Senator Klein from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 4365: A bill for an act relating to consumer protection; modifying various consumer protections for insurance and financial products; prohibiting virtual-currency kiosks; adding certain student loan borrower protections; providing for mortgage loan servicing standards; requiring certain notices to the commissioner of commerce; providing mortgage protections; amending Minnesota Statutes 2024, sections 53B.69, subdivision 10, by adding a subdivision; 58.14, subdivisions 3, 4, 5, by adding a subdivision; 58.18, subdivision 4; 58B.02, by adding subdivisions; 58B.03, subdivisions 10, 11; 58B.06, subdivisions 4, 6; 72A.18, subdivision 2, by adding subdivisions; 72A.20, subdivision 2, by adding a subdivision; 80G.01, subdivision 5a; 332.32; 582.043, subdivisions 1, 5; Minnesota Statutes 2025 Supplement, sections 58B.02, subdivision 8a; 582.043, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 53B; 58; 82B; 82C; repealing Minnesota Statutes 2024, section 53B.75.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1
COMMERCE FINANCE

Section 1. **HEALTH MAINTENANCE ORGANIZATIONS AND COUNTY-BASED PURCHASERS REGULATION; APPROPRIATION.**

$1,750,000 in fiscal year 2028 is appropriated from the general fund to the commissioner of commerce to regulate health maintenance organizations and county-based purchasers.

Sec. 2. **APPROPRIATION REDUCTION.**

The commissioner of management and budget must reduce the Department of Health's fiscal year 2028 general fund appropriation by $1,750,000 and must reduce the Department of Health's fiscal year 2028 state government special revenue fund appropriation by $1,836,000 to account for the transfer of health maintenance organization and county-based purchaser regulatory responsibilities to the commissioner of commerce. These reductions are ongoing.

ARTICLE 2
PRESCRIPTION DRUG AFFORDABILITY ADVISORY COUNCIL

Section 1. Minnesota Statutes 2024, section 62J.89, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For purposes of this section, "conflict of interest" means a financial or personal association that has the potential to bias or have the appearance of biasing a person's decisions in matters related to the board~~, the advisory council,~~ or in the conduct of the board's ~~or council's~~ activities. A conflict of interest includes any instance in

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

Sec. 2. Minnesota Statutes 2024, section 62J.89, subdivision 2, is amended to read:

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

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

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

Sec. 3. Minnesota Statutes 2024, section 62J.90, subdivision 2, is amended to read:

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

(1) brand name drugs or biologics for which the WAC increases by more than 15 percent or by more than $3,000 during any 12-month period or course of treatment if less than 12 months, after adjusting for changes in the consumer price index (CPI);

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

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

(4) generic drugs for which the WAC:

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

(A) a 30-day supply;

(B) a course of treatment lasting less than 30 days; or

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

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

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

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

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

Sec. 4. **REPEALER.**

Minnesota Statutes 2024, sections 62J.86, subdivision 2; and 62J.88, are repealed.

ARTICLE 3
NONDEPOSITORY INSTITUTIONS

Section 1. Minnesota Statutes 2024, section 47.20, subdivision 1, is amended to read:

Subdivision 1. **General authority.** Pursuant to rules the commissioner of commerce finds to be necessary and proper, if any, banks, savings banks, and savings associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of commerce, including residential mortgage originators and servicers under chapter 58, and mortgagees or lenders approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration or any successor, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association, are authorized:

(1) to make loans and advances of credit and purchases of obligations representing loans and advances of credit which are insured or guaranteed by the secretary of housing and urban development pursuant to the National Housing Act, as amended, or the administrator of veterans affairs pursuant to the Servicemen's Readjustment Act of 1944, as amended, or the administrator of the Farmers Home Administration or any successor pursuant to the Consolidated Farm and Rural Development Act, Public Law 87-128, as amended, and to obtain the insurance or guarantees;

(2) to make loans secured by mortgages on real property and loans secured by a share or shares of stock or a membership certificate or certificates issued to a stockholder or member by a cooperative apartment corporation which the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the Farmers Home Administration or any successor has insured or guaranteed or made a commitment to insure or guarantee, and to obtain the insurance or guarantees;

(3) to make, purchase, or participate in such loans and advances of credit; including reverse mortgage loans, notwithstanding anything in subdivision 4b, sections 47.58 and 334.01, and chapter 56 or 58 to the contrary; as would be eligible for purchase, in whole or in part, by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, but without regard to any limitation placed upon the maximum principal amount of an eligible loan; and

(4) to make, purchase or participate in such loans and advances of credit secured by mortgages on real property which are authorized or allowed by the Office of Thrift

Supervision or the Office of the Comptroller of the Currency, or any successor to these federal agencies.

Sec. 2. Minnesota Statutes 2024, section 47.59, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following definitions shall apply.

(a) "Actuarial method" has the meaning given the term in Code of Federal Regulations, title 12, part 226, and appendix J thereto.

(b) "Annual percentage rate" has the meaning given the term in Code of Federal Regulations, title 12, part 226, but using the definition of "finance charge" used in this section.

(c) "Borrower" means a debtor under a loan or a purchaser or debtor under a credit sale contract.

(d) "Business purpose" means a purpose other than a personal, family, household, or agricultural purpose.

(e) "Cardholder" means a person to whom a credit card is issued or who has agreed with the financial institution to pay obligations arising from the issuance to or use of the card by another person.

(f) "Consumer loan" means a loan made by a financial institution in which:

(1) the debtor is a person other than an organization;

(2) the debt is incurred primarily for a personal, family, or household purpose; and

(3) the debt is payable in installments or a finance charge is made.

(g) "Credit" means the right granted by a financial institution to a borrower to defer payment of a debt, to incur debt and defer its payment, or to purchase property or services and defer payment.

(h) "Credit card" means a card or device issued under an arrangement pursuant to which a financial institution gives to a cardholder the privilege of obtaining credit from the financial institution or other person in purchasing or leasing property or services, obtaining loans, or otherwise. A transaction is "pursuant to a credit card" only if credit is obtained according to the terms of the arrangement by transmitting information contained on the card or device orally, in writing, by mechanical or electronic methods, or in any other manner. A transaction is not "pursuant to a credit card" if the card or device is used solely in that transaction to:

(1) identify the cardholder or evidence the cardholder's creditworthiness and credit is not obtained according to the terms of the arrangement;

(2) obtain a guarantee of payment from the cardholder's deposit account, whether or not the payment results in a credit extension to the cardholder by the financial institution; or

(3) effect an immediate transfer of funds from the cardholder's deposit account by electronic or other means, whether or not the transfer results in a credit extension to the cardholder by the financial institution.

(i) "Credit sale contract" means a contract evidencing a credit sale. "Credit sale" means a sale of goods or services, or an interest in land, in which:

(1) credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind; and

(2) the debt is payable in installments or a finance charge is made.

(j) "Finance charge" has the meaning given in Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of default or delinquency under subdivision 6 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, and a charge made for an extension or deferment under subdivision 5, unless the parties agree that these charges are finance charges;

(2) an additional charge under subdivision 6;

(3) a discount, if a financial institution purchases a loan at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder pursuant to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation;

(4) fees paid by a borrower to a broker, provided the financial institution or a person described in subdivision 4 does not require use of the broker to obtain credit; or

(5) a commission, expense reimbursement, or other sum received by a financial institution or a person described in subdivision 4 in connection with insurance described in subdivision 6.

(k) "Financial institution" means a state or federally chartered bank, a state or federally chartered bank and trust, a trust company with banking powers, a state or federally chartered saving bank, a state or federally chartered savings association, an industrial loan and thrift company organized under chapter 53, a sales finance company organized under chapter

53C, a regulated lender organized under chapter 56, a mortgage originator or servicer licensed under chapter 58, or an operating subsidiary of any such institution.

(l) "Loan" means:

(1) the creation of debt by the financial institution's payment of money to the borrower or a third person for the account of the borrower;

(2) the creation of debt pursuant to a credit card in any manner, including a cash advance or the financial institution's honoring a draft or similar order for the payment of money drawn or accepted by the borrower, paying or agreeing to pay the borrower's obligation, or purchasing or otherwise acquiring the borrower's obligation from the obligee or the borrower's assignee;

(3) the creation of debt by a cash advance to a borrower pursuant to an overdraft line of credit arrangement;

(4) the creation of debt by a credit to an account with the financial institution upon which the borrower is entitled to draw immediately;

(5) the forbearance of debt arising from a loan; and

(6) the creation of debt pursuant to open-end credit.

"Loan" does not include the forbearance of debt arising from a sale or lease, a credit sale contract, or an overdraft from a person's deposit account with a financial institution which is not pursuant to a written agreement to pay overdrafts with the right to defer repayment thereof.

(m) "Official fees" means:

(1) fees and charges which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, terminating, or satisfying a security interest or mortgage relating to a loan or credit sale, and any separate fees or charges which actually are or will be paid to public officials for recording a notice described in section 580.032, subdivision 1; and

(2) premiums payable for insurance in lieu of perfecting a security interest or mortgage otherwise required by a financial institution in connection with a loan or credit sale, if the premium does not exceed the fees and charges described in clause (1), which would otherwise be payable.

(n) "Organization" means a corporation, government, government subdivision or agency, trust, estate, partnership, joint venture, cooperative, limited liability company, limited liability partnership, or association.

(o) "Person" means a natural person or an organization.

(p) "Principal" means the total of:

(1) the amount paid to, received by, or paid or repayable for the account of, the borrower; and

(2) to the extent that payment is deferred:

(i) the amount actually paid or to be paid by the financial institution for additional charges permitted under this section; and

(ii) prepaid finance charges.

Sec. 3. Minnesota Statutes 2024, section 47.60, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the terms defined have the meanings given them:

(a) "Consumer small loan" is a loan transaction in which cash is advanced to a borrower for the borrower's own personal, family, or household purpose. A consumer small loan is a short-term, unsecured loan to be repaid in a single installment. The cash advance of a consumer small loan is equal to or less than $350. A consumer small loan includes an indebtedness evidenced by but not limited to a promissory note or agreement to defer the presentation of a personal check for a fee.

(b) "Consumer small loan lender" is a financial institution as defined in section 47.59 or a business entity registered with the commissioner and engaged in the business of making or arranging consumer small loans. For purposes of this paragraph, arranging a consumer small loan includes but is not limited to any substantial involvement to facilitate, market, generate leads for, underwrite, or collect a consumer small loan.

(c) "Annual percentage rate" means a measure of the cost of credit, expressed as a yearly rate, that relates the amount and timing of value received by the consumer to the amount and timing of payments made. Annual percentage rate includes all interest, finance charges, and fees. The annual percentage rate must be determined in accordance with either the actuarial method or the United States Rule method.

Sec. 4. Minnesota Statutes 2024, section 53.04, subdivision 3a, is amended to read:

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

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

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

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

Sec. 5. Minnesota Statutes 2024, section 53B.74, is amended to read:

53B.74 VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL REQUIREMENTS.

(a) A licensee engaged in virtual currency business activities ~~may include virtual currency in the licensee's calculation of tangible net worth, by measuring the average value of the virtual currency in United States dollar equivalent over the prior six months, excluding control of virtual currency for a person entitled to the protections under section 53B.73.~~ is

not required to subtract virtual currency from total assets in the licensee's calculation of tangible net worth if:

(1) the licensee's day-to-day business includes incurring obligations to customers denominated in the virtual currency;

(2) the virtual currency asset has a corresponding liability denominated in the virtual currency;

(3) the virtual currency is unencumbered; and

(4) the virtual currency assets that are not subtracted from total assets are limited to the virtual currency assets that have a corresponding liability denominated in the same virtual currency.

(b) A licensee must maintain, for all virtual-currency business activity with or on behalf of a person five years after the date of the activity, a record of:

(1) each of the licensee's transactions with or on behalf of the person, or for the licensee's account in Minnesota, including:

(i) the identity of the person;

(ii) the form of the transaction;

(iii) the amount, date, and payment instructions given by the person; and

(iv) the account number, name, and United States Postal Service address of the person, and, to the extent feasible, other parties to the transaction;

(2) the aggregate number of transactions and aggregate value of transactions by the licensee with or on behalf of the person and for the licensee's account in this state, expressed in the United States dollar equivalent of the virtual currency for the previous 12 calendar months;

(3) each transaction in which the licensee exchanges one form of virtual currency for money or another form of virtual currency with or on behalf of the person;

(4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities, capital, income, and expenses;

(5) each business-call report the licensee is required to create or provide to the department or NMLS;

(6) bank statements and bank reconciliation records for the licensee and the name, account number, and United States Postal Service address of each bank the licensee uses to conduct virtual-currency business activity with or on behalf of the person;

(7) a report of any dispute with the person; and

(8) a report of any virtual-currency business activity transaction with or on behalf of a person which the licensee was unable to complete.

(c) A licensee must maintain records required by paragraph (b) in a form that enables the commissioner to determine whether the licensee is in compliance with this chapter, any court order, and law of Minnesota other than this chapter.

Sec. 6. Minnesota Statutes 2024, section 53C.09, subdivision 4, is amended to read:

Subd. 4. **Other law may apply.** In lieu of this section and sections 53C.01, subdivisions 2, 4, and 13; 53C.08; 53C.10; and 53C.11, a retail seller or sales finance company may proceed under section 47.59 ~~relating to credit sales made by a third party~~, subdivisions 4, 4a, and 6. In cases where the retail seller or sales finance company proceeds under section 47.59, the remaining provisions of sections 53C.01 to 53C.14 apply notwithstanding section 47.59.

Sec. 7. Minnesota Statutes 2024, section 56.002, is amended to read:

56.002 APPLICATION.

This chapter does not apply to a person doing business under and as permitted by any law of this state or of the United States relating to banks, savings associations, trust companies, licensed pawnbrokers, a residential mortgage originator or servicer licensed under chapter 58 that offers residential mortgage origination services or residential mortgage servicing, or credit unions. Notwithstanding the provisions of section 56.01, an industrial loan and thrift company under chapter 53 may contract for and receive the charges, including those in section 56.155, authorized by this chapter without being licensed pursuant to this chapter, but shall comply with all other provisions of this chapter when contracting for or receiving charges on loans regulated by this chapter.

Sec. 8. Minnesota Statutes 2024, section 56.01, is amended to read:

56.01 NECESSITY OF LICENSE.

(a) Except as authorized by this chapter and without first obtaining a license from the commissioner, no person shall engage in the business of making loans of money, credit,

goods, or things in action, in an amount or of a value not exceeding that specified in section 56.131, subdivision 1, and charge, contract for, or receive on the loan a greater rate of interest, discount, or consideration than the lender would be permitted by law to charge if not a licensee under this chapter. A person must obtain a license from the commissioner under this chapter before arranging a consumer short-term loan under section 47.601.

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

Sec. 9. Minnesota Statutes 2024, section 56.05, is amended to read:

56.05 LICENSE; TO BE POSTED.

(a) The license shall state the address at which the business is to be conducted and shall state fully the name of the licensee, and if the licensee is a copartnership or association, the names of the members thereof, and if a corporation, the date and place of its incorporation.

(b) The license shall be kept conspicuously posted in the place of business of the licensee, and shall not be transferable or assignable. For a licensee that offers service via the Internet, the license number must be clearly displayed on each web page or other document required by an order issued by the commissioner.

Sec. 10. Minnesota Statutes 2024, section 58.06, subdivision 2, is amended to read:

Subd. 2. **Application contents.** (a) The application must contain the name and complete business address or addresses of the license applicant. The license applicant must be a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and the application must contain the names and complete business addresses of each partner, member, director, and principal officer. The application must also include a description of the activities of the license applicant, in the detail and for the periods the commissioner may require.

(b) ~~A residential mortgage originator~~ An applicant must submit a surety bond that meets the requirements of section 58.08, subdivision 1a.

(c) The application must also include all of the following:

(1) an affirmation under oath that the applicant:

(i) is in compliance with the requirements of section 58.125;

(ii) will advise the commissioner of any material changes to the information submitted in the most recent application within ten days of the change;

(iii) will advise the commissioner in writing immediately of any bankruptcy petitions filed against or by the applicant or licensee;

(iv) will maintain at all times a surety bond in the amount of at least ~~$100,000~~ $125,000;

(v) complies with federal and state tax laws; and

(vi) complies with sections 345.31 to 345.60, the Minnesota unclaimed property law;

(2) information as to the mortgage lending, servicing, or brokering experience of the applicant and persons in control of the applicant;

(3) information as to criminal convictions, excluding traffic violations, of persons in control of the license applicant;

(4) whether a court of competent jurisdiction has found that the applicant or persons in control of the applicant have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit in performing an act for which a license is required under this chapter;

(5) whether the applicant or persons in control of the applicant have been the subject of: an order of suspension or revocation, cease and desist order, or injunctive order, or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency or by the Secretary of Housing and Urban Development within the ten-year period immediately preceding submission of the application; and

(6) other information required by the commissioner.

Sec. 11. Minnesota Statutes 2024, section 58B.051, is amended to read:

58B.051 REGISTRATION FOR LENDERS.

(a) Beginning January 1, 2025, a lender must register with the commissioner as a lender before providing services in Minnesota. A lender must not offer or make a student loan to

a resident of Minnesota without first registering with the commissioner as provided in this section.

(b) A registration application must include:

(1) the lender's name;

(2) the lender's address;

(3) the names of all officers, directors, owners, or other persons in control of an applicant, as defined in section 58B.02, subdivision 6; and

(4) any other information the commissioner requires ~~by rule~~.

(c) Registration issued or renewed expires December 31 of each year. A lender must renew the lender's registration on an annual basis.

(d) The commissioner may adopt and enforce:

(1) registration procedures for lenders, which may include using the Nationwide Multistate Licensing System and Registry;

(2) nonrefundable registration fees for lenders, which may include fees for using the Nationwide Multistate Licensing System and Registry, to be paid directly by the lender;

(3) procedures and nonrefundable fees to renew a lender's registration, which may include fees for the renewed use of Nationwide Multistate Licensing System and Registry, to be paid directly by the lender; and

(4) alternate registration procedures and nonrefundable fees for postsecondary education institutions that offer student loans.

Sec. 12. Minnesota Statutes 2024, section 332.52, subdivision 3, is amended to read:

Subd. 3. **Credit services organization.** (a) "Credit services organization" means any person that, with respect to the extension of credit by others, sells, provides, performs, or represents that the person will sell, provide, or perform, in return for the payment of money or other valuable consideration, any of the following services:

(1) improve a buyer's credit record, history, or rating;

(2) obtain an extension of credit for a buyer; or

(3) provide advice or assistance to a buyer with regard to either clause (1) or (2).

(b) "Credit services organization" does not include:

(1) any person authorized to make loans or extensions of credit under the laws of this state or the United States, if the person is subject to regulation and supervision by this state or the United States or a lender approved by the United States Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, United States Code, title 12, section 1701 et seq.;

(2) any bank, savings bank, or savings and loan institution whose deposits or accounts are eligible for insurance by the Federal Deposit Insurance Corporation or a subsidiary of the bank, savings bank, or savings and loan institution;

(3) any credit union, federal credit union, or out-of-state credit union doing business in this state;

(4) any nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990;

(5) any person ~~licensed as a prorating agency~~ registered as a debt management services provider or debt settlement services provider under the laws of this state, if the person is acting within the course and scope of ~~that license~~ the applicable registration;

(6) any person licensed as a real estate broker by this state if the person is acting within the course and scope of that license;

(7) any person licensed as a collection agency under the laws of this state if the person is acting within the course and scope of that license;

(8) any person licensed to practice law in this state if the person renders services within the course and scope of practice as an attorney;

(9) any broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission if the broker-dealer is acting within the course and scope of that regulation; or

(10) any consumer reporting agency as defined in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681t, as amended through December 31, 1990.

