjusted for inflation.

**Section 10 (412.591, subd. 3)** raises the annual audit revenue threshold for cities that operate under Optional Plan A and combines the offices of clerk and treasurer, and for special districts under section 6.756. The bill sets the threshold to \$1,000,000, to be adjusted annually for inflation. The previous threshold was set at \$150,000 in 2005, and is annually adjusted for inflation.

**Section 11 (466.01)** amends the section of law that governs tort liability for political subdivisions to expressly include public water and sewer systems formed under chapter 116A in the definition of municipality. This change clarifies that public water and sewer systems will be treated the same as other political subdivisions for the purposes of tort liability law.

**Section 12 [471.3458]** permits cities, towns, and fire departments to allow certain individuals who volunteer to provide emergency services to purchase tires for their personal vehicles under the contract that the city, town, or fire department uses to purchase vehicle tires. The volunteer may purchase up to four new tires for one personal vehicle every three years, and must pay for the tires, including taxes and fees.

**Section 13 (477A.017, subd. 3)** amends the law requiring local governments to provide financial reports to the state auditor to provide that towns cannot receive state aid if they do not comply with the requirements.

**Section 14** repeals certain laws.

**Paragraph (a)** repeals laws that govern Saint Louis County. Section 383C.07 provides that a lay person appointed by the Saint Louis County Board to a board or commission has a three-year term. Section 383C.74, subdivisions 1 to 4, permits the Saint Louis County Board to make a yearly appropriation of up to \$2,500 to a historical society and provide for how the appropriation would be handled and spent.

**Paragraph (b)** repeals a state law that prohibits political subdivisions, including cities, towns, and counties, from banning stores from providing customers with disposable plastic or paper bags. Following repeal, political subdivisions would be permitted to impose such bans.