Sec. 13. Minnesota Statutes 2024, section 332A.04, subdivision 1, is amended to read:

Subdivision 1. **Form.** Application for registration to operate as a debt management services provider in this state must be made in writing to the commissioner, under oath, in the form prescribed by the commissioner, and must contain:

(1) the full name of each principal of the entity applying;

(2) the address, which must not be a post office box, and the telephone number and, if applicable, email address, of the applicant;

(3) identification of the trust account required under section 332A.13;

(4) consent to the jurisdiction of the courts of this state;

(5) the name and address of the registered agent authorized to accept service of process on behalf of the applicant or appointment of the commissioner as the applicant's agent for purposes of accepting service of process;

(6) disclosure of:

(i) whether any controlling or affiliated party has ever been convicted of a crime or found civilly liable for an offense involving moral turpitude, including forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud, or any other similar offense or violation, or any violation of a federal or state law or regulation in connection with activities relating to the rendition of debt management services or involving any consumer fraud, false advertising, deceptive trade practices, or similar consumer protection law;

(ii) any judgments, private or public litigation, tax liens, written complaints, administrative actions, or investigations by any government agency against the applicant or any officer, director, manager, or shareholder owning more than five percent interest in the applicant, unresolved or otherwise, filed or otherwise commenced within the preceding ten years;

(iii) whether the applicant or any person employed by the applicant has had a record of having defaulted in the payment of money collected for others, including the discharge of debts through bankruptcy proceedings; and

(iv) whether the applicant's license or registration to provide debt management services in any other state has ever been revoked or suspended;

(7) a copy of the applicant's standard debt management services agreement that the applicant intends to execute with debtors; and

~~(8) proof of accreditation, unless the applicant was licensed in Minnesota as a debt prorater immediately before August 1, 2007; and~~

~~(9)~~ (8) any other information and material as the commissioner may require.

The commissioner may, for good cause shown, temporarily waive any requirement of this subdivision.

Sec. 14. Minnesota Statutes 2024, section 332B.04, subdivision 1, is amended to read:

Subdivision 1. **Form.** Application for registration to operate as a debt settlement services provider in this state must be made in writing to the commissioner, under oath, in the form prescribed by the commissioner, and must contain:

(1) the full name of each principal of the entity applying;

(2) the address, which must not be a post office box, and the telephone number and, if applicable, email address of the applicant;

(3) consent to the jurisdiction of the courts of this state;

(4) the name and address of the registered agent authorized to accept service of process on behalf of the applicant or appointment of the commissioner as the applicant's agent for purposes of accepting service of process;

(5) disclosure of:

(i) whether any controlling or affiliated party has ever been convicted of a crime or found civilly liable for an offense involving moral turpitude, including forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud, or any other similar offense or violation, or any violation of a federal or state law or regulation in connection with activities relating to the rendition of debt settlement services or involving any consumer fraud, false advertising, deceptive trade practices, or similar consumer protection law;

(ii) any judgments, private or public litigation, tax liens, written complaints, administrative actions, or investigations by any government agency against the applicant or any officer, director, manager, or shareholder owning more than five percent interest in the applicant, unresolved or otherwise, filed or otherwise commenced within the preceding ten years;

(iii) whether the applicant or any person employed by the applicant has had a record of having defaulted in the payment of money collected for others, including the discharge of debts through bankruptcy proceedings; and

(iv) whether the applicant's license or registration to provide debt settlement services in any other state has ever been revoked or suspended;

(6) a copy of the applicant's standard debt settlement services agreement that the applicant intends to execute with debtors; and

~~(7) proof of accreditation, unless the applicant submits an affidavit attesting that the applicant does not provide credit counseling services; and~~

~~(8)~~ (7) any other information and material as the commissioner may require.

The commissioner may, for good cause shown, temporarily waive any requirement of this subdivision.

Sec. 15. **REPEALER.**

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

ARTICLE 4
HEALTH PLAN REGULATORY ALIGNMENT

Section 1. **[60A.071] SUBSTANTIAL ENROLLMENT GROWTH; NOTIFICATION.**

Subdivision 1. **Notice required.** (a) No later than April 15 each year, an insurance company that issues health plans, as defined in section 62A.011, and is licensed under this chapter to offer, sell, or issue a policy of accident and sickness insurance, as defined in section 62A.01, subdivision 1, or that is a nonprofit health service plan corporation operating under chapter 62C must notify the commissioner if, for an insurance company or nonprofit health service plan corporation with at least 25,000 enrollees, the insurance company or nonprofit health service plan corporation:

(1) increases the total number of enrollees, as of April 1 in the current calendar year, by more than 35 percent of the insurance company's or nonprofit health service plan corporation's total number of enrollees for the immediately preceding calendar year; or

(2) increases the total number of enrollees in a specific line of business or product by a percentage that is greater than the percentage of growth threshold established by the commissioner for the specific line of business or product.

(b) For purposes of this section, the number of enrollees must be calculated in a manner consistent with the insurance company or nonprofit health service plan corporation's reported covered lives in the company's National Association of Insurance Commissioners Annual Statement.

Subd. 2. **Additional information.** (a) Upon receiving notice under subdivision 1, the commissioner may request and the insurance company or nonprofit health service plan corporation must provide additional information regarding the insurance company's or nonprofit health service plan corporation's financial readiness to serve the increased enrollment. The additional information requested may include but is not limited to:

(1) the conditions contributing to the insurance company's or nonprofit health service plan corporation's enrollment growth;

(2) a three-year projected statutory balance sheet, income statements, and cash flow statements for the current year and the subsequent two years;

(3) the key assumptions impacting the projections and the sensitivity of the projections to the assumptions; and

(4) a description of anticipated issues associated with the insurance company's or nonprofit health service plan corporation's business, including but not limited to (i) assets, (ii) anticipated business growth and associated surplus strain, (iii) significant change in risk profile, (iv) mix of business, and (v) reinsurance use, if any, in each case.

(b) If the information reported under paragraph (a) raises a concern with respect to an insurance company's or nonprofit health service plan corporation's business on a prospective basis due to anticipated business growth, including but not limited to anticipated business growth, strain on surplus, increased exposure to risk, or an imbalanced mix of business, the commissioner may issue a corrective order specifying corrective actions the commissioner determines are required. A corrective order issued under this paragraph is subject to review under chapter 14.

Sec. 2. Minnesota Statutes 2024, section 60A.50, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 60A.50 to ~~60A.592~~ 60A.593, the terms in subdivisions 2 to 13 have the meanings given ~~them~~.

Sec. 3. Minnesota Statutes 2024, section 60A.50, subdivision 3, is amended to read:

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce ~~or the commissioner of health, whichever commissioner otherwise regulates the health organization~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 4. **[60A.593] PROHIBITED ACTIVITIES.**

A domestic health organization that has a total adjusted capital equal to or less than the domestic health organization's company action level RBC is prohibited from, without receiving advance approval from the commissioner: (1) increasing the salary or benefits of an officer or director, or (2) making preferential payment of bonuses, dividends, or other payments the commissioner determines are preferential.

Sec. 5. Minnesota Statutes 2024, section 60A.951, subdivision 3, is amended to read:

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce ~~for insurers regulated by the commissioner of commerce, and means the commissioner of health for insurers regulated by the commissioner of health~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 6. Minnesota Statutes 2024, section 60A.985, subdivision 8, is amended to read:

Subd. 8. **Licensee.** "Licensee" means any person licensed, authorized to operate, or registered, or required to be licensed, authorized, or registered by the Department of Commerce ~~or the Department of Health~~ under chapters 59A to 62M, 62Q to 62V, and 64B to 79A.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 7. Minnesota Statutes 2024, section 60A.9853, subdivision 1, is amended to read:

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

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

(i) any consumer residing in this state; or

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

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

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

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

(A) any consumer residing in this state; or

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

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 8. Minnesota Statutes 2024, section 60A.9854, is amended to read:

60A.9854 POWER OF COMMISSIONER.

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

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

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 9. Minnesota Statutes 2024, section 60B.03, subdivision 2, is amended to read:

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of commerce ~~of the state of Minnesota~~ and, in that commissioner's absence or disability, a deputy or other person duly designated to act in that commissioner's place. ~~In the context of rehabilitation or liquidation of a health maintenance organization, "commissioner" means the commissioner of health of the state of Minnesota and, in that commissioner's absence or disability, a deputy or other person duly designated to act in that commissioner's place.~~

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 10. Minnesota Statutes 2024, section 60G.01, subdivision 2, is amended to read:

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of commerce~~, except that "commissioner" means the commissioner of health for administrative supervision of health maintenance organizations~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 11. Minnesota Statutes 2024, section 60G.01, subdivision 4, is amended to read:

Subd. 4. **Department.** "Department" means the Department of Commerce~~, except that "department" means the Department of Health for administrative supervision of health maintenance organizations~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 12. Minnesota Statutes 2024, section 62A.02, subdivision 8, is amended to read:

Subd. 8. **Filing by health carriers for purposes of complying with the certification requirements of MNsure.** No qualified health plan shall be offered through MNsure until its form and the premium rates pertaining to the form have been approved by the commissioner of commerce ~~or health, as appropriate,~~ and the health plan has been determined to comply with the certification requirements of MNsure in accordance with an agreement between the commissioners of commerce and health and MNsure.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 13. Minnesota Statutes 2024, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. **Loss ratio standards.** (a) Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, and except as otherwise authorized by section 62A.02, subdivision 3a, for individual policies or certificates, health care policies or certificates shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the policies or certificates can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the policies or certificates, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27, calculated on an aggregate basis; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of each policy form or certificate form issued in the individual market; calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. Assessments by the reinsurance association created in chapter 62L and all types of taxes, surcharges, or assessments created by Laws 1992, chapter 549, or created on or after April 23, 1992, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for policies and certificates issued in the small employer market,

as defined in section 62L.02, increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until an 82 percent loss ratio is reached on July 1, 2000. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until a 72 percent loss ratio is reached on July 1, 2000. A health carrier that enters a market after July 1, 1993, does not start at the beginning of the phase-in schedule and must instead comply with the loss ratio requirements applicable to other health carriers in that market for each time period. Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

(b) All filings of rates and rating schedules shall demonstrate that actual expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards, and aggregate loss ratio from inception of the policy form or certificate form shall equal or exceed the appropriate loss ratio standards.

(c) A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section, the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted

data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

(d) Each sale of a policy or certificate that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

(e)(1) For purposes of this section, health care policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

(2) For purposes of this section, (i) "health care policy" or "health care certificate" is a health plan as defined in section 62A.011; and (ii) "health carrier" has the meaning given in section 62A.011 and includes all health carriers delivering or issuing for delivery health care policies or certificates in this state or offering these policies or certificates to residents of this state.

(f) The loss ratio phase-in as described in paragraph (a) does not apply to individual policies and small employer policies issued by a health plan company that is assessed less than three percent of the total annual amount assessed by the Minnesota Comprehensive Health Association. These policies must meet a 68 percent loss ratio for individual policies, a 71 percent loss ratio for small employer policies with fewer than ten employees, and a 75 percent loss ratio for all other small employer policies.

(g) Notwithstanding paragraphs (a) and (f), the loss ratio shall be 60 percent for a health plan as defined in section 62A.011, offered by an insurance company licensed under chapter 60A that is assessed less than ten percent of the total annual amount assessed by the Minnesota Comprehensive Health Association. For purposes of the percentage calculation of the association's assessments, an insurance company's assessments include those of its affiliates.

(h) The ~~commissioners~~ commissioner of commerce ~~and health shall each~~ must annually issue a public report listing, by health plan company, the actual loss ratios experienced in the individual and small employer markets in this state ~~by the health plan companies that the commissioners respectively regulate. The commissioners shall coordinate release of these reports so as to release them as a joint report or as separate reports issued the same day~~. The report or reports shall be released no later than June 1 for loss ratios experienced for the preceding calendar year. Health plan companies shall provide to the ~~commissioners~~

commissioner any information requested by the ~~commissioners~~ commissioner for purposes of this paragraph.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 14. Minnesota Statutes 2024, section 62A.61, is amended to read:

62A.61 DISCLOSURE OF METHODS USED BY HEALTH CARRIERS TO DETERMINE USUAL AND CUSTOMARY FEES.

(a) A health carrier that bases reimbursement to health care providers upon a usual and customary fee must maintain in its office a copy of a description of the methodology used to calculate fees including at least the following:

(1) the frequency of the determination of usual and customary fees;

(2) a general description of the methodology used to determine usual and customary fees; and

(3) the percentile of usual and customary fees that determines the maximum allowable reimbursement.

(b) A health carrier must provide a copy of the information described in paragraph (a) to the commissioner of health or the commissioner of commerce, upon request.

(c) The ~~commissioner of health or the~~ commissioner of commerce~~, as appropriate,~~ may use ~~to enforce this section~~ any enforcement powers otherwise available to the commissioner with respect to the health carrier to enforce this section. The commissioner of ~~health or~~ commerce~~, as appropriate,~~ may require health carriers to provide the information required under this section and may use any powers granted under other laws relating to the regulation of health carriers to enforce compliance.

(d) For purposes of this section, "health carrier" has the meaning given in section 62A.011.

(e) "Usual and customary" means the normal charge, in the absence of insurance, of the provider for a service or article, but not more than the prevailing charge in the area for like service or article. A "like service" is the same nature and duration, requires the same skill, and is performed by a provider of similar training and experience. A "like article" is one that is identically or substantially equivalent. "Area" means the municipality or, in the case of a large city, a subdivision of the city, in which the service or article is actually provided or a greater area as is necessary to obtain a representative cross-section of charges for like service or article.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 15. Minnesota Statutes 2024, section 62A.65, subdivision 7, is amended to read:

Subd. 7. **Short-term coverage.** (a) For purposes of this section, "short-term coverage" means an individual health plan that:

(1) is issued to provide coverage for a period of 185 days or less, except that the health plan may permit coverage to continue until the end of a period of hospitalization for a condition for which the covered person was hospitalized on the day that coverage would otherwise have ended;

(2) is nonrenewable, provided that the health carrier may provide coverage for one or more subsequent periods that satisfy clause (1), if the total of the periods of coverage do not exceed a total of 365 days out of any 555-day period, plus any additional days covered as a result of hospitalization on the day that a period of coverage would otherwise have ended;

(3) does not cover any preexisting conditions, including ones that originated during a previous identical policy or contract with the same health carrier where coverage was continuous between the previous and the current policy or contract; and

(4) is available with an immediate effective date without underwriting upon receipt of a completed application indicating eligibility under the health carrier's eligibility requirements, provided that coverage that includes optional benefits may be offered on a basis that does not meet this requirement.

(b) Short-term coverage is not subject to subdivisions 2 and 5. Short-term coverage may exclude as a preexisting condition any injury, illness, or condition for which the covered person had medical treatment, symptoms, or any manifestations before the effective date of the coverage, but dependent children born or placed for adoption during the policy period must not be subject to this provision.

(c) Notwithstanding subdivision 3, and section 62A.021, a health carrier may combine short-term coverage with its most commonly sold individual qualified plan, as defined in section 62E.02, other than short-term coverage, for purposes of complying with the loss ratio requirement.

(d) The 365-day coverage limitation provided in paragraph (a) applies to the total number of days of short-term coverage that covers a person, regardless of the number of policies, contracts, or health carriers that provide the coverage. A written application for short-term coverage must ask the applicant whether the applicant has been covered by short-term

coverage by any health carrier within the 555 days immediately preceding the effective date of the coverage being applied for. Short-term coverage issued in violation of the 365-day limitation is valid until the end of its term and does not lose its status as short-term coverage, in spite of the violation. A health carrier that knowingly issues short-term coverage in violation of the 365-day limitation is subject to the administrative penalties otherwise available to the commissioner of commerce ~~or the commissioner of health, as appropriate~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 16. Minnesota Statutes 2024, section 62A.65, subdivision 8, is amended to read:

Subd. 8. **Cessation of individual business.** Notwithstanding the provisions of subdivisions 1 to 7, a health carrier may elect to cease doing business in the individual health plan market in this state if it complies with the requirements of this subdivision. For purposes of this section, "cease doing business" means to discontinue issuing new individual health plans and to refuse to renew all of the health carrier's existing individual health plans issued in this state whose terms permit refusal to renew under the circumstances specified in this subdivision. This subdivision does not permit cancellation of an individual health plan, unless the terms of the health plan permit cancellation under the circumstances specified in this subdivision. A health carrier electing to cease doing business in the individual health plan market in this state shall notify the commissioner 180 days prior to the effective date of the cessation. Within 30 days after the termination, the health carrier shall submit to the commissioner a complete list of policyholders that have been terminated. The cessation of business does not include the failure of a health carrier to offer or issue new business in the individual health plan market or continue an existing product line in that market, provided that a health carrier does not terminate, cancel, or fail to renew its current individual health plan business. A health carrier electing to cease doing business in the individual health plan market shall provide 120 days' written notice to each policyholder covered by an individual health plan issued by the health carrier. This notice must also inform each policyholder of the existence of the Minnesota Comprehensive Health Association, the requirements for being accepted, the procedures for applying for coverage, and the telephone numbers at the ~~Department of Health and the~~ Department of Commerce for information about private individual or family health coverage. A health carrier that ceases to write new business in the individual health plan market shall continue to be governed by this section with respect to continuing individual health plan business conducted by the health carrier. A health carrier that ceases to do business in the individual health plan market after July 1, 1994, is prohibited from writing new business in the individual health plan market in this state for a period of five years from the date of notice to the commissioner. This subdivision applies to any

health maintenance organization that ceases to do business in the individual health plan market in one service area with respect to that service area only. Nothing in this subdivision prohibits an affiliated health maintenance organization from continuing to do business in the individual health plan market in that same service area. The right to refuse to renew an individual health plan under this subdivision does not apply to individual health plans issued on a guaranteed renewable basis that does not permit refusal to renew under the circumstances specified in this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 17. **[62D.015] REGULATORY DUTIES; TRANSFER.**

Subdivision 1. **Transfer and restructuring.** (a) The regulatory oversight with respect to health maintenance organizations transfers from the commissioner of health to the commissioner of commerce on July 1, 2027.

(b) The agency restructuring under this section must be conducted in accordance with sections 15.039 and 43A.045.

Subd. 2. **Succession; employees; liability.** (a) Employees related to the functions assigned to the commissioner of health are transferred to the Department of Commerce 30 days after the date the commissioner of health approves the transfer.

(b) An employee transferred under paragraph (a):

(1) must not have the employee's employment status or job classification altered as a result of the transfer;

(2) if represented by an exclusive representative before the transfer, remains represented by the same exclusive representative after the transfer occurs;

(3) if an applicable collective bargaining agreement with an exclusive representative was effective before the transfer, remains subject to the collective bargaining agreement for the remainder of the agreement's term; and

(4) if employed in a temporary unclassified position, the total length of time that the employee has served in the appointment includes all time served in the appointment at the transferring agency and the time served in the appointment at the department. An employee in a temporary unclassified position who was hired by a transferring agency through an open competitive selection process in accordance with a policy enacted by the commissioner of management and budget is considered to have been hired through an open competitive selection process after the transfer.

(c) The state must meet and negotiate with the exclusive representatives of transferred employees regarding proposed changes that affect or relate to the transferred employees' terms and conditions of employment to the extent that the proposed changes are not addressed in the applicable collective bargaining agreement.

(d) If the state transfers ownership or control of a department facility, service, or operation to a private or public entity by subcontracting, sale, assignment, lease, or other transfer, the state must require as a written condition of the transfer of ownership or control:

(1) an employee who performs work in the facility, service, or operation must be offered employment with the entity acquiring ownership or control before the entity offers employment to another individual who was not employed by the transferring agency at the time the transfer occurs; and

(2) the entity acquiring ownership or control is prohibited from reducing the transferred employee's wage and benefit standards until the collective bargaining agreement in effect at the time the transfer occurs expires or for a period of two years after the transfer occurs, whichever is longer.

(e) The state of Minnesota and the state's officers or agents are not liable for and are not subject to a cause of action arising from the action or inaction of an entity acquiring ownership or control of a department facility, service, or operation.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 18. Minnesota Statutes 2024, section 62D.08, subdivision 1, is amended to read:

Subdivision 1. **Notice of changes.** A health maintenance organization shall, unless otherwise provided for by rules adopted by the commissioner of ~~health~~ commerce, file notice with the commissioner of ~~health prior to any modification of~~ commerce before modifying the operations or documents described in the information submitted under section 62D.03, subdivision 4, clauses (a), (b), (e), (f), (g), (i), (j), (l), (m), (n), (o), (p), (q), (r), (s), and (t) ~~of section 62D.03, subdivision 4~~. If the commissioner of ~~health~~ commerce does not disapprove of the filing within 60 days, it shall be deemed approved and may be implemented by the health maintenance organization.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 19. Minnesota Statutes 2024, section 62D.08, subdivision 2, is amended to read:

Subd. 2. **Annual report required.** Every health maintenance organization shall annually, on or before April 1, file a verified report with the commissioner of ~~health~~ commerce

covering the preceding calendar year. However, utilization data required under subdivision 3, clause (c), shall be filed on or before July 1.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 20. Minnesota Statutes 2024, section 62D.08, subdivision 3, is amended to read:

Subd. 3. **Report requirements.** ~~Such~~ The report shall be submitted on forms prescribed by the commissioner of ~~health,~~ commerce and shall include:

(a) a financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant, reflecting at least (1) all prepayment and other payments received for health care services rendered, (2) expenditures to all providers, by classes or groups of providers, and insurance companies or nonprofit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract, (3) expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation or purchase of facilities and capital equipment, and (4) a supplementary statement of assets, liabilities, premium revenue, and expenditures for risk sharing business under section 62D.04, subdivision 1, on forms prescribed by the commissioner;

(b) the number of new enrollees enrolled during the year, the number of group enrollees and the number of individual enrollees as of the end of the year and the number of enrollees terminated during the year;

(c) a summary of information compiled pursuant to section 62D.04, subdivision 1, clause (c), in such form as may be required by the commissioner of ~~health~~ commerce;

(d) a report of the names and addresses of all persons set forth in section 62D.03, subdivision 4, clause (c), who were associated with the health maintenance organization or the major participating entity during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to the health maintenance organization or the major participating entity, as those services relate to the health maintenance organization, including a full disclosure of all financial arrangements during the preceding year required to be disclosed pursuant to section 62D.03, subdivision 4, clause (d);

(e) a separate report addressing health maintenance contracts sold to individuals covered by Medicare, title XVIII of the Social Security Act, as amended, including the information required under section 62D.30, subdivision 6;

(f) data on the number of complaints received and the category of each complaint as defined by the commissioner. The categories must include access, communication and behavior, health plan administration, facilities and environment, coordination of care, and technical competence and appropriateness. The commissioner, in consultation with interested stakeholders, shall define complaint categories to be used by each health maintenance organization by July 1, 2017, and the categories must be used by each health maintenance organization beginning calendar year 2018; and

(g) such other information relating to the performance of the health maintenance organization as is reasonably necessary to enable the commissioner of ~~health~~ commerce to carry out the duties under sections 62D.01 to 62D.30.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 21. Minnesota Statutes 2024, section 62D.08, subdivision 7, is amended to read:

Subd. 7. **Consistent administrative expenses and investment income reporting.** (a) Every health maintenance organization must directly allocate administrative expenses to specific lines of business or products when such information is available. Remaining expenses that cannot be directly allocated must be allocated based on other methods, as recommended by the Advisory Group on Administrative Expenses. Health maintenance organizations must submit this information, including administrative expenses for dental services, using the reporting template provided by the commissioner of ~~health~~ commerce.

(b) Every health maintenance organization must allocate investment income based on cumulative net income over time by business line or product and must submit this information, including investment income for dental services, using the reporting template provided by the commissioner of ~~health~~ commerce.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 22. Minnesota Statutes 2024, section 62D.08, is amended by adding a subdivision to read:

Subd. 8. **Information sharing.** The commissioner of commerce must share nonpublic data submitted by health maintenance organizations under this section with (1) the commissioner of health and the commissioner of human services, (2) other state and federal regulatory agencies, and (3) the National Association of Insurance Commissioners, if the requesting recipient under clauses (1) to (3) agrees to maintain the data in a manner consistent with the data's classification under chapter 13. The commissioner of commerce may enter

into agreements governing the sharing and use of information, provided the agreements are consistent with this subdivision.

Sec. 23. **[62D.085] SUBSTANTIAL ENROLLMENT GROWTH; NOTICE.**

Subdivision 1. **Notice required.** (a) No later than April 15 each year, a health maintenance organization that is operating under this chapter and that has at least 25,000 enrollees must notify the commissioner if the health maintenance organization:

(1) increases the total number of enrollees, as of April 1 in the current calendar year, by more than 35 percent of the health maintenance organization's total number of enrollees for the immediately preceding calendar year; or

(2) increases the total number of enrollees in a specific line of business or product by a percentage that is greater than the percentage of growth threshold established by the commissioner for the specific line of business or product.

(b) For purposes of this section, the number of enrollees must be calculated in a manner consistent with the health maintenance organization's reported covered lives in the company's National Association of Insurance Commissioners Annual Statement.

Subd. 2. **Additional information.** (a) Upon receiving notice under subdivision 1, the commissioner may request and the health maintenance organization must provide additional information regarding the health maintenance organization's financial readiness to serve the increased enrollment. The additional information requested may include but is not limited to:

(1) the conditions contributing to the health maintenance organization's enrollment growth;

(2) a three-year projected statutory balance sheet, income statements, and cash flow statements for the current year and the subsequent two years;

(3) the key assumptions impacting the projections and the sensitivity of the projections to the assumptions; and

(4) a description of anticipated issues associated with the health maintenance organization's business, including but not limited to (i) assets, (ii) anticipated business growth and associated surplus strain, (iii) significant change in risk profile, (iv) mix of business, and (v) reinsurance use, if any, in each case.

(b) If the information reported under paragraph (a) raises a concern with respect to a health maintenance organization's business on a prospective basis due to anticipated business

growth, including but not limited to anticipated business growth, strain on surplus, increased exposure to risk, or an imbalanced mix of business, the commissioner may issue a corrective order specifying corrective actions the commissioner determines are required. A corrective order issued under this paragraph is subject to review under chapter 14.

Sec. 24. Minnesota Statutes 2024, section 62D.12, subdivision 1, is amended to read:

Subdivision 1. **False representations.** No health maintenance organization or representative thereof may cause or knowingly permit the use of advertising or solicitation which is untrue or misleading, or any form of evidence of coverage which is deceptive. Each health maintenance organization ~~shall be~~ is subject to sections 72A.17 to 72A.32~~,~~ ~~relating to the regulation of trade practices, except (a) to the extent that the nature of a health maintenance organization renders such sections clearly inappropriate and (b) that enforcement shall be by the commissioner of health and not by the commissioner of commerce~~. Every health maintenance organization ~~shall be~~ is subject to sections 8.31 and 325F.69.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 25. Minnesota Statutes 2024, section 62D.124, subdivision 5, is amended to read:

Subd. 5. **Provider networks.** The ~~commissioner of health, the~~ commissioner of commerce~~,~~ and the commissioner of human services shall merge reporting requirements for health maintenance organizations and county-based purchasing plans related to Minnesota Department of ~~Health~~ Commerce oversight of network adequacy under this section and the provider network list reported to the Department of Human Services under Minnesota Rules, part 4685.2100. The commissioners shall work with health maintenance organizations and county-based purchasing plans to ensure that the report merger is done in a manner that simplifies health maintenance organization and county-based purchasing plan reporting processes.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 26. Minnesota Statutes 2025 Supplement, section 62D.21, is amended to read:

62D.21 FEES.

Every health maintenance organization subject to sections 62D.01 to 62D.30 shall pay to the commissioner of ~~health~~ commerce the following fees:

(1) filing an application for a certificate of authority: $10,000;

(2) filing an amendment to a certificate of authority: $125;

(3) filing each annual report: $400;

(4) filing each quarterly report: $200; and

(5) filing annual plan review documents, amendments to plan documents, and quality plans: $125.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 27. Minnesota Statutes 2025 Supplement, section 62D.211, is amended to read:

62D.211 RENEWAL FEE.

Each health maintenance organization subject to sections 62D.01 to 62D.30 shall submit to the commissioner of ~~health~~ commerce each year before June 15 a certificate of authority renewal fee in the amount of $30,000 each plus 88 cents per person enrolled in the health maintenance organization on December 31 of the preceding year.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 28. **[62D.212] HEALTH MAINTENANCE ORGANIZATION REGULATION ACCOUNT.**

(a) A health maintenance organization regulation account is established as a separate account in the special revenue fund in the state treasury. The commissioner of commerce must credit to the account filing fees and renewal fees collected under sections 62D.21 and 62D.211, appropriations and transfers, and other revenue related to the activities identified in paragraph (b). Earnings, including interest, dividends, other earnings arising from the account's assets, and remaining money from fiscal years occurring before July 1, 2027, must be credited to the account. The commissioner of commerce must manage the account.

(b) Money in the account is appropriated to the commissioner of commerce to administer this chapter and to reimburse the department's costs incurred to administer this section.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 29. Minnesota Statutes 2024, section 62D.221, subdivision 1, is amended to read:

Subdivision 1. **Insurance provisions applicable to health maintenance organizations.** Health maintenance organizations are subject to sections 60A.135, 60A.136, 60A.137, 60A.16, 60A.161, 60D.17, 60D.18, and 60D.20 and must comply with the provisions of these sections applicable to insurers. In applying these sections to health maintenance organizations, "commissioner" means the commissioner of ~~health~~ commerce.

Health maintenance organizations are subject to Minnesota Rules, chapter 2720, as applicable to sections 60D.17, 60D.18, and 60D.20, and must comply with the provisions of chapter 2720 applicable to insurers, unless the commissioner of ~~health~~ commerce adopts rules to implement this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 30. Minnesota Statutes 2024, section 62D.221, subdivision 2, is amended to read:

Subd. 2. **Statement.** In addition to the conditions in section 60D.17, subdivision 1, subjecting a health maintenance organization to filing requirements, no person other than the issuer shall acquire all or substantially all of the assets of a domestic nonprofit health maintenance organization through any means unless at the time the offer, request, or invitation is made or the agreement is entered into the person has filed with the commissioner and has sent to the health maintenance organization a statement containing the information required in section 60D.17 and the offer, request, invitation, agreement, or acquisition has been approved by the commissioner of ~~health~~ commerce in the manner prescribed in section 60D.17.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 31. Minnesota Statutes 2024, section 62E.11, subdivision 9, is amended to read:

Subd. 9. **Special assessment upon termination of individual health coverage.** (a) Each contributing member that terminates individual health coverage for reasons other than ~~(a)~~ (1) nonpayment of premium; ~~(b)~~ (2) failure to make co-payments; ~~(c)~~ (3) enrollee moving out of the area served; or ~~(d)~~ (4) a materially false statement or misrepresentation by the enrollee in the application for membership; and does not provide or arrange for replacement coverage that meets the requirements of section 62D.121; shall pay a special assessment to the state plan based upon the number of terminated individuals who join the comprehensive health insurance plan as authorized under section 62E.14, subdivisions 1, paragraph (d), and 6. Such a contributing member shall pay the association an amount equal to the average cost of an enrollee in the state plan in the year in which the member terminated enrollees multiplied by the total number of terminated enrollees who enroll in the state plan.

(b) The average cost of an enrollee in the state comprehensive health insurance plan shall be determined by dividing the state plan's total annual losses by the total number of enrollees from that year. This cost will be assessed to the contributing member who has terminated health coverage before the association makes the annual determination of each contributing member's liability as required under this section.

(c) In the event that the contributing member is terminating health coverage because of a loss of health care providers, the commissioner may review whether or not the special assessment established under this subdivision will have an adverse impact on the contributing member or its enrollees or insureds, including but not limited to causing the contributing member to fall below statutory net worth requirements. If the commissioner determines that the special assessment would have an adverse impact on the contributing member or its enrollees or insureds, the commissioner may adjust the amount of the special assessment, or establish alternative payment arrangements to the state plan. For health maintenance organizations regulated under chapter 62D, the commissioner of ~~health~~ commerce shall make the determination regarding any adjustment in the special assessment ~~and shall transmit that determination to the commissioner of commerce~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 32. Minnesota Statutes 2024, section 62E.11, subdivision 13, is amended to read:

Subd. 13. **State funding; effect on premium rates of members.** In approving the premium rates as required in sections 62A.65, subdivision 3; and 62L.08, subdivision 8, the ~~commissioners~~ commissioner of ~~health and~~ commerce shall ensure that any appropriation to reduce the annual assessment made on the contributing members to cover the costs of the Minnesota comprehensive health insurance plan as required under this section is reflected in the premium rates charged by each contributing member.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 33. Minnesota Statutes 2024, section 62J.40, is amended to read:

62J.40 COST CONTAINMENT DATA FROM STATE AGENCIES AND OTHER GOVERNMENTAL UNITS.

(a) All state departments or agencies that administer one or more health care programs shall provide to the commissioner of health any additional data on the health care programs they administer that is requested by the commissioner of health, including data in unaggregated form, for purposes of developing estimates of spending, setting spending limits, and monitoring actual spending. The data must be provided at the times and in the form specified by the commissioner of health.

(b) For purposes of estimating total health care spending as provided in section 62J.301, subdivision 4, clause (c), all local governmental units shall provide expenditure data to the commissioner. The commissioner shall consult with representatives of the affected local

government units in establishing definitions, reporting formats, and reporting time frames. As much as possible, the data shall be collected in a manner that ensures that the data collected is consistent with data collected from the private sector and minimizes the reporting burden to local government.

(c) A state agency that purchases health care services, provides oversight over health insurance rates, collects health care taxes, or regulates health care entities must provide to the commissioner nonpublic data the commissioner requests to satisfy statutory duties under sections 62J.301 to 62J.461, 62J.84, 62J.87, 62U.01 to 62U.10, 144.70, 145D.01, and 145D.02, with respect to monitoring the health care market, including but not limited to consolidation, transaction, corporate structure, utilization, quality, spending growth, and prescription drug supply chains.

(d) The commissioner of commerce may request unique or custom data sets from a state agency in a request under paragraph (c). The state agency may charge the commissioner of commerce a fee to provide data sets under paragraph (c) at the same rate the state agency charges another public or private entity for the same data.

(e) Data provided to the commissioner under paragraph (c) retains the data's original classification under chapter 13. Data provided to the commissioner under paragraph (c) may be included in public reports if the data are aggregated and deidentified.

Sec. 34. Minnesota Statutes 2024, section 62J.60, subdivision 5, is amended to read:

Subd. 5. **Annual reporting.** As part of an annual filing made with the commissioner of ~~health or~~ commerce ~~on or after January 1, 2003~~, a group purchaser shall certify compliance with this section and shall submit to the commissioner of ~~health or~~ commerce a copy of the Minnesota uniform health care identification card used by the group purchaser.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 35. Minnesota Statutes 2024, section 62K.07, subdivision 2, is amended to read:

Subd. 2. **Prescription drug costs.** (a) Each health carrier that offers a prescription drug benefit in its individual health plans or small group health plans shall include in the applicable rate filing required under section 62A.02 the following information about covered prescription drugs:

(1) the 25 most frequently prescribed drugs in the previous plan year;

(2) the 25 most costly prescription drugs as a portion of the individual health plan's or small group health plan's total annual expenditures in the previous plan year;

(3) the 25 prescription drugs that have caused the greatest increase in total individual health plan or small group health plan spending in the previous plan year;

(4) the projected impact of the cost of prescription drugs on premium rates;

(5) if any health plan offered by the health carrier requires enrollees to pay cost-sharing on any covered prescription drugs including deductibles, co-payments, or coinsurance in an amount that is greater than the amount the enrollee's health plan would pay for the drug absent the applicable enrollee cost-sharing and after accounting for any rebate amount; and

(6) if the health carrier prohibits third-party payments including manufacturer drug discounts or coupons that cover all or a portion of an enrollee's cost-sharing requirements including deductibles, co-payments, or coinsurance from applying toward the enrollee's cost-sharing obligations under the enrollee's health plan.

(b) The commissioner of commerce must share reported data with the commissioner of health and, in consultation with the commissioner of health, shall release a summary of the information reported in paragraph (a) at the same time as the information required under section 62A.02, subdivision 2, paragraph (c).

Sec. 36. Minnesota Statutes 2024, section 62L.02, subdivision 8, is amended to read:

Subd. 8. **Commissioner.** "Commissioner" means the commissioner of commerce ~~for health carriers subject to the jurisdiction of the Department of Commerce or the commissioner of health for health carriers subject to the jurisdiction of the Department of Health, or the relevant commissioner's designated representative. For purposes of sections 62L.13 to 62L.22, "commissioner" means the commissioner of commerce or that commissioner's designated representative~~.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 37. Minnesota Statutes 2024, section 62L.08, subdivision 11, is amended to read:

Subd. 11. **Loss ratio standards.** Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, each policy or contract form used with respect to a health benefit plan offered, or issued in the small employer market, is subject, beginning July 1, 1993, to section 62A.021. ~~The commissioner of health has, with respect to carriers under that commissioner's jurisdiction, all of the powers of the commissioner of commerce under that section.~~

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 38. Minnesota Statutes 2024, section 62L.09, subdivision 3, is amended to read:

Subd. 3. **Reentry prohibition.** (a) Except as otherwise provided in paragraph (b), a health carrier that ceases to do business in the small employer market after July 1, 1993, is prohibited from writing new business in the small employer market in this state for a period of five years from the date of notice to the commissioner. This subdivision applies to any health maintenance organization that ceases to do business in the small employer market in one service area with respect to that service area only. Nothing in this subdivision prohibits an affiliated health maintenance organization from continuing to do business in the small employer market in that same service area.

(b) The commissioner of commerce ~~or the commissioner of health~~ may permit a health carrier that ceases to do business in the small employer market in this state after July 1, 1993, to begin writing new business in the small employer market if:

(1) since the carrier ceased doing business in the small employer market, legislative action has occurred that has significantly changed the effect on the carrier of its decision to cease doing business in the small employer market; and

(2) the commissioner deems it appropriate.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 39. Minnesota Statutes 2024, section 62L.10, subdivision 4, is amended to read:

Subd. 4. **Review of premium rates.** The commissioner shall regulate premium rates charged or proposed to be charged by all health carriers in the small employer market under section 62A.02. ~~The commissioner of health has, with respect to carriers under that commissioner's jurisdiction, all of the powers of the commissioner of commerce under that section.~~

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 40. Minnesota Statutes 2024, section 62L.11, subdivision 2, is amended to read:

Subd. 2. **Enforcement powers.** The ~~commissioners~~ commissioner of ~~health and~~ commerce ~~each~~ has, for purposes of this chapter, all of ~~each~~ the commissioner's ~~respective~~ powers under other chapters that are applicable to ~~their respective~~ the commissioner's duties under this chapter.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 41. Minnesota Statutes 2024, section 62M.11, is amended to read:

62M.11 COMPLAINTS TO COMMERCE ~~OR HEALTH~~.

Notwithstanding the provisions of this chapter, an enrollee may file a complaint regarding an adverse determination directly to the commissioner ~~responsible for regulating the utilization review organization~~ of commerce.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 42. Minnesota Statutes 2024, section 62Q.01, subdivision 2, is amended to read:

Subd. 2. **Commissioner.** "Commissioner" means ~~the commissioner of health for purposes of regulating health maintenance organizations, and community integrated service networks, or~~ the commissioner of commerce for purposes of regulating ~~all other~~ health plan companies. For all other purposes, "commissioner" means the commissioner of health.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 43. Minnesota Statutes 2024, section 62Q.106, is amended to read:

62Q.106 DISPUTE RESOLUTION BY COMMISSIONER.

(a) A complainant may at any time submit a complaint to the ~~appropriate~~ commissioner to investigate. After investigating a complaint, or reviewing a company's decision, the ~~appropriate~~ commissioner may order a remedy as authorized under chapter 45, 60A, or 62D.

(b) In investigating a complaint filed against a health maintenance organization regarding a vulnerable adult, upon request, the commissioner of ~~health~~ commerce must interview at least one family member of the complainant or the subject of the complaint. If the complainant or the subject of the complaint does not want any family members to be interviewed, this information will be included in the investigative file.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 44. Minnesota Statutes 2024, section 62Q.188, subdivision 2, is amended to read:

Subd. 2. **Flexible benefits plan.** Notwithstanding any provision of this chapter, chapter 363A, or any other law to the contrary, a health plan company may offer, sell, issue, and renew a health plan that is a flexible benefits plan under this section if the following requirements are satisfied:

(1) the health plan must be offered in compliance with the laws of this state, except as otherwise permitted in this section;

(2) the health plan must be designed to enable covered persons to better manage costs and coverage options through the use of co-pays, deductibles, and other cost-sharing arrangements;

(3) the health plan may modify or exclude any or all coverages of benefits that would otherwise be required by law, except for maternity benefits and other benefits required under federal law;

(4) each health plan and plan's premiums must be approved by the commissioner of ~~health or~~ commerce, ~~whichever is appropriate under section 62Q.01, subdivision 2,~~ but ~~neither~~ the commissioner may not disapprove a plan on the grounds of a modification or exclusion permitted under clause (3); and

(5) prior to the sale of the health plan, the purchaser must be given a written list of the coverages otherwise required by law that are modified or excluded in the health plan. The list must include a description of each coverage in the list and indicate whether the coverage is modified or excluded. If coverage is modified, the list must describe the modification. The list may, but is not required to, also list any or all coverages otherwise required by law that are included in the health plan and indicate that they are included. The health plan company must require that a copy of this written list be provided, prior to the effective date of the health plan, to each enrollee or employee who is eligible for health coverage under the plan.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 45. Minnesota Statutes 2024, section 62Q.37, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Commissioner" means the commissioner of ~~health for purposes of regulating health maintenance organizations and community integrated service networks, the commissioner of~~ commerce for purposes of regulating health maintenance organizations and nonprofit health service plan corporations, or the commissioner of human services for the purpose of contracting with managed care organizations serving persons enrolled in programs under chapter 256B or 256L.

(c) "Health plan company" means (1) a nonprofit health service plan corporation operating under chapter 62C; (2) a health maintenance organization operating under chapter 62D; (3) a community integrated service network operating under chapter 62N; or (4) a managed care organization operating under chapter 256B or 256L.

(d) "Nationally recognized independent organization" means (1) an organization that sets specific national standards governing health care quality assurance processes, utilization review, provider credentialing, marketing, and other topics covered by this chapter and other chapters and audits and provides accreditation to those health plan companies that meet those standards. The American Accreditation Health Care Commission (URAC), the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and the Accreditation Association for Ambulatory Health Care (AAAHC) are, at a minimum, defined as nationally recognized independent organizations; and (2) the Centers for Medicare and Medicaid Services for purposes of reviews or audits conducted of health plan companies under Part C of Title XVIII of the Social Security Act or under section 1876 of the Social Security Act.

(e) "Performance standard" means those standards relating to quality management and improvement, access and availability of service, utilization review, provider selection, provider credentialing, marketing, member rights and responsibilities, complaints, appeals, grievance systems, enrollee information and materials, enrollment and disenrollment, subcontractual relationships and delegation, confidentiality, continuity and coordination of care, assurance of adequate capacity and services, coverage and authorization of services, practice guidelines, health information systems, and financial solvency.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 46. Minnesota Statutes 2024, section 62Q.47, is amended to read:

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

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

(b) Cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency and alcoholism services, except for persons seeking chemical dependency services under section 245G.05, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services.

(c) Cost-sharing requirements and benefit or service limitations for inpatient hospital mental health services, psychiatric residential treatment facility services, and inpatient hospital and residential chemical dependency and alcoholism services, except for persons

seeking chemical dependency services under section 245G.05, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

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

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

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

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

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

(1) 99492;

(2) 99493;

(3) 99494;

(4) G2214; and

(5) G0512.

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

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

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

(1) care directed by the primary care team;

(2) structured care management;

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

(4) modification of treatment as appropriate.

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 47. Minnesota Statutes 2024, section 62Q.51, subdivision 3, is amended to read:

Subd. 3. **Rate approval.** The premium rates and cost sharing requirements for each option must be submitted to ~~the commissioner of health or~~ the commissioner of commerce as required by law. A health plan that includes lower enrollee cost sharing for services provided by network providers than for services provided by out-of-network providers, or lower enrollee cost sharing for services provided with prior authorization or second opinion than for services provided without prior authorization or second opinion, qualifies as a point-of-service option.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 48. Minnesota Statutes 2024, section 62Q.556, subdivision 3, is amended to read:

Subd. 3. **Annual data reporting.** (a) Beginning April 1, 2024, a health plan company must report annually to the commissioner of ~~health~~ commerce:

(1) the total number of claims and total billed and paid amounts for nonparticipating provider services, by service and provider type, submitted to the health plan in the prior calendar year; and

(2) the total number of enrollee complaints received regarding the rights and protections established by the No Surprises Act in the prior calendar year.

(b) The ~~commissioners~~ commissioner of commerce ~~and health~~ shall develop the form and manner for health plan companies to comply with paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 49. Minnesota Statutes 2024, section 62Q.556, subdivision 4, is amended to read:

Subd. 4. **Enforcement.** (a) Any provider or facility, including a health care provider or facility pursuant to section 62A.63, subdivision 2, or 62J.03, subdivision 8, that is subject to the relevant provisions of the No Surprises Act is subject to the requirements of this section and section 62J.811.

(b) The commissioner of commerce ~~or health~~ shall enforce this section.

(c) If a health-related licensing board has cause to believe that a provider has violated this section, it may further investigate and enforce the provisions of this section pursuant to chapter 214.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 50. Minnesota Statutes 2024, section 62Q.69, subdivision 2, is amended to read:

Subd. 2. **Procedures for filing a complaint.** (a) A complainant may submit a complaint to a health plan company either by telephone or in writing. If a complaint is submitted orally and the resolution of the complaint, as determined by the complainant, is partially or wholly adverse to the complainant, or the oral complaint is not resolved to the satisfaction of the complainant, by the health plan company within ten days of receiving the complaint, the health plan company must inform the complainant that the complaint may be submitted in writing. The health plan company must also offer to provide the complainant with any assistance needed to submit a written complaint, including an offer to complete the complaint form for a complaint that was previously submitted orally and promptly mail the completed form to the complainant for the complainant's signature. At the complainant's request, the health plan company must provide the assistance requested by the complainant. The complaint form must include the following information:

(1) the telephone number of the health plan company member services or other departments or persons equipped to advise complainants on complaint resolution;

(2) the address to which the form must be sent;

(3) a description of the health plan company's internal complaint procedure and the applicable time limits; and

(4) the toll-free telephone number of ~~either~~ the commissioner of ~~health or~~ commerce and notification that the complainant has the right to submit the complaint at any time to the ~~appropriate~~ commissioner for investigation.

(b) Upon receipt of a written complaint, the health plan company must notify the complainant within ten business days that the complaint was received, unless the complaint is resolved to the satisfaction of the complainant within the ten business days.

(c) Each health plan company must provide, in the member handbook, subscriber contract, or certification of coverage, a clear and concise description of how to submit a complaint and a statement that, upon request, assistance in submitting a written complaint is available from the health plan company.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 51. Minnesota Statutes 2024, section 62Q.69, subdivision 3, is amended to read:

Subd. 3. **Notification of complaint decisions.** (a) The health plan company must notify the complainant in writing of its decision and the reasons for it as soon as practical but in no case later than 30 days after receipt of a written complaint. If the health plan company cannot make a decision within 30 days due to circumstances outside the control of the health plan company, the health plan company may take up to 14 additional days to notify the complainant of its decision. If the health plan company takes any additional days beyond the initial 30-day period to make its decision, it must inform the complainant, in advance, of the extension and the reasons for the extension.

(b) For group health plans, if the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to appeal the decision to the health plan company's internal appeal process described in section 62Q.70 and the procedure for initiating an appeal.

(c) For individual health plans, if the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to submit the complaint decision to the external review process described in section 62Q.73 and the procedure for initiating the external review process. Notwithstanding the provisions in this subdivision, a health plan company offering individual coverage may instead follow the process for group health plans outlined in paragraph (b).

(d) The notification must also inform the complainant of the right to submit the complaint at any time to ~~either~~ the commissioner of ~~health or~~ commerce for investigation and the toll-free telephone number of the ~~appropriate~~ commissioner.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 52. Minnesota Statutes 2024, section 62Q.71, is amended to read:

62Q.71 NOTICE TO ENROLLEES.

Each health plan company shall provide to enrollees a clear and concise description of its complaint resolution procedure, if applicable under section 62Q.68, subdivision 1, and the procedure used for utilization review as defined under chapter 62M as part of the member handbook, subscriber contract, or certificate of coverage. If the health plan company does not issue a member handbook, the health plan company may provide the description in another written document. The description must specifically inform enrollees:

(1) how to submit a complaint to the health plan company;

(2) if the health plan includes utilization review requirements, how to notify the utilization review organization in a timely manner and how to obtain authorization for health care services;

(3) how to request an appeal either through the procedures described in section 62Q.70, if applicable, or through the procedures described in chapter 62M;

(4) of the right to file a complaint with ~~either~~ the commissioner of ~~health or~~ commerce at any time during the complaint and appeal process;

(5) of the toll-free telephone number of the ~~appropriate~~ commissioner; and

(6) of the right, for individual and group coverage, to obtain an external review under section 62Q.73 and a description of when and how that right may be exercised, including that under most circumstances an enrollee must exhaust the internal complaint or appeal process prior to external review. However, an enrollee may proceed to external review without exhausting the internal complaint or appeal process under the following circumstances:

(i) the health plan company waives the exhaustion requirement;

(ii) the health plan company is considered to have waived the exhaustion requirement by failing to substantially comply with any requirements including, but not limited to, time limits for internal complaints or appeals; or

(iii) the enrollee has applied for an expedited external review at the same time the enrollee has applied for internal review under chapter 62M.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 53. Minnesota Statutes 2024, section 62Q.73, subdivision 3, is amended to read:

Subd. 3. **Right to external review.** (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination, if applicable under section 62Q.68, subdivision 1, or 62M.06, ~~to the commissioner of health if the request involves a health plan company regulated by that commissioner or~~ to the commissioner of commerce ~~if the request involves a health plan company regulated by that commissioner~~. Notification of the enrollee's right to external review must accompany the denial issued by the insurer.

(b) Nothing in this section requires the commissioner of ~~health or~~ commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review must be borne by the health plan company.

(d) The enrollee must request external review within six months from the date of the adverse determination.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 54. Minnesota Statutes 2024, section 62Q.73, subdivision 10, is amended to read:

Subd. 10. **Data reporting.** The ~~commissioners~~ commissioner of commerce shall make available to the public, upon request, summary data on the decisions rendered under this section, including the number of reviews heard and decided and the final outcomes. Any data released to the public must not individually identify the enrollee initiating the request for external review.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 55. Minnesota Statutes 2024, section 62Q.81, subdivision 7, is amended to read:

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

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

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

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

(3) offered for purchase to any individual.

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

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

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

(f) Notwithstanding section 62A.65, subdivision 2, a health plan company may discontinue offering a health plan under this subdivision if, three years after the date the plan is initially offered, the plan has fewer than 75 enrollees. A health plan company discontinuing a health plan under this paragraph may discontinue a health plan that has fewer than 75 enrollees if it:

(1) provides notice of the plan's discontinuation in writing, in a form prescribed by the commissioner, to each enrollee of the plan at least 90 calendar days before the date the coverage is discontinued;

(2) offers on a guaranteed issue basis to each enrollee the option to purchase an individual health plan currently being offered by the health plan company for individuals in that geographic rating area. An enrollee who does not select an option shall be automatically enrolled in the individual health plan closest in actuarial value to the enrollee's current plan; and

(3) acts uniformly without regard to any health status-related factor of an enrollee or an enrollee's dependents who may become eligible for coverage.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 56. Minnesota Statutes 2024, section 62U.04, subdivision 13, is amended to read:

Subd. 13. **Expanded access to and use of the all-payer claims data.** (a) The commissioner or the commissioner's designee shall make the data submitted under subdivisions 4, 5, 5a, and 5b, including data classified as private or nonpublic, available to: (1) individuals and organizations engaged in research on, or efforts to effect transformation in, health care outcomes, access, quality, disparities, or spending, provided the use of the data serves a public benefit; and (2) the commissioner of commerce, subject to the data use requirements under subdivision 11, paragraph (b), to perform health insurance oversight duties.

(b) Data made available under this subdivision may not be used to:

(1) create an unfair market advantage for any participant in the health care market in Minnesota, including health plan companies, payers, and providers;

(2) reidentify or attempt to reidentify an individual in the data; or

(3) publicly report contract details between a health plan company and provider and derived from the data.

~~(b)~~ (c) To implement ~~paragraph~~ paragraphs (a) and (b), the commissioner shall:

(1) establish detailed requirements for data access; a process for data users to apply to access and use the data; legally enforceable data use agreements to which data users must consent; a clear and robust oversight process for data access and use, including a data management plan, that ensures compliance with state and federal data privacy laws; agreements for state agencies and the University of Minnesota to ensure proper and efficient use and security of data; and technical assistance for users of the data and for stakeholders;

(2) develop a fee schedule to support the cost of expanded access to and use of the data, provided the fees charged under the schedule do not create a barrier to access or use for those most affected by disparities; and

(3) create a research advisory group to advise the commissioner on applications for data use under this subdivision, including an examination of the rigor of the research approach, the technical capabilities of the proposed user, and the ability of the proposed user to successfully safeguard the data.

Sec. 57. Minnesota Statutes 2024, section 62W.06, is amended by adding a subdivision to read:

Subd. 4. **Data sharing.** Notwithstanding subdivision 2, paragraph (d), the commissioner must provide the data under subdivision 2, paragraph (a), to the commissioner of health. The commissioner of health must maintain data received under this section in a manner consistent with the data's classification under subdivision 2, paragraph (d).

Sec. 58. **REVISOR INSTRUCTION.**

(a) Except as otherwise provided in this act, the revisor of statutes shall substitute the term "commissioner of commerce" for the term "commissioner of health" wherever the term appears in (1) Minnesota Statutes, chapters 62D, except section 62D.02, subdivision 12; 62L; and 62Q, except sections 62Q.19 and 62Q.33; (2) Minnesota Statutes, sections 60B.15, 60B.191, 60B.20, 62K.09, 62K.10, 62K.105, 62K.12, 62K.13, 62K.14, 62W.05, 256B.69, and 256B.692; (3) Minnesota Rules, chapters 4685, 2740, 4688; and (4) Minnesota Rules, part 9510.2020, subparts 3 and 8, item (C). The revisor shall also make any necessary grammatical changes to verbs or other words to conform with this substitution.

(b) The revisor of statutes shall remove the term "commissioner of health" wherever the term appears in Minnesota Rules, chapter 2730.

EFFECTIVE DATE. This section is effective July 1, 2027.

ARTICLE 5
REINSURANCE

Section 1. Minnesota Statutes 2024, section 62E.23, subdivision 1, is amended to read:

Subdivision 1. **Administration of plan.** (a) The association is Minnesota's reinsurance entity to administer the state-based reinsurance program referred to as the Minnesota premium security plan.

(b) The association may apply for any available federal funding for the plan. All funds received by or appropriated to the association shall be deposited in the premium security plan account in section 62E.25, subdivision 1. The association shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services and insurance within ten days of receiving any federal funds.

(c) The association must collect or access data from an eligible health carrier that are necessary to determine reinsurance payments, according to the data requirements under subdivision 5, paragraph (c).

(d) The board must not use any funds allocated to the plan for staff retreats, promotional giveaways, excessive executive compensation, or promotion of federal or state legislative or regulatory changes. This paragraph does not prohibit the association from providing technical assistance or information regarding the association or the Minnesota premium security plan.

(e) For each applicable benefit year, the association must notify eligible health carriers of reinsurance payments to be made for the applicable benefit year no later than June 30 of the year following the applicable benefit year.

(f) On a quarterly basis during the applicable benefit year, the association must provide each eligible health carrier with the calculation of total reinsurance payment requests.

(g) By August 15 ~~of the year following the applicable benefit year~~, 2027, for benefit year 2026, the association must disburse all applicable reinsurance payments to an eligible health carrier. For benefit year 2027, the commissioner must transfer to the association the total amount of money necessary for the association to pay all applicable reinsurance payments to each eligible health carrier by August 15, 2028.

(h) For benefit year 2027, the association must disburse applicable reinsurance payments to an eligible health carrier no later than August 31, 2028.

Sec. 2. Minnesota Statutes 2025 Supplement, section 62E.23, subdivision 1a, is amended to read:

Subd. 1a. **2028 assessment on group health carriers.** (a) An assessment is imposed in calendar year 2028 on group health carriers operating under the Minnesota premium security plan in benefit year 2027. This is a onetime assessment.

(b) By May 1, 2028, the association must provide each group health carrier with an estimate of the carrier's assessment under paragraph (a).

(c) By June 30, 2028, the association must ~~notify each group health carrier of the carrier's assessment amount under paragraph (a). The association must determine~~ propose each carrier's assessment amount, in consultation with the commissioner, based on the group health carrier's portion of the total premiums for group health plans written in Minnesota for benefit year 2027. The commissioner must approve the carrier's assessment amount. The ~~association must establish the~~ final assessment amount for each group health plan ~~so~~ must ensure that the aggregate assessment amount collected from group health plans under this subdivision equals the amount necessary for the appropriations and transfers under

section 62E.25, subdivision 1. By July 25, 2028, the association must notify each group health carrier of the carrier's proposed assessment amount under paragraph (a).

(d) Subject to paragraph (e), each group health carrier must pay the assessment under paragraph (a) to the ~~association~~ commissioner by August 1, 2028, for deposit in the premium security plan account created under section 62E.25. A group health plan must pay the assessment in the manner determined by the commissioner.

(e) A group health carrier may apply to the commissioner to defer all or part of the assessment imposed under paragraph (a). The application must be submitted to the commissioner by May 15, 2028. The commissioner may defer all or part of the assessment if the commissioner determines the payment of the assessment places the group health carrier in a financially impaired condition. The commissioner may deny an application for deferral under this paragraph. No later than June 15, 2028, the commissioner must notify the association and the group health carrier whether the assessment deferral is approved or denied. If the commissioner approves the deferral request, the notice must include the amount of and due date for the deferred portion of the assessment. If all or part of the assessment is deferred, the association must include the amount deferred in the other group health carriers' assessments in a proportionate manner consistent with this subdivision. ~~The~~ A group health carrier that receives a deferral is liable to the ~~association~~ commissioner for the amount deferred and is prohibited from receiving or becoming entitled to a reinsurance payment under the Minnesota premium security plan until the group health carrier has paid the deferred assessment.

(f) If the association determines the assessment imposed under paragraph (a) exceeds or is less than the amount necessary to operate and administer the Minnesota premium security plan and issue reinsurance payments, the association must require group health carriers to pay an additional amount or the association must issue a refund to the group health carriers. The association must determine the accuracy of the assessment by ~~May 30~~ March 15, 2029.

~~(g) By August 15, 2028, the association must remit the assessments collected under this subdivision to the commissioner for deposit in the premium security plan account created under section 62E.25.~~

Sec. 3. Minnesota Statutes 2025 Supplement, section 62E.23, subdivision 2, is amended to read:

Subd. 2. **Payment parameters.** (a) The board must design and adjust the payment parameters to ensure the payment parameters:

(1) will stabilize or reduce premium rates in the individual market;

(2) will increase participation in the individual market;

(3) will improve access to health care providers and services for those in the individual market;

(4) mitigate the impact high-risk individuals have on premium rates in the individual market;

(5) take into account any federal funding available for the plan;

(6) for benefit year 2027, take into account the assessment under subdivision 1a;

(7) ensure the premium security plan account created under section 62E.25, subdivision 1, has sufficient money to ensure MNsure's stable operation after taking into account the Minnesota premium security plan's effect on MNsure's funding; and

(8) take into account the total amount available to fund the plan.

(b) The attachment point for the plan is the threshold amount for claims costs incurred by an eligible health carrier for an enrolled individual's covered benefits in a benefit year, beyond which the claims costs for benefits are eligible for reinsurance payments. The attachment point shall be set by the board at $50,000 or more, but not exceeding the reinsurance cap.

(c) The coinsurance rate for the plan is the rate at which the association will reimburse an eligible health carrier for claims incurred for an enrolled individual's covered benefits in a benefit year above the attachment point and below the reinsurance cap. The coinsurance rate shall be set by the board at a rate between 50 and 80 percent.

(d) The reinsurance cap is the threshold amount for claims costs incurred by an eligible health carrier for an enrolled individual's covered benefits, after which the claims costs for benefits are no longer eligible for reinsurance payments. The reinsurance cap shall be set by the board at $250,000 or less.

(e) The board may adjust the payment parameters to the extent necessary to secure federal approval of the state innovation waiver request in Laws 2017, chapter 13, article 1, section 8.

(f) For purposes of paragraph (a), clause (7), the ~~association~~ commissioner must consult with the commissioner of management and budget and the board of directors of MNsure to determine the amount of funding necessary to ensure MNsure's stable operation.

Sec. 4. Minnesota Statutes 2025 Supplement, section 297I.20, subdivision 7, is amended to read:

Subd. 7. **Reinsurance credit.** Beginning with taxable years after December 31, 2028, a taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount of the assessment paid by the taxpayer under section 62E.23 in the immediately preceding calendar year. If the amount of the credit exceeds the liability for tax under this chapter, the commissioner must refund the excess to the ~~insurance company~~ taxpayer. An amount sufficient to pay the refunds under this section is appropriated to the commissioner from the general fund. The credit under this subdivision does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03. The commissioner of commerce must annually provide to the commissioner a list of assessments paid by taxpayers under section 62E.23 by March 1 of the calendar year following the assessment.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2028.

ARTICLE 6
HEALTH INSURANCE

Section 1. Minnesota Statutes 2024, section 62A.135, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given ~~them~~:

~~(a)~~ (1) "fixed indemnity policy" is a policy form, other than an accidental death and dismemberment policy, a disability income policy, or a long-term care policy as defined in section 62A.46, subdivision 2, that pays a predetermined, specified, fixed benefit for services provided. Fixed indemnity policy includes short-term home health and nursing care insurance under section 62A.70. Claim costs under these forms are generally not subject to inflation, although they may be subject to changes in the utilization of health care services. For policy forms providing both expense-incurred and fixed benefits, the policy form is a fixed indemnity policy if 50 percent or more of the total claims are for predetermined, specified, fixed benefits;

~~(b)~~ (2) "guaranteed renewable" means that, during the renewal period (to a specified age) renewal cannot be declined nor coverage changed by the insurer for any reason other than nonpayment of premiums, fraud, or misrepresentation, but the insurer can revise rates on a class basis upon approval by the commissioner;

~~(c)~~ (3) "noncancelable" means that, during the renewal period (to a specified age) renewal cannot be declined nor coverage changed by the insurer for any reason other than nonpayment of premiums, fraud, or misrepresentation and that rates cannot be revised by the insurer. This includes policies that are guaranteed renewable to a specified age, such as 60 or 65, at guaranteed rates; and

~~(d)~~ (4) "average annualized premium" means the average of the estimated annualized premium per covered person based on the anticipated distribution of business using all significant criteria having a price difference, such as age, sex, amount, dependent status, mode of payment, and rider frequency. For filing of rate revisions, the amount is the anticipated average assuming the revised rates have fully taken effect.

Sec. 2. Minnesota Statutes 2025 Supplement, section 62A.31, subdivision 1u, is amended to read:

Subd. 1u. **Guaranteed issue for eligible persons.** (a)(1) Eligible persons are those individuals described in paragraph (b) who seek to enroll under the policy during the period specified in paragraph (c) and who submit evidence of the date of termination or disenrollment described in paragraph (b), or of the date of Medicare Part D enrollment, with the application for a Medicare supplement policy.

(2) With respect to eligible persons, an issuer shall not: deny or condition the issuance or effectiveness of a Medicare supplement policy described in paragraph (c) that is offered and is available for issuance to new enrollees by the issuer; discriminate in the pricing of such a Medicare supplement policy because of health status, claims experience, receipt of health care, medical condition, or age; or impose an exclusion of benefits based upon a preexisting condition under such a Medicare supplement policy.

(b) An eligible person is an individual described in any of the following:

(1) the individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under Medicare; and the plan terminates, or the plan ceases to provide all such supplemental health benefits to the individual;

(2) the individual is enrolled with a Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C, and any of the following circumstances apply, or the individual is 65 years of age or older and is enrolled with a Program of All-Inclusive Care for the Elderly (PACE) provider under section 1894 of the federal Social Security Act, and there are circumstances similar to those described in this clause that would permit

discontinuance of the individual's enrollment with the provider if the individual were enrolled in a Medicare Advantage plan:

(i) the organization's or plan's certification under Medicare Part C has been terminated or the organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides;

(ii) the individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in circumstances specified by the secretary, but not including termination of the individual's enrollment on the basis described in section 1851(g)(3)(B) of the federal Social Security Act, United States Code, title 42, section 1395w-21(g)(3)(b) (where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior as specified in standards under section 1856 of the federal Social Security Act, United States Code, title 42, section 1395w-26), or the plan is terminated for all individuals within a residence area;

(iii) the individual demonstrates, in accordance with guidelines established by the Secretary, that:

(A) the organization offering the plan substantially violated a material provision of the organization's contract in relation to the individual, including the failure to provide an enrollee on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide such covered care in accordance with applicable quality standards; or

(B) the organization, or agent or other entity acting on the organization's behalf, materially misrepresented the plan's provisions in marketing the plan to the individual; or

(iv) the individual meets such other exceptional conditions as the secretary may provide;

(3)(i) the individual is enrolled with:

(A) an eligible organization under a contract under section 1876 of the federal Social Security Act, United States Code, title 42, section 1395mm (Medicare cost);

(B) a similar organization operating under demonstration project authority, effective for periods before April 1, 1999;

(C) an organization under an agreement under section 1833(a)(1)(A) of the federal Social Security Act, United States Code, title 42, section 1395l(a)(1)(A) (health care prepayment plan); or

(D) an organization under a Medicare Select policy under section 62A.318 or the similar law of another state; and

(ii) the enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under clause (2);

(4) the individual is enrolled under a Medicare supplement policy, and the enrollment ceases because:

(i)(A) of the insolvency of the issuer or bankruptcy of the nonissuer organization; or

(B) of other involuntary termination of coverage or enrollment under the policy;

(ii) the issuer of the policy substantially violated a material provision of the policy; or

(iii) the issuer, or an agent or other entity acting on the issuer's behalf, materially misrepresented the policy's provisions in marketing the policy to the individual;

(5)(i) the individual was enrolled under a Medicare supplement policy and terminates that enrollment and subsequently enrolls, for the first time, with any Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C; any eligible organization under a contract under section 1876 of the federal Social Security Act, United States Code, title 42, section 1395mm (Medicare cost); any similar organization operating under demonstration project authority; any PACE provider under section 1894 of the federal Social Security Act, or a Medicare Select policy under section 62A.318 or the similar law of another state; and

(ii) the subsequent enrollment under item (i) is terminated by the enrollee during any period within the first 12 months of the subsequent enrollment during which the enrollee is permitted to terminate the subsequent enrollment under section 1851(e) of the federal Social Security Act;

(6) the individual, upon first enrolling for benefits under Medicare Part B, enrolls in a Medicare Advantage plan under Medicare Part C, or with a PACE provider under section 1894 of the federal Social Security Act, and disenrolls from the plan by not later than 12 months after the effective date of enrollment;

(7) the individual enrolls in a Medicare Part D plan during the initial Part D enrollment period, as defined under United States Code, title 42, section 1395ss(v)(6)(D), and, at the time of enrollment in Part D, was enrolled under a Medicare supplement policy that covers outpatient prescription drugs and the individual terminates enrollment in the Medicare supplement policy and submits evidence of enrollment in Medicare Part D along with the application for a policy described in paragraph (e), clause (4);

(8) the individual was enrolled in a state public program and is losing coverage due to the unwinding of the Medicaid continuous enrollment conditions, as provided by Code of Federal Regulations, title 45, section 155.420 (d)(9) and (d)(1), and Public Law 117-328, section 5131 (2022); or

(9) the individual meets the requirements under subdivision 1r, paragraph (c), and enrolls during the open enrollment period.

(c)(1) In the case of an individual described in paragraph (b), clause (1), the guaranteed issue period begins on the later of: (i) the date the individual receives a notice of termination or cessation of all supplemental health benefits or, if a notice is not received, notice that a claim has been denied because of a termination or cessation; or (ii) the date that the applicable coverage terminates or ceases; and ends 63 days after the later of those two dates.

(2) In the case of an individual described in paragraph (b), clause (2), (3), (5), or (6), whose enrollment is terminated involuntarily, the guaranteed issue period begins on the date that the individual receives a notice of termination and ends 63 days after the date the applicable coverage is terminated.

(3) In the case of an individual described in paragraph (b), clause (4), item (i), the guaranteed issue period begins on the earlier of: (i) the date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice if any; and (ii) the date that the applicable coverage is terminated, and ends on the date that is 63 days after the date the coverage is terminated.

(4) In the case of an individual described in paragraph (b), clause (2), (4), (5), or (6), who disenrolls voluntarily, the guaranteed issue period begins on the date that is 60 days before the effective date of the disenrollment and ends on the date that is 63 days after the effective date.

(5) In the case of an individual described in paragraph (b), clause (7), the guaranteed issue period begins on the date the individual receives notice pursuant to section 1882(v)(2)(B) of the Social Security Act from the Medicare supplement issuer during the 60-day period immediately preceding the initial Part D enrollment period and ends on the date that is 63 days after the effective date of the individual's coverage under Medicare Part D.

(6) In the case of an individual described in paragraph (b) but not described in this paragraph, the guaranteed issue period begins on the effective date of disenrollment and ends on the date that is 63 days after the effective date.

(7) For an individual described in paragraph (b), clause (9), the guarantee issue period is the open enrollment period.

(d)(1) In the case of an individual described in paragraph (b), clause (5), or deemed to be so described, pursuant to this paragraph, whose enrollment with an organization or provider described in paragraph (b), clause (5), item (i), is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls with another such organization or provider, the subsequent enrollment is deemed to be an initial enrollment described in paragraph (b), clause (5).

(2) In the case of an individual described in paragraph (b), clause (6), or deemed to be so described, pursuant to this paragraph, whose enrollment with a plan or in a program described in paragraph (b), clause (6), is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls in another such plan or program, the subsequent enrollment is deemed to be an initial enrollment described in paragraph (b), clause (6).

(3) For purposes of paragraph (b), clauses (5) and (6), no enrollment of an individual with an organization or provider described in paragraph (b), clause (5), item (i), or with a plan or in a program described in paragraph (b), clause (6), may be deemed to be an initial enrollment under this paragraph after the two-year period beginning on the date on which the individual first enrolled with the organization, provider, plan, or program.

(e) The Medicare supplement policy to which eligible persons are entitled under:

(1) paragraph (b), clauses (1) to ~~(4)~~ (3), is any Medicare supplement policy that has a benefit package consisting of the basic Medicare supplement plan described in section 62A.316, paragraph (a), plus any combination of the three optional riders described in section 62A.316, paragraph (b), clauses (1) to (3), offered by any issuer;

(2) paragraph (b), clause (5), is the same Medicare supplement policy in which the individual was most recently previously enrolled, if available from the same issuer, or, if not so available, any policy described in clause (1) offered by any issuer, except that after December 31, 2005, if the individual was most recently enrolled in a Medicare supplement policy with an outpatient prescription drug benefit, a Medicare supplement policy to which the individual is entitled under paragraph (b), clause (5), is:

(i) the policy available from the same issuer but modified to remove outpatient prescription drug coverage; or

(ii) at the election of the policyholder, a policy described in clause (4), except that the policy may be one that is offered and available for issuance to new enrollees that is offered by any issuer;

(3) paragraph (b), ~~clause~~ clauses (4) and (6), is any Medicare supplement policy offered by any issuer;

(4) paragraph (b), clause (7), is a Medicare supplement policy that has a benefit package classified as a basic plan under section 62A.316 if the enrollee's existing Medicare supplement policy is a basic plan or, if the enrollee's existing Medicare supplement policy is an extended basic plan under section 62A.315, a basic or extended basic plan at the option of the enrollee, provided that the policy is offered and is available for issuance to new enrollees by the same issuer that issued the individual's Medicare supplement policy with outpatient prescription drug coverage. The issuer must permit the enrollee to retain all optional benefits contained in the enrollee's existing coverage, other than outpatient prescription drugs, subject to the provision that the coverage be offered and available for issuance to new enrollees by the same issuer.

(f)(1) At the time of an event described in paragraph (b), because of which an individual loses coverage or benefits due to the termination of a contract or agreement, policy, or plan, the organization that terminates the contract or agreement, the issuer terminating the policy, or the administrator of the plan being terminated, respectively, shall notify the individual of the individual's rights under this subdivision, and of the obligations of issuers of Medicare supplement policies under paragraph (a). The notice must be communicated contemporaneously with the notification of termination.

(2) At the time of an event described in paragraph (b), because of which an individual ceases enrollment under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the issuer offering the policy, or the administrator of the plan, respectively, shall notify the individual of the individual's rights under this subdivision, and of the obligations of issuers of Medicare supplement policies under paragraph (a). The notice must be communicated within ten working days of the issuer receiving notification of disenrollment.

(g) Reference in this subdivision to a situation in which, or to a basis upon which, an individual's coverage has been terminated does not provide authority under the laws of this state for the termination in that situation or upon that basis.

(h) An individual's rights under this subdivision are in addition to, and do not modify or limit, the individual's rights under subdivision 1h.

(i) An individual described in paragraph (b), clause (4), whose enrollment ceased between January 1, 2025, and January 1, 2026, is an eligible person beginning for plan year 2027. Individuals under this paragraph are entitled to any Medicare supplement policy offered by any issuer regardless of the individual's health coverage status or health plan after the individual's enrollment ceased and before plan year 2027.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 3. Minnesota Statutes 2024, section 62A.46, subdivision 2, is amended to read:

Subd. 2. **Long-term care policy.** (a) "Long-term care policy" means an individual or group policy, certificate, subscriber contract, or other evidence of coverage that provides benefits for prescribed long-term care, including nursing facility services or home care services, or both nursing facility services and home care services, pursuant to the requirements of sections 62A.46 to 62A.56. Long-term care policy does not include short-term home health and nursing care insurance under section 62A.70.

(b) Sections 62A.46, 62A.48, and 62A.52 to 62A.56 do not apply to a long-term care policy issued to ~~(a)~~ (1) an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage or ~~(b)~~ (2) to a labor union or similar employee organization. ~~The associations exempted from the requirements of sections 62A.3099 to 62A.44 under 62A.31, subdivision 1, clause (c) shall not be subject to the provisions of sections 62A.46 to 62A.56 until July 1, 1988.~~

Sec. 4. **[62A.70] SHORT-TERM HOME HEALTH AND NURSING CARE INSURANCE.**

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

(b) "Activities of daily living" has the meaning given in section 62S.01, subdivision 2.

(c) "Cognitive impairment" has the meaning given in section 62S.01, subdivision 9.

(d) "Free-look period" means a period with a duration of at least 30 days, beginning the date the policy, certificate, contract, or other evidence of coverage is issued and delivered to the insured, during which an insured may cancel the policy, certificate, contract, or other evidence of coverage and receive a full refund of all paid insurance premiums.

(e) "Home health agency" has the meaning given in section 62A.46, subdivision 10.

(f) "Insured" means a person covered under a short-term home health and nursing care insurance policy.

(g) "Nursing facility" has the meaning given in section 62A.46, subdivision 3.

(h) "Plan of care" has the meaning given in section 62A.46, subdivision 8.

(i) "Qualified insurer" means an entity licensed under chapter 62A or 62C.

(j) "Short-term home health and nursing care insurance" means an individual or group policy, certificate, subscriber contract, or other evidence of coverage that provides benefits for short-term home health services or short-term nursing care services. Short-term home health and nursing care insurance does not include:

(1) a long-term care policy, as defined in section 62A.46, subdivision 2;

(2) long-term care insurance, as defined in section 62S.01, subdivision 18;

(3) Medicare supplement policies, as defined in section 62A.3099, subdivision 18; or

(4) major medical, disability income, or hospital confinement indemnity policies.

(k) "Short-term home health services" means one or more of the following services to care for and treat an insured that are provided by a home health agency in a noninstitutional setting pursuant to a written diagnosis or assessment and plan of care:

(1) nursing and related personal care services under the direction of a registered nurse, including the services of a home health aide;

(2) physical therapy;

(3) speech therapy;

(4) respiratory therapy;

(5) occupational therapy;

(6) nutritional services provided by a licensed dietitian;

(7) homemaker services, meal preparation, and similar nonmedical services;

(8) medical social services; and

(9) other similar medical services and health-related support services.

(l) "Short-term nursing care services" means services to care for and treat an insured that are provided by a nursing facility pursuant to a written diagnosis or assessment and plan of care.

(m) "Waiting period" means a specified time period that an insured must wait before some or all of the insured's coverage becomes effective.

Subd. 2. **Short-term home health and nursing care insurance approval.** (a) A qualified insurer may offer, issue, deliver, and renew short-term home health and nursing care insurance if the insurance meets the requirements of this section.

(b) Short-term home health and nursing care insurance may be offered, issued, delivered, or renewed only by a qualified insurer.

(c) Short-term home health and nursing care insurance must not be offered, issued, delivered, or renewed until the short-term home health and nursing care insurance is approved by the commissioner as necessary under sections 62A.02 and 62A.135.

Subd. 3. **Policy requirements.** (a) Short-term home health and nursing care insurance must provide benefits upon:

(1) cognitive impairment; or

(2) the insured's inability to perform at least two activities of daily living without substantial assistance.

(b) Short-term home health and nursing care insurance must not provide coverage for a period exceeding 360 days.

(c) Short-term home health and nursing care insurance must provide a free-look period.

(d) Short-term home health and nursing care insurance must not be canceled due to an insured's deterioration in health status or use of benefits.

(e) An insurer may deny the renewal of a policy, certificate, contract, or other evidence of coverage of short-term home health and nursing care insurance only for:

(1) nonpayment of a premium by the insured;

(2) fraud or misrepresentation by the insured;

(3) termination of the insurer's authority to transact business in the state; or

(4) the insured's exhaustion of the maximum benefit period.

(f) Upon the conversion or replacement by an insurer of a policy, certificate, contract, or other evidence of coverage containing a waiting period, the insurer is prohibited from establishing a waiting period that differs from the original waiting period.

Subd. 4. **Required disclosures.** Short-term home health and nursing care insurance must not be offered or issued without providing the following written disclosures:

(1) a statement, in bold text, that the policy, certificate, contract, or other evidence of coverage is supplemental health insurance; is not long-term care insurance; and is not a policy under the Minnesota partnership for long-term care program;

(2) a clear and understandable explanation of the free-look period; and

(3) a clear and understandable explanation of all renewability and continuity provisions.

Sec. 5. Minnesota Statutes 2024, section 62M.02, is amended by adding a subdivision to read:

Subd. 2a. **Artificial intelligence.** "Artificial intelligence" has the meaning given in United States Code, title 15, section 9401.

Sec. 6. Minnesota Statutes 2024, section 62M.09, subdivision 3, is amended to read:

Subd. 3. **Physician reviewer; adverse determinations.** (a) A physician must review and make the adverse determination under section 62M.05 in all cases in which the utilization review organization has concluded that an adverse determination for clinical reasons is appropriate.

(b) The physician conducting the review and making the adverse determination must:

(1) hold a current, unrestricted license to practice medicine in this state; and

(2) have the same or similar medical specialty as a provider that typically treats or manages the condition for which the health care service has been requested.

This paragraph does not apply to reviews conducted in connection with policies issued by a health plan company that is assessed less than three percent of the total amount assessed by the Minnesota Comprehensive Health Association.

(c) The physician should be reasonably available by telephone to discuss the determination with the attending health care professional.

(d) Notwithstanding paragraph (a), a review of an adverse determination involving a prescription drug must be conducted by a licensed pharmacist or physician who is competent to evaluate the specific clinical issues presented in the review.

(e) This subdivision does not apply to outpatient mental health or substance abuse services governed by subdivision 3a.

(f) A utilization review organization is prohibited from using an algorithm or artificial intelligence alone without a clinician review by an appropriate health professional, as required under this section, when making an adverse determination.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 7. Minnesota Statutes 2024, section 62Q.47, is amended to read:

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

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

(b) Cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency and alcoholism services, except for persons seeking chemical dependency services under section 245G.05, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services.

(c) Cost-sharing requirements and benefit or service limitations for inpatient hospital mental health services, psychiatric residential treatment facility services, and inpatient hospital and residential chemical dependency and alcoholism services, except for persons seeking chemical dependency services under section 245G.05, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

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

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

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

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

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

(1) 99492;

(2) 99493;

(3) 99494;

(4) G2214; and

(5) G0512.

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

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

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

(1) care directed by the primary care team;

(2) structured care management;

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

(4) modification of treatment as appropriate.

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

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

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

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

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

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

(l) Health plans must reimburse all alcoholism, mental health, and chemical dependency services provided by clinical trainees, pursuant to section 245I.04, subdivision 6, at a rate at least equal to 100 percent of the rate that would be paid to an independently licensed mental health professional performing the same services. This paragraph does not apply if the service provided by the clinical trainee:

(1) is not within the clinical trainee's scope of practice under section 245I.04, subdivision 7; or

(2) is not a covered service if performed by an independently licensed mental health professional at the same clinic.

EFFECTIVE DATE. This section is effective January 1, 2027, for health plans offered, issued, sold, or renewed on or after that date.

Sec. 8. Minnesota Statutes 2024, section 62Q.545, is amended to read:

62Q.545 COVERAGE OF HOME CARE NURSING.

(a) Home care nursing services, as provided under section 256B.0625, subdivision 7, with the exception of section 256B.0654, subdivision 4, shall be covered under a health plan for persons who are concurrently covered by both the health plan and enrolled in medical assistance under chapter 256B.

(b) For purposes of this section, a period of home care nursing services may be subject to the co-payment, coinsurance, deductible, or other enrollee cost-sharing requirements that apply under the health plan. Cost-sharing requirements for home care nursing services must not place a greater financial burden on the insured or enrollee than those requirements applied by the health plan to other similar services or benefits. Nothing in this section is intended to prevent a health plan company from requiring prior authorization by the health plan company for such services as required by section 256B.0625, subdivision 7, or use of contracted providers under the applicable provisions of the health plan.

(c) Notwithstanding section 62J.26, a health plan must not impose any quantity limitation on the coverage under this section.

(d) Notwithstanding section 62J.26, a health plan must refer to all services meeting the definition of home care nursing services in paragraph (e) as home care nursing services in the health plan's policy, certificate, contract, or other evidence of coverage and related documents, including but not limited to utilization review policies, claims forms, instructions, and communications to enrollees and providers.

(e) For purposes of this section, "home care nursing services" means ongoing, individual, and continuous nursing services that are:

(1) ordered by a physician, advanced practice registered nurse, or physician assistant;

(2) provided by a registered nurse or licensed practical nurse acting within the provider's scope of practice;

(3) medically necessary to maintain, stabilize, or restore the recipient's health due to medical complexity or the need for sustained skilled nursing assessment, intervention, or monitoring; and

(4) required for a duration or frequency that cannot be safely or effectively met through intermittent, episodic, or visit-based nursing services.

EFFECTIVE DATE. Paragraph (c) is effective January 1, 2026, and applies to policies issued, offered, or renewed and causes of action accruing on or after that date. Paragraphs (d) and (e) are effective August 1, 2026.

Sec. 9. Minnesota Statutes 2024, section 72A.13, subdivision 1, is amended to read:

Subdivision 1. **Penalties.** Any company, corporation, association, society, or other insurer, or any officer or agent thereof, which or who solicits, issues or delivers to any person in this state any policy in violation of the provisions of sections 60A.06, subdivision 3 ~~or~~, 62A.01 to 62A.10, or 62A.70 may be punished by a fine of not more than $200 for each offense, and the commissioner may revoke the license of any company, corporation, association, society, or other insurer of another state or country, or of the agent thereof, which or who willfully violates any provision of sections 60A.06, subdivision 3 ~~or~~, 62A.01 to 62A.10, or 62A.70.

Sec. 10. Minnesota Statutes 2024, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. **Eligibility for funding for services for nonmedical assistance recipients.** (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person is a citizen of the United States or a United States national;

(2) the person has been determined by a community assessment under section 256B.0911 to be a person who would require the level of care provided in a nursing facility, as determined under section 256B.0911, subdivision 26, but for the provision of services under the alternative care program;

(3) the person is age 65 or older;

(4) the person would be eligible for medical assistance within 135 days of admission to a nursing facility;

(5) the person is not ineligible for the payment of long-term care services by the medical assistance program due to an asset transfer penalty under section 256B.0595 or equity interest in the home exceeding $500,000 as stated in section 256B.056;

(6) the person needs long-term care services that are not funded through other state or federal funding, or other health insurance or other third-party insurance such as long-term care insurance. For purposes of this clause, short-term home health and nursing care insurance under section 62A.70 does not constitute health or other third-party insurance;

(7) except for individuals described in clause (8), the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the monthly limit described under section 256S.18. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased under this section exceed the difference between the client's monthly service limit defined under section 256S.04, and the alternative care program monthly service limit defined in this paragraph. If care-related supplies and equipment or environmental modifications and adaptations are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of the alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit described in this paragraph;

(8) for individuals assigned a case mix classification A as described under section 256S.18, with (i) no dependencies in activities of daily living, or (ii) up to two dependencies in bathing, dressing, grooming, walking, and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911, the monthly cost of alternative care services funded by the program cannot exceed $593 per month for all new participants enrolled in the program on or after July 1, 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in section 256S.18. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased exceed the difference between the client's monthly service limit defined in this clause and the limit described in clause (7) for case mix classification A;

(9) the person is making timely payments of the assessed monthly fee. A person is ineligible if payment of the fee is over 60 days past due, unless the person agrees to:

(i) the appointment of a representative payee;

(ii) automatic payment from a financial account;

(iii) the establishment of greater family involvement in the financial management of payments; or

(iv) another method acceptable to the lead agency to ensure prompt fee payments; and

(10) for a person participating in consumer-directed community supports, the person's monthly service limit must be equal to the monthly service limits in clause (7), except that a person assigned a case mix classification L must receive the monthly service limit for case mix classification A.

(b) The lead agency may extend the client's eligibility as necessary while making arrangements to facilitate payment of past-due amounts and future premium payments. Following disenrollment due to nonpayment of a monthly fee, eligibility shall not be reinstated for a period of 30 days.

(c) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown or waiver obligation. A person whose initial application for medical assistance and the elderly waiver program is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, medical assistance must be billed for services payable under the federally approved elderly waiver plan and delivered from the date the individual was found eligible for the federally approved elderly waiver plan. Notwithstanding this provision, alternative care funds may not be used to pay for any service the cost of which: (i) is payable by medical assistance; (ii) is used by a recipient to meet a waiver obligation; or (iii) is used to pay a medical assistance income spenddown for a person who is eligible to participate in the federally approved elderly waiver program under the special income standard provision.

(d) Alternative care funding is not available for a person who resides in a licensed nursing home, certified boarding care home, hospital, or intermediate care facility, except for case management services which are provided in support of the discharge planning process for a nursing home resident or certified boarding care home resident to assist with a relocation process to a community-based setting.

(e) Alternative care funding is not available for a person whose income is greater than the maintenance needs allowance under section 256S.05, but equal to or less than 120 percent of the federal poverty guideline effective July 1 in the fiscal year for which alternative care

eligibility is determined, who would be eligible for the elderly waiver with a waiver obligation.

ARTICLE 7
CONSUMER PROTECTION

Section 1. Minnesota Statutes 2025 Supplement, section 8.37, subdivision 3, is amended to read:

Subd. 3. **Money deposited in the account.** ~~50~~ Fifty percent of all money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose ~~up to the first $5,000,000 each fiscal year~~ must be deposited into the account. The remaining 50 percent of money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose must be deposited into the general fund. For purposes of this subdivision, the amount of money recovered in a consumer enforcement action that must be deposited into the fund is determined at the time when the money otherwise would have been deposited into the general fund.

Sec. 2. Minnesota Statutes 2025 Supplement, section 8.37, subdivision 5, is amended to read:

Subd. 5. **Distributions to eligible consumers.** (a) Money in the account may be distributed to any eligible consumer with an identified amount of unpaid consumer enforcement public compensation. ~~If the amount of money in the account is insufficient to pay all distributions to eligible consumers with an identified amount of unpaid consumer enforcement public compensation, the~~ Money must be distributed first to consumers eligible for unpaid consumer enforcement public compensation based on a consumer enforcement action with a final order of the oldest date.

~~(b) If the attorney general projects that there will be insufficient funding to pay all eligible consumers from the funds available on an ongoing basis, the attorney general may recommend to the legislature that the legislature prescribe a formula for prorating or capping payments to eligible consumers so that more eligible consumers will receive payment from the fund.~~

(b) If money is distributed to an eligible consumer, the distribution is limited to:

(1) the full identified amount of unpaid consumer enforcement public compensation, up to $50,000; and

(2) 50 percent of the identified amount of unpaid consumer enforcement public compensation over $50,000, or $50,000, whichever is less.

Sec. 3. **[45A.08] SUSPECTED FRAUD OR FINANCIAL EXPLOITATION; TRUSTED CONTACT PROGRAM.**

Subdivision 1. **Definition.** For purposes of this section, "trusted contact" means a person who has attained the age of 18 years and who a financial services provider customer designates as a person a financial services provider may contact if (1) an emergency occurs, (2) the financial services provider loses contact with the customer, or (3) the financial services provider suspects third-party fraud or financial exploitation targeting the customer.

Subd. 2. **Fraudulent activity; financial exploitation; reporting.** Notwithstanding any other law to the contrary, a financial services provider may report suspected fraudulent activity or financial exploitation targeting a customer to a federal, state, county, or municipal law enforcement agency or an appropriate public protective agency.

Subd. 3. **Trusted contact program.** (a) Notwithstanding any other law to the contrary, a financial services provider may offer a trusted contact program to customers. A customer may designate one or more trusted contacts for the financial services provider to contact in the event (1) a customer is not responsive to financial services provider communications, (2) the financial services provider is presented with an urgent matter or emergency involving the customer and the financial services provider is unable to locate the customer, (3) the financial services provider suspects fraudulent activity or financial exploitation targeting the customer, or (4) the customer's account is deemed dormant and the financial services provider is attempting to verify the customer's status and location. A financial services provider may establish procedures, requirements, and forms the financial services provider deems appropriate and necessary to implement a trusted contact program under this section.

(b) A customer may terminate a person's appointment as a trusted contact at any time. A trusted contact may withdraw the person's status as a trusted contact at any time. The financial services provider may require documentation or verification the financial services provider determines is necessary to establish a trusted contact's termination or withdrawal.

Subd. 4. **Account security.** Notwithstanding any other law to the contrary, a financial services provider may voluntarily offer customers an account with convenience and security

features that set transaction limits and permit limited access for one or more trusted contacts to view account activity.

Subd. 5. **Certain liability limited.** (a) A financial services provider is not liable for a trusted contact's actions. A financial services provider is not liable for declining to interact with a trusted contact if the financial services provider, in good faith and exercising reasonable care, determines a trusted contact is not acting in the customer's best interests.

(b) A financial services provider is not civilly liable for actions taken to report suspected fraudulent activity or financial exploitation under subdivision 2.

(c) A financial services provider is not civilly liable for implementing or not implementing, or for actions or omissions related to providing or administering, a trusted contact program.

(d) A trusted contact who acts in good faith and exercises reasonable care is immune from liability.

Sec. 4. Minnesota Statutes 2024, section 53B.69, subdivision 10, is amended to read:

Subd. 10. **Virtual currency kiosk.** "Virtual currency kiosk" means an electronic terminal acting as a mechanical agent or a person acting on behalf of the virtual currency kiosk operator to enable the virtual currency kiosk operator to facilitate the exchange of virtual currency for money, bank credit, or other virtual currency, including but not limited to by (1) connecting directly to a separate virtual currency exchanger that performs the actual virtual currency transmission, or (2) drawing upon the virtual currency in the possession of the electronic terminal's operator.

Sec. 5. **[53B.751] VIRTUAL CURRENCY KIOSKS; PROHIBITION.**

Subdivision 1. **Virtual currency kiosks prohibited.** (a) Beginning August 1, 2026, a person is prohibited from installing, operating, maintaining, or making available for use a virtual currency kiosk.

(b) On or before December 31, 2026, a virtual currency kiosk operator must remove the virtual currency kiosk from any location where the virtual currency kiosk is visible or accessible to the public.

Subd. 2. **Payout.** (a) On or before December 31, 2026, a virtual currency kiosk operator that conducts virtual currency transactions exclusively through a virtual currency kiosk must pay out any money or virtual currency held for or owed to a new or existing customer that exists as a result of virtual currency kiosk transactions.

(b) A new or existing customer may elect, at any time before December 31, 2026, to receive a payout under this subdivision:

(1) in United States dollars, in an amount equal to the market value of the customer's virtual currency plus any fiat currency; or

(2) to a virtual currency wallet designated by the customer.

(c) A virtual currency kiosk operator must make a payout under this subdivision in the manner elected by a new or existing customer under paragraph (b). If a new or existing customer elects the option under paragraph (b), clause (2), the virtual currency kiosk operator must transfer the full amount of the money and virtual currency being held for or owed to the new or existing customer to the customer's designated virtual currency wallet within 30 days of the date the customer submits the payout request.

(d) A payout to a new or existing customer must be recorded on the applicable blockchain. A virtual currency kiosk operator must retain proof that a transfer was made and must make retained proof available to the commissioner upon request.

Subd. 3. **Exception.** A virtual currency kiosk operator is not required to make a payout under subdivision 2 if the operator maintains, at all times, other lawful means for new and existing customers to access, transfer, redeem, or otherwise transact a customer's money or virtual currency that exists as a result of virtual currency kiosk transactions.

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

Sec. 6. Minnesota Statutes 2024, section 325E.21, subdivision 1b, is amended to read:

Subd. 1b. **Purchase or acquisition record required.** (a) Every scrap metal dealer, including an agent, employee, or representative of the dealer, shall create a record written in English, using an electronic record program at the time of each purchase or acquisition of scrap metal or a motor vehicle. The record must include:

(1) a complete and accurate account or description, including the weight if customarily purchased by weight, of the scrap metal or motor vehicle purchased or acquired;

(2) the date, time, and place of the receipt of the scrap metal or motor vehicle purchased or acquired and a unique transaction identifier;

(3) a photocopy or electronic scan of the seller's:

(i) proof of identification, including the identification number, if the seller is an individual; or

(ii) certificate of authority to transact business in Minnesota and business tax identification number, if the seller is an entity;

(4) the amount paid and the number of the check or electronic transfer used to purchase or acquire the scrap metal or motor vehicle;

(5) the license plate number and description of the vehicle used by the person when delivering the scrap metal or motor vehicle, including the vehicle make and model, and any identifying marks on the vehicle, such as a business name, decals, or markings, if applicable;

(6) a statement signed by the seller, under penalty of perjury as provided in section 609.48, attesting that the scrap metal or motor vehicle is not stolen and is free of any liens or encumbrances and the seller has the right to sell it;

(7) a copy of the receipt, which must include at least the following information: the name and address of the dealer, the date and time the scrap metal or motor vehicle was received by the dealer, an accurate description of the scrap metal or motor vehicle, and the amount paid for the scrap metal or motor vehicle;

(8) the identity or identifier of the employee completing the transaction; and

(9) if the seller is attempting to sell copper metal, a photocopy or electronic scan of the seller's:

(i) current license to sell scrap metal copper issued by the commissioner under subdivision 2c; or

(ii) the documentation used to support the seller being deemed to hold a license to sell scrap metal copper under subdivision 2c, paragraph (f), clauses (1) to (3).

(b) The record, as well as the scrap metal or motor vehicle purchased or acquired, shall at all reasonable times be open to the inspection of any properly identified law enforcement officer.

(c) Except for the purchase or acquisition of detached catalytic converters or motor vehicles, no record is required for property purchased or acquired from merchants, manufacturers, salvage pools, insurance companies, rental car companies, financial institutions, charities, dealers licensed under section 168.27, or wholesale dealers, having an established place of business, or of any goods purchased or acquired at open sale from any bankrupt stock, but a receipt as required under paragraph (a), clause (7), shall be obtained and kept by the person, which must be shown upon demand to any properly identified law enforcement officer.

(d) The dealer must provide a copy of the receipt required under paragraph (a), clause (7), to the seller in every transaction.

(e) The commissioner of public safety and law enforcement agencies in the jurisdiction where a dealer is located may conduct inspections and audits as necessary to ensure compliance, refer violations to the city or county attorney for criminal prosecution, and notify the registrar of motor vehicles.

(f) Except as otherwise provided in this section, a scrap metal dealer or the dealer's agent, employee, or representative may not disclose personal information concerning a customer without the customer's consent unless the disclosure is required by law or made in response to a request from a law enforcement agency. A scrap metal dealer must implement reasonable safeguards to protect the security of the personal information and prevent unauthorized access to or disclosure of the information. For purposes of this paragraph, "personal information" is any individually identifiable information gathered in connection with a record under paragraph (a).

Sec. 7. Minnesota Statutes 2024, section 325E.21, subdivision 2c, is amended to read:

Subd. 2c. **License required for scrap metal copper sale.** (a) Beginning January 1, 2025, a person is prohibited from engaging in the sale of scrap metal copper unless the person has a valid license issued by the commissioner under this subdivision.

(b) On the first Friday of the months of April and October of each calendar year, from 8:00 a.m. to 5:00 p.m., a scrap metal dealer may purchase up to $25 of scrap metal copper from individuals who do not have an approved license to sell scrap metal copper under this subdivision. All other requirements of subdivision 1b apply and must be documented by the scrap metal dealer on the dates specified in this paragraph.

(c) A seller of scrap metal copper may apply to the commissioner on a form prescribed by the commissioner.

(d) The application form for an individual must include, at a minimum:

(1) the name, permanent address, telephone number, and date of birth of the applicant; and

(2) an acknowledgment that the applicant obtained the copper by lawful means in the regular course of the applicant's business, trade, or authorized construction work.

(e) The application form for an entity must include, at a minimum:

(1) the name, legal entity type, principal business address, telephone number, and date of formation of the entity; and

(2) an acknowledgment that the applicant obtained the copper by lawful means in the regular course of the applicant's business, trade, or authorized construction work.

~~(d)~~ (f) Each application must be accompanied by a nonrefundable fee of $250.

~~(e)~~ (g) Within 30 days of the date an application is received, the commissioner may require additional information or submissions from an applicant and may obtain any document or information that is reasonably necessary to verify the information contained in the application. Within 90 days after the date a completed application is received, the commissioner must review the application and issue a license if the applicant is deemed qualified under this section. The commissioner may issue a license subject to restrictions or limitations. If the commissioner determines the applicant is not qualified, the commissioner must notify the applicant and must specify the reason for the denial.

~~(f)~~ (h) A person is deemed to hold a license to sell scrap metal copper if the person holds one of the following:

(1) a license to perform work pursuant to chapter 326B or section 103I.501;

(2) a document, certificate, or card of competency issued by a municipality to perform work in a given trade or craft in the building trades. The document, certificate, or card must state that the individual is authorized to sell scrap metal copper. This clause is effective January 1, 2025; or

(3) a Section 608 Technician Certification issued by the United States Environmental Protection Agency.

~~(g)~~ (i) A license issued under this subdivision is valid for one year. To renew a license, an applicant must submit a completed renewal application on a form prescribed by the commissioner and a renewal fee of $250. The commissioner may request that a renewal applicant submit additional information to clarify any new information presented in the renewal application. A renewal application submitted after the renewal deadline must be accompanied by a nonrefundable late fee of $500.

~~(h)~~ (j) The commissioner may deny a license renewal under this subdivision if:

(1) the commissioner determines that the applicant is in violation of or noncompliant with federal or state law; or

(2) the applicant fails to timely submit a renewal application and the information required under this subdivision.

~~(i)~~ (k) In lieu of denying a renewal application under paragraph (g), the commissioner may permit the applicant to submit to the commissioner a corrective action plan to cure or correct deficiencies.

~~(j)~~ (l) The commissioner may suspend, revoke, or place on probation a license issued under this subdivision if:

(1) the applicant engages in fraudulent activity that violates state or federal law;

(2) the commissioner receives consumer complaints that justify an action under this subdivision to protect the safety and interests of consumers;

(3) the applicant fails to pay an application license or renewal fee; or

(4) the applicant fails to comply with a requirement established in this subdivision.

~~(k)~~ (m) This subdivision does not apply to transfers by or to an auctioneer who is in compliance with chapter 330 and acting in the person's official role as an auctioneer to facilitate or conduct an auction of scrap metal.

~~(l)~~ (n) The commissioner must enforce this subdivision under chapter 45.

Sec. 8. **[325E.91] PROHIBITION ON NUDIFICATION TECHNOLOGY.**

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

(b) "Identifiable individual" means a person that is identifiable:

(1) from the image itself, by the person depicted in the image, or by another person; or

(2) from personal information displayed in connection with the image.

(c) "Intimate part" has the meaning given in section 609.341, subdivision 5.

(d) "Nudify" or "nudified" means the process by which:

(1) an image or video is altered or generated to depict an intimate part not depicted in an original unaltered image or video of an identifiable individual; and

(2) the altered or generated image or video is so realistic that a reasonable person would believe that the intimate part belongs to the identifiable individual.

(e) "Technical skill" means substantial application of individualized technological or artistic skill and judgment by a human creator in directing, shaping, or controlling the output.

Subd. 2. **Nudification prohibited.** (a) A person who owns or controls a website, application, software, program, or other service must not:

(1) allow a user to access, download, or use the website, application, software, program, or other service to nudify an image or video; or

(2) nudify an image or video on behalf of a user.

(b) A person must not advertise or promote a website, application, software, program, or other service that performs the actions described in paragraph (a).

Subd. 3. **Exemption.** Subdivision 2 does not apply when the website, application, software, program, or other service requires the technical skill of a user to nudify an image or video.

Subd. 4. **Civil action; damages.** An individual depicted in an image or video that was nudified in violation of this section may bring a civil action in district court against the person who violated this section for:

(1) compensatory damages, including mental anguish or suffering, in an amount up to three times the actual damages sustained;

(2) punitive damages;

(3) injunctive relief;

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

(5) other relief the court deems just and equitable.

Subd. 5. **Penalties.** (a) The attorney general may enforce this section under section 8.31. In addition to other remedies or penalties, a person who violates this section is subject to a civil penalty not to exceed $500,000 for each unlawful access, download, or use under subdivision 2.

(b) Notwithstanding any contrary provision in law, including but not limited to section 16A.151, a civil penalty recovered under this subdivision must be deposited into the general fund. On July 1 each year, the accumulated balance of civil penalties collected in the previous year is appropriated to the commissioner of public safety for the Office of Justice Programs to provide grants to organizations to provide direct services and advocacy for victims of sexual assault, general crime, domestic violence, and child abuse. Funding must support the direct needs of organizations serving victims of crime by providing:

(1) direct client assistance to crime victims;

(2) competitive wages for direct service staff;

(3) hotel stays and other housing-related supports and services;

(4) culturally responsive programming;

(5) prevention programming, including domestic abuse transformation and restorative justice programming; and

(6) for other needs of organizations and crime victim survivors.

Services funded must include services for victims of crime in underserved communities most impacted by violence and reflect the ethnic, racial, economic, cultural, and geographic diversity of the state. Up to five percent of the appropriation is available for grant administration.

Subd. 6. **Jurisdiction; venue.** (a) A court has jurisdiction over a civil action filed pursuant to this section if the plaintiff or defendant resides in this state.

(b) A civil action arising under this section may be filed in the county where the plaintiff resides.

Subd. 7. **Immunity.** (a) This section does not alter or amend the liabilities and protections granted by United States Code, title 47, section 230, and must be construed in a manner consistent with federal law.

(b) This section does not impose liability on the provider of an information service or a telecommunication service, both as defined in United States Code, title 47, section 153.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to causes of action accruing on or after that date.

Sec. 9. **[325F.756] ONLINE SWEEPSTAKES.**

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

(b) "Dual-currency" means a system of payment that allows a person to play or participate in a simulated gambling program for direct or indirect consideration, including consideration associated with a related product, service, or activity, and for which the person playing the simulated gambling program may become eligible for a prize, award, cash, cash equivalent, or chance to win a prize, award, cash, or cash equivalent. Dual-currency system does not include a contest for which no consideration is given, either directly or indirectly.

(c) "Online sweepstakes game" means a game, contest, or promotion that: (1) is available on the Internet or accessible on a mobile device, computer terminal, or similar access device; (2) utilizes a dual-currency system of payment allowing the player to exchange the currency for a prize, award, cash, cash equivalent, or chance to win a prize, award, cash, or cash equivalent; and (3) simulates casino-style or another form of gambling.

(d) "Prize" has the meaning given in section 325F.755, subdivision 1.

Subd. 2. **Prohibition of online sweepstakes games and revenue from illegal markets.** (a) A person or entity is prohibited from operating, conducting, or promoting an online sweepstakes game in Minnesota.

(b) An applicant, licensed entity, financial institution, payment processor, geolocation provider, gaming content supplier, platform provider, or media affiliate is prohibited from supporting the operation of, conducting, or promoting an online sweepstakes game in Minnesota.

Subd. 3. **Penalties and remedies.** The penalties and remedies provided under section 325F.755, subdivision 7, apply to violations of this section. The commissioner of public safety may exercise all powers necessary to investigate and enforce this section and may issue notices of violation, impose civil fines, and bring enforcement actions consistent with section 325F.755, subdivision 7.

Sec. 10. **[325F.7845] PHARMACEUTICAL ADVERTISING.**

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

(b) "Prescription drug" has the meaning provided in section 151.441, subdivision 8, except that prescription drug only includes drugs covered by the medical assistance program, MinnesotaCare program, or state employees group insurance program.

(c) "Television advertisement" means a form of paid marketing communication designed to promote products, services, or brands through an over-the-air broadcast or an Internet-based, nonbroadcast stream of an over-the-air broadcast.

Subd. 2. **Prohibition.** Television advertisements for the sale of prescription drugs to consumers are prohibited.

Subd. 3. **Enforcement.** The attorney general may enforce this section under section 8.31.

Sec. 11. Minnesota Statutes 2024, section 325F.79, is amended to read:

325F.79 DEFINITIONS.

For purposes of sections 325F.79 to 325F.792, the following definitions apply:

(a) "Advertisement" means an oral, written, graphic, or pictorial statement made in the course of soliciting business. Advertisement includes without limitation a statement or representation:

(1) made in a newspaper, magazine, or other public publication;

(2) contained in a notice, sign, billboard, poster, display, circular, pamphlet, or letter; or

(3) made on radio, television, or the Internet.

~~(a)~~ (b) "Animal" means a dog, wholly or in part of the species Canis familiaris, or a cat, wholly or in part of the species Felis domesticus.

~~(b)~~ (c) "Pet dealer" means any person, firm, partnership, corporation, or association, including breeders, that is required to collect sales tax for the sale of animals to the public. Pet dealer does not include humane societies, nonprofit organizations performing the functions of humane societies, or animal control agencies.

~~(c)~~ (d) "Breeder" means any person, firm, partnership, corporation, or association that breeds animals for direct or indirect sale to the public.

~~(d)~~ (e) "Broker" means a person, firm, partnership, corporation, or association that purchases animals for resale to other brokers or pet dealers.

~~(e)~~ (f) "Health problem" means any disease, illness, or congenital or hereditary condition which would impair the health or function of the animal that is apparent at the time of sale, or which should have been apparent to the seller from the veterinary history of the animal.

(g) "Pet shop" means a pet dealer that operates a physical retail store from which animals are sold or offered for sale to the general public, whether through an appointment or otherwise.

~~(f)~~ (h) "Veterinarian" means a licensed veterinarian in the state of Minnesota.

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

Sec. 12. Minnesota Statutes 2024, section 325F.791, subdivision 1, is amended to read:

Subdivision 1. **Disclosure.** (a) Every pet dealer shall deliver to each retail purchaser of an animal written disclosure as follows:

~~(a)~~ (1) the name, address, and USDA license number of the breeder and any broker who has had possession of the animal; the date of the animal's birth; the date the pet dealer received the animal; the breed, sex, color, and identifying marks of the animal; the individual identifying tag, tattoo, or collar number; the name and registration number of the sire and dam and the litter number; and a record of inoculations, worming treatments, and medication received by the animal while in the possession of the pet dealer.~~;~~

~~(b)~~ (2) a statement signed by the pet dealer that the animal has no known health problem, or a statement signed by the pet dealer disclosing any known health problem and a statement signed by a veterinarian that recommends necessary treatment.~~;~~ and

(3) a copy of all available state or federal inspection reports for the animal's breeder for all inspections that occurred during the three years preceding the date the animal was purchased.

(b) The disclosure shall be made part of the statement of consumer rights set forth in subdivision 10. The disclosure required in paragraph (a), clause (1), need not be made for mixed breed animals if the information is not available and cannot be determined by the pet dealer.

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

Sec. 13. Minnesota Statutes 2024, section 325F.791, subdivision 5, is amended to read:

Subd. 5. **Responsibilities of purchaser.** (a) To obtain the remedies provided in subdivision 6, the purchaser shall with respect to an animal with a health problem:

~~(a)~~ (1) notify the pet dealer, within two business days, of the diagnosis by a veterinarian of the purchaser's choosing of a health problem and provide the pet dealer with the name and telephone number of the veterinarian and a copy of the veterinarian's report on the animal.~~;~~ and

~~(b)~~ (2) if the purchaser wishes to receive a full refund for the animal, return the animal no later than two business days after receipt of a written statement from a veterinarian indicating the animal is unfit due to a health problem.

(b) With respect to a dead animal the purchaser must provide the pet dealer a written statement from a veterinarian, indicating the animal died from a health problem which existed on or before the receipt of the animal by the purchaser.

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

Sec. 14. **[325F.7915] SALE OF DOGS AND CATS PROHIBITED.**

Subdivision 1. **Prohibition.** A pet shop must not sell, offer to sell, barter, auction, or otherwise transfer ownership of an animal.

Subd. 2. **Adoption of animals.** A pet shop may provide space to a nonprofit humane society, animal control agency, or animal rescue and rehoming organization to offer animals for adoption if the society, agency, or organization qualifies as a nonprofit organization under section 501(c)(3) of the Internal Revenue Code.

Subd. 3. **Ownership interest and fees.** A pet shop is prohibited from having an ownership interest in an animal offered for adoption under subdivision 2 or receiving a fee for providing space for animal adoption.

Subd. 4. **Continued operation.** Notwithstanding subdivision 1, a pet shop that sold or offered for sale an animal from the pet shop's physical premises for at least one year before the effective date of this section may continue to operate as a pet shop and engage in the sale or offer for sale of animals if:

(1) an animal sold or offered for sale by the pet shop on or after the effective date of this section is obtained only from a state-licensed or USDA-licensed breeder; and

(2) the pet shop discloses the breeder's state or USDA license number on the animal's display cage or enclosure.

Subd. 5. **Local authority.** Notwithstanding this section, a county, city, town, or township may enact and enforce by ordinance stricter regulations regarding the transfer of ownership of animals, including a prohibition on selling or offering for sale animals by a pet dealer or other entity.

Subd. 6. **Violations.** A pet shop that operates as a pet shop pursuant to subdivision 4 that violates this section on three separate occasions is prohibited from selling, offering to sell, bartering, auctioning, or otherwise transferring ownership of an animal.

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

Sec. 15. Minnesota Statutes 2024, section 325F.792, subdivision 2, is amended to read:

Subd. 2. **Civil penalty.** (a) A pet dealer who:

(1) sells an animal without delivery of the disclosure required in section 325F.791, subdivision 1;

(2) fails to maintain the records required by section 325F.791, subdivision 2;

(3) fails to provide registration papers as provided in section 325F.791, subdivision 3;

(4) fails to make or provide payment for the examinations required by section 325F.791, subdivision 4;

(5) fails to post the notice required by section 325F.791, subdivision 9; or

(6) fails to provide the statement of consumer rights required by section 325F.791, subdivision 10,

is subject to a civil fine of up to $1,000 per violation.

(b) A pet shop that violates section 325F.7915 is subject to a civil fine of up to $1,000 per violation. Each transfer of an animal's ownership in violation of section 325F.7915 is a separate violation.

~~(b)~~ (c) Civil fines collected under this subdivision shall be collected by the court and turned over to the prosecuting attorney.

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

Sec. 16. **[325M.40] MINOR ACCESS TO CHATBOTS.**

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

(b) "Artificial intelligence" or "AI" means a machine-based system that is capable of, for explicit or implicit objectives, inferring from the input the system receives how to generate outputs that influence physical or virtual environments.

(c) "AI companion" means artificial intelligence systems that are specifically designed, marketed, or optimized to form ongoing social or emotional bonds with individuals, whether or not the systems also provide information, complete tasks, or assist with specific functions. AI companions seek to build or engage in an emotional relationship with the user by:

(1) expressing or inviting emotional attachment;

(2) reminding, prompting, or nudging the user to return for emotional support or companionship;

(3) depicting nonverbal forms of emotional support;

(4) behaving in a way that a reasonable user would consider excessive praise designed to foster emotional attachment; or

(5) enabling or purporting to enable increased intimacy based on engagement or pay.

AI companion does not include a consumer electronic device that incorporates a speaker and voice command interface or text interface and acts as a voice- or text-activated virtual assistant.

(d) "Chatbot" means an artificial intelligence system with a natural language interface that provides adaptive, human-like responses to user inputs and is capable of meeting a user's social needs, including by exhibiting anthropomorphic features and being able to sustain a relationship across multiple interactions. Chatbot does not include:

(1) a chatbot that is used only for customer service, a business' operational purposes, productivity and analysis related to source information, internal research, or technical assistance;

(2) a chatbot that is a feature of a video game and is limited to replies related to the video game that cannot discuss topics related to mental health, self-harm, sexually explicit conduct, or maintain a dialogue on other topics unrelated to the video game; or

(3) a stand-alone consumer electronic device that functions as a speaker and voice command interface, acts as a voice-activated virtual assistant, and does not sustain a relationship across multiple interactions or generate outputs that are likely to elicit emotional responses in the user.

(e) "Minor" means an individual under the age of 18.

Subd. 2. **Prohibition.** (a) A person must ensure that a chatbot operated or distributed by the person does not make chatbots available to minors to use, interact with, purchase, or converse with.

(b) A person operating artificial intelligence systems that primarily function as AI companions must ensure that chatbots operated or distributed by the person are not available to minors to use, interact with, purchase, or converse with.

Subd. 3. **Remedies; enforcement.** (a) An individual injured by a violation of this section may bring a civil action for damages, statutory damages not to exceed $1,000, injunctive relief, and costs and reasonable attorney fees.

(b) The attorney general may enforce this section under section 8.31. In an action brought under this paragraph, the person who owns or controls a website, application, software, or program and violates this section is liable for a civil penalty not to exceed $5,000,000.

EFFECTIVE DATE. This section is effective July 1, 2027.

Sec. 17. **TRANSITION PERIOD.**

A person who makes a chatbot available to minors must begin decreasing services in a manner that does not harm minors who use chatbots before services end on July 1, 2027.

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

Sec. 18. **REPEALER.**

(a) Minnesota Statutes 2024, section 53B.75, subdivisions 1, 2, 3, and 5, are repealed.

(b) Minnesota Statutes 2024, sections 53B.69, subdivisions 3b and 3c; and 53B.75, subdivision 4, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2026. Paragraph (b) is effective January 17, 2027.

ARTICLE 8
SECURITIES

Section 1. Minnesota Statutes 2024, section 80A.50, is amended to read:

80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL CORPORATE OFFERING REGISTRATION.

(a) **Federal covered securities.**

(1) **Required filing of records.** With respect to a federal covered security, as defined in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued under this chapter may require the filing of any or all of the following records:

(A) before the initial offer of a federal covered security in this state, all records that are part of a federal registration statement filed with the Securities and Exchange Commission

under the Securities Act of 1933 and a consent to service of process complying with section 80A.88 signed by the issuer;

(B) after the initial offer of the federal covered security in this state, all records that are part of an amendment to a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933; and

(C) to the extent necessary or appropriate to compute fees, a report of the value of the federal covered securities sold or offered to persons present in this state, if the sales data are not included in records filed with the Securities and Exchange Commission.

(2) **Notice filing effectiveness and renewal.** A notice filing under subsection (a) is effective for one year commencing on the later of the notice filing or the effectiveness of the offering filed with the Securities and Exchange Commission. On or before expiration, the issuer may renew a notice filing by filing a copy of those records filed by the issuer with the Securities and Exchange Commission that are required by rule or order under this chapter to be filed. A previously filed consent to service of process complying with section 80A.88 may be incorporated by reference in a renewal. A renewed notice filing becomes effective upon the expiration of the filing being renewed.

(3) **Notice filings for federal covered securities under section 18(b)(4)(D).** With respect to a security that is a federal covered security under Section 18(b)(4)(D) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may require a notice filing by or on behalf of an issuer to include a copy of Form D, including the Appendix, as promulgated by the Securities and Exchange Commission, and a consent to service of process complying with section 80A.88 signed by the issuer not later than 15 days after the first sale of the federal covered security in this state.

(4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is a failure to comply with a notice or fee requirement of this section, the administrator may issue a stop order suspending the offer and sale of a federal covered security in this state. If the deficiency is corrected, the stop order is void as of the time of its issuance and no penalty may be imposed by the administrator.

(b) **Small corporation offering registration.**

(1) **Registration required.** A security meeting the conditions set forth in this section may be registered as set forth in this section.

(2) **Availability.** Registration under this section is available only to the issuer of securities and not to an affiliate of the issuer or to any other person for resale of the issuer's securities. The issuer must be organized under the laws of one of the states or possessions of the United States. The securities offered must be exempt from registration under the Securities Act of 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

(3) **Disqualification.** Registration under this section is not available to any of the following issuers:

(A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934;

(B) an investment company;

(C) a development stage company that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies or other entity or person;

(D) an issuer if the issuer or any of its predecessors, officers, directors, governors, partners, ten percent stock or equity holders, promoters, or any selling agents of the securities to be offered, or any officer, director, governor, or partner of the selling agent:

(i) has filed a registration statement that is the subject of a currently effective registration stop order entered under a federal or state securities law within five years before the filing of the small corporate offering registration application;

(ii) has been convicted within five years before the filing of the small corporate offering registration application of a felony or misdemeanor in connection with the offer, purchase, or sale of a security or a felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is currently subject to a state administrative enforcement order or judgment entered by a state securities administrator or the Securities and Exchange Commission within five years before the filing of the small corporate offering registration application, or is subject to a federal or state administrative enforcement order or judgment in which fraud or deceit, including, but not limited to, making untrue statements of material facts or omitting to state material facts, was found and the order or judgment was entered within five years before the filing of the small corporate offering registration application;

(iv) is currently subject to an order, judgment, or decree of a court of competent jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or

decree of a court of competent jurisdiction permanently restraining or enjoining the party from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or involving the making of a false filing with a state or with the Securities and Exchange Commission entered within five years before the filing of the small corporate offering registration application; or

(v) is subject to a state's administrative enforcement order, or judgment that prohibits, denies, or revokes the use of an exemption for registration in connection with the offer, purchase, or sale of securities,

(I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification is duly licensed or registered to conduct securities-related business in the state in which the administrative order or judgment was entered against the person or if the dealer employing the party is licensed or registered in this state and the form BD filed in this state discloses the order, conviction, judgment, or decree relating to the person, and

(II) except that the disqualification under this subdivision is automatically waived if the state securities administrator or federal agency that created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances to deny the registration.

(4) **Filing and effectiveness of registration statement.** A small corporate offering registration statement must be filed with the administrator. If no stop order is in effect and no proceeding is pending under section 80A.54, such registration statement shall become effective automatically at the close of business on the 20th day after filing of the registration statement or the last amendment of the registration statement or at such earlier time as the administrator may designate by rule or order. For the purposes of a nonissuer transaction, other than by an affiliate of the issuer, all outstanding securities of the same class identified in the small corporate offering registration statement as a security registered under this chapter are considered to be registered while the small corporate offering registration statement is effective. A small corporate offering registration statement is effective for one year after its effective date or for any longer period designated in an order under this chapter. A small corporate offering registration statement may be withdrawn only with the approval of the administrator.

(5) **Contents of registration statement.** A small corporate offering registration statement under this section shall be on Form U-7, including exhibits required by the instructions thereto, as adopted by the North American Securities Administrators Association, or such alternative form as may be designated by the administrator by rule or order and must include:

(A) a consent to service of process complying with section 80A.88;

(B) a statement of the type and amount of securities to be offered and the amount of securities to be offered in this state;

(C) a specimen or copy of the security being registered, unless the security is uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial equivalents in effect, and a copy of any indenture or other instrument covering the security to be registered;

(D) a signed or conformed copy of an opinion of counsel concerning the legality of the securities being registered which states whether the securities, when sold, will be validly issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

(E) the states (i) in which the securities are proposed to be offered; (ii) in which a registration statement or similar filing has been made in connection with the offering including information as to effectiveness of each such filing; and (iii) in which a stop order or similar proceeding has been entered or in which proceedings or actions seeking such an order are pending;

(F) a copy of the offering document proposed to be delivered to offerees; and

(G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales literature intended as of the effective date to be used in connection with the offering and any solicitation of interest used in compliance with section 80A.46(17)(B).

(6) **Copy to purchaser.** A copy of the offering document as filed with the administrator must be delivered to each person purchasing the securities prior to sale of the securities to such person.

(c) **Offering limit.** Offers and sales of securities under a small corporate offering registration as set forth in this section are allowed up to the limit prescribed by Code of Federal Regulations, title 17, part 230.504 (b)(2), as amended.

(d) **Regulation A - Tier 2 filing requirements.**

(1) **Initial filing.** An issuer planning to offer and sell securities in Minnesota in an offering exempt under Tier 2 of federal Regulation A must, at least 21 calendar days before the date of the initial sale of securities in Minnesota, submit to the administrator:

(A) a completed Regulation A - Tier 2 offering notice filing form or copies of all the documents filed with the Securities Exchange Commission; and

(B) a consent to service of process on Form U-2, if consent to service of process is not provided in the Regulation A - Tier 2 offering notice filing form.

The initial notice filing made in Minnesota is effective for 12 months after the date the filing is made.

(2) **Renewal.** For each additional 12-month period in which the same offering is continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew the notice filing by filing (i) the Regulation A - Tier 2 offering notice filing form marked "renewal," or (ii) a cover letter or other document requesting renewal. The renewal filing must be made on or before the date notice filing expires.

(3) **Amendment.** An issuer may increase the amount of securities offered in Minnesota by submitting a Regulation A - Tier 2 offering notice filing form or other document describing the transaction.

(e) **Notice filing requirement for federal crowdfunding offerings.** This paragraph applies to offerings made under Regulation Crowdfunding, Code of Federal Regulations, title 17, part 227, and sections 4(a)(6) and 18(b)(4)(C) of the Securities Act of 1933, United States Code, title 15, sections 77d(A)(6) and 77r(b)(4)(C).

(1) **Initial filing.** An issuer that (i) offers and sells securities in Minnesota in an offering exempt under federal Regulation Crowdfunding, and (ii) has a principal place of business in Minnesota or sells at least 50 percent of the offering's aggregate amount to Minnesota residents, must file with the administrator:

(A) a completed Uniform Notice of Federal Crowdfunding Offering form or copies of all documents filed with the Securities and Exchange Commission; and

(B) if the issuer is not filing on the Uniform Notice of Federal Crowdfunding Offering form, consent to service of process on Form U-2.

If the issuer's principal place of business is in Minnesota, the initial filing must be submitted with the administrator when the issuer makes the issuer's initial Form C filing concerning the offering with the Securities and Exchange Commission. If the issuer's principal place of business is not in Minnesota but Minnesota residents have purchased at least 50 percent of the aggregate amount of the offering, the filing must be submitted when the issuer becomes aware that the aggregate purchases made by Minnesota residents meets the threshold, but no later than 30 days after the date the offering is complete. The initial notice filing is effective for a 12-month period beginning on the date the initial filing is submitted to the administrator.

(2) **Renewal.** For each additional 12-month period in which a single offering is continued, an issuer conducting an offering under federal Regulation Crowdfunding may renew the issuer's notice filing by filing with the administrator on or before the date the current notice filing expires:

(A) a completed Uniform Notice of Federal Crowdfunding Offering form that is marked "renewal"; or

(B) a cover letter or other document requesting renewal.

(3) **Amendment.** An issuer may increase the amount of securities offered in Minnesota by submitting (i) a completed Uniform Notice of Federal Crowdfunding Offering form that is marked "amendment," or (ii) another document that describes the modified transaction.

Sec. 2. Minnesota Statutes 2025 Supplement, section 80A.66, is amended to read:

80A.66 SECTION 411; POSTREGISTRATION REQUIREMENTS.

(a) **Financial requirements.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a rule adopted or order issued under this chapter may establish minimum financial requirements for broker-dealers registered or required to be registered under this chapter and investment advisers registered or required to be registered under this chapter.

(b) **Financial reports.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222(b) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a broker-dealer registered or required to be registered under this chapter and an investment adviser registered or required to be registered under this chapter shall file such financial reports as are required by a rule adopted or order issued under this chapter. If the information contained in a record filed under this subsection is or becomes inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting amendment.

(c) **Record keeping.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22):

(1) a broker-dealer registered or required to be registered under this chapter and an investment adviser registered or required to be registered under this chapter shall make and maintain the accounts, correspondence, memoranda, papers, books, and other records required by rule adopted or order issued under this chapter;

(2) broker-dealer records required to be maintained under paragraph (1) may be maintained in any form of data storage acceptable under Section 17(a) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78q(a)) if they are readily accessible to the administrator; ~~and~~

(3) a broker-dealer must establish and maintain: (i) a set of written supervisory procedures that reasonably prevent and detect violations of chapter 80A; Minnesota Rules, chapter 2876; or related orders issued by the commissioner; and (ii) a system to apply the procedures established under this clause. The procedures must designate by name or title a number of supervisory employees that is reasonable relative to the number of the broker-dealer's registered agents, offices, and transactions in Minnesota. A copy of the written procedures and the system to apply the procedures must be kept and maintained at each branch office affiliated with the broker-dealer. A broker-dealer may use electronic media in accordance with the Financial Industry Regulatory Authority Rule 3110.11, or any successor federal law, to satisfy the obligations under this paragraph; and

~~(3)~~ (4) investment adviser records required to be maintained under paragraph (d)(1) may be maintained in any form of data storage required by rule adopted or order issued under this chapter.

(d) **Records and reports of private funds.**

(1) **In general.** An investment adviser to a private fund shall maintain such records of, and file with the administrator such reports and amendments thereto, that an exempt reporting adviser is required to file with the Securities and Exchange Commission pursuant to SEC Rule 204-4, Code of Federal Regulations, title 17, section 275.204-4.

(2) **Treatment of records.** The records and reports of any private fund to which an investment adviser provides investment advice shall be deemed to be the records and reports of the investment adviser.

(3) **Required information.** The records and reports required to be maintained by an investment adviser, which are subject to inspection by a representative of the administrator at any time, shall include for each private fund advised by the investment adviser, a description of:

(A) the amount of assets under management;

(B) the use of leverage, including off-balance-sheet leverage, as to the assets under management;

(C) counterparty credit risk exposure;

(D) trading and investment positions;

(E) valuation policies and practices of the fund;

(F) types of assets held;

(G) side arrangements or side letters, whereby certain investors in a fund obtain more favorable rights or entitlements than other investors;

(H) trading practices; and

(I) such other information as the administrator determines is necessary and appropriate in the public interest and for the protection of investors, which may include the establishment of different reporting requirements for different classes of fund advisers, based on the type or size of the private fund being advised.

(4) **Filing of records.** A rule or order under this chapter may require each investment adviser to a private fund to file reports containing such information as the administrator deems necessary and appropriate in the public interest and for the protection of investors.

(e) **Audits or inspections.** The records of a broker-dealer registered or required to be registered under this chapter and of an investment adviser registered or required to be registered under this chapter, including the records of a private fund described in paragraph (d) and the records of investment advisers to private funds, are subject to such reasonable periodic, special, or other audits or inspections by a representative of the administrator, within or without this state, as the administrator considers necessary or appropriate in the public interest and for the protection of investors. An audit or inspection may be made at any time and without prior notice. The administrator may copy, and remove for audit or inspection copies of, all records the administrator reasonably considers necessary or appropriate to conduct the audit or inspection. The administrator may assess a reasonable charge for conducting an audit or inspection under this subsection.

(f) **Custody and discretionary authority bond or insurance.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a rule adopted or order issued under this chapter may require a broker-dealer or investment adviser that has custody of or discretionary authority over funds or securities of a customer or client to obtain insurance or post a bond or other satisfactory form of security in an amount of at least $25,000, but not to exceed $100,000. The administrator may determine the requirements of the insurance, bond, or other satisfactory form of security. Insurance or a bond or other satisfactory form of security may not be required of a broker-dealer registered under this chapter whose net

capital exceeds, or of an investment adviser registered under this chapter whose minimum financial requirements exceed, the amounts required by rule or order under this chapter. The insurance, bond, or other satisfactory form of security must permit an action by a person to enforce any liability on the insurance, bond, or other satisfactory form of security if instituted within the time limitations in section 80A.76(j)(2).

(g) **Requirements for custody.** Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), an agent may not have custody of funds or securities of a customer except under the supervision of a broker-dealer and an investment adviser representative may not have custody of funds or securities of a client except under the supervision of an investment adviser or a federal covered investment adviser. A rule adopted or order issued under this chapter may prohibit, limit, or impose conditions on a broker-dealer regarding custody of funds or securities of a customer and on an investment adviser regarding custody of securities or funds of a client.

(h) **Investment adviser brochure rule.** With respect to an investment adviser registered or required to be registered under this chapter, a rule adopted or order issued under this chapter may require that information or other record be furnished or disseminated to clients or prospective clients in this state as necessary or appropriate in the public interest and for the protection of investors and advisory clients.

(i) **Continuing education.** A rule adopted or order issued under this chapter may require an individual registered under section 80A.57 or 80A.58 to participate in a continuing education program approved by the Securities and Exchange Commission and administered by a self-regulatory organization, the North American Securities Administrators Association, or the commissioner.

(j) **Business continuity and succession plan.** An investment adviser registered or required to be registered under this chapter must establish, maintain, and enforce written policies and procedures relating to business continuity and succession planning. At a minimum, the policies and procedures under this paragraph must provide:

(1) a means to protect, back up, and recover books and records;

(2) an alternate method to provide notice to customers; key personnel; employees; vendors; service providers, including third-party custodians; and regulators, regarding issues pertaining to the investment adviser's business operations, including but not limited to significant business interruption, the death or unavailability of key personnel, other disruption to business activities, or ceasing business operations;

(3) a plan to relocate the office space for a principal place of business that is subject to a temporary or permanent loss;

(4) a plan to assign duties to qualified responsible persons if key personnel die or are otherwise unavailable; and

(5) a plan to otherwise minimize service disruption and client harm that might result from sudden and significant business interruption.

(k) **Physical security and cybersecurity policies and procedures.** An investment adviser registered or required to be registered under this chapter must establish, implement, update, and enforce written physical security and cybersecurity policies and procedures that are designed to ensure the confidentiality, integrity, and availability of physical and electronic records and information. The policies and procedures must be tailored to the investment adviser's business model and must take into account the investment advisor's business size, type of service provided, and number of locations.

(1) The physical security and cybersecurity policies and procedures must:

(A) protect against reasonably anticipated threats or hazards to the security or integrity of client records and information;

(B) ensure that the investment adviser protects confidential client records and information; and

(C) protect client records and information that, if released, might result in harm or inconvenience to the client.

(2) At a minimum, the physical security and cybersecurity policies and procedures must develop and implement:

(A) an organizational understanding to manage information security risk with respect to systems, assets, data, and capabilities;

(B) safeguards to ensure delivery of critical infrastructure services;

(C) actions and tools to identify when an information security event occurs;

(D) actions to take when a information security event is detected; and

(E) plans for security and system resilience, and to restore capabilities or services that are impaired due to an information security event.

(3) At the time a client engages an investment adviser and on an annual basis thereafter, an investment adviser must deliver to the client a privacy policy that is reasonably designed

to assist the client understand how the investment adviser collects and shares, to the extent permitted by state and federal law, nonpublic personal information. If information in the policy becomes materially inaccurate, the investment adviser must promptly update and deliver an amended privacy policy to the client.

(l) **Written confirmation.** A broker-dealer must promptly provide to the customer a written confirmation at or before completing a transaction in accordance with the Financial Industry Regulatory Authority Rule 2232, or any successor federal law. The confirmation must:

(1) describe the security purchased or sold, the date of the transaction, the price of the security purchased or sold, and any commission charged;

(2) indicate whether the broker-dealer acted for the broker-dealer's account, as an agent for a customer, as an agent for another person, or an agent for both a customer and another person;

(3) if the broker-dealer is acting as an agent for a customer, include (i) the name of the person who purchased the security, (ii) the name of the person who sold the security, or (iii) a statement that the information in item (i) or (ii) is available to a customer on request if the broker-dealer knows the information or is able to ascertain the information with reasonable diligence;

(4) indicate whether the transaction was unsolicited; and

(5) indicate the name of the agent that executed the transaction.

A broker-dealer that complies with Securities and Exchange Commission Rule 10b-10, Code of Federal Regulations, title 17, part 240.10b-10, or article III, section 12, of the Financial Industry Regulatory Authority Rules of Fair Practice, complies with this paragraph.

(m) **Conditions; stipulations; provisions.** A broker-dealer is prohibited from entering into a contract with a customer if the contract contains a condition, stipulation, or provision that binds the customer to waive rights under chapter 80A; Minnesota Rules, chapter 2876; or an order issued by the commissioner. A condition, stipulation, or provision included in a contract subject to this paragraph is void.

(n) **Principal office; employment.** A broker-dealer whose principal office is located in Minnesota must have at least one registered person employed on a full-time basis at the principal office located in Minnesota. This paragraph does not apply to a broker-dealer engaged solely in offering and selling:

(1) interests in a direct participation program; or

(2) securities issued by open-end investment companies, face amount certificate companies, or unit investment trusts registered under the Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64.

Sec. 3. **[80A.691] BROKER-DEALERS; AGENTS; DISHONEST OR UNETHICAL BUSINESS PRACTICES.**

Subdivision 1. **Broker-dealers; standards and principles.** A broker-dealer must observe high standards of commercial honor and just and equitable principles of trade when conducting the broker-dealer's business. An act or practice that is contrary to the standards constitutes grounds for the administrator to deny, suspend, or revoke the broker-dealer's registration or to take other action authorized by statute. For purposes of this subdivision, an act or practice that is contrary to the standards includes:

(1) engaging in a pattern of unreasonable and unjustifiable delays with respect to: (i) delivering securities purchased by a customer; or (ii) upon request, paying free credit balances reflecting a customer's completed transactions;

(2) inducing trading in a customer's account that is excessive in size or frequency considering the account's financial resources and character;

(3) recommending that a customer purchase, sell, or exchange a security without reasonable grounds to believe the transaction or recommendation is suitable for the customer, based on: (i) a reasonable inquiry regarding the customer's investment objectives, financial situation, and needs; and (ii) other relevant information known by the broker-dealer;

(4) recommending a security transaction or investment strategy involving securities, including account recommendations, to a retail customer if the recommendation does not comply with the obligations set forth in Code of Federal Regulations, title 17, section 240.15l-1;

(5) executing a transaction on behalf of a customer without the customer's authorization;

(6) exercising discretionary power to effect a transaction for a customer's account without first obtaining written discretionary authority from the customer, unless the discretionary power relates solely to the time the order is executed or the order's price;

(7) executing a transaction in a margin account without securing from the customer a properly executed written margin agreement promptly after the account's initial transaction;

(8) failing to segregate customers' free securities or securities held in safekeeping;

(9) hypothecating a customer's securities without having a lien on the customer's securities, unless the broker-dealer secures the customer's properly executed written consent promptly after the initial transaction, except as permitted by Securities and Exchange Commission regulations;

(10) entering into a transaction with or for a customer at a price that is not reasonably related to the security's current market price, or receiving an unreasonable commission or profit;

(11) failing to furnish to a customer purchasing securities in an offering, no later than the due date for the transaction's confirmation: (i) a final prospectus; or (ii) a preliminary prospectus and an additional document that, when combined with the preliminary prospectus, includes all of the information included in the final prospectus;

(12) charging an unreasonable or inequitable fee for services performed, including: (i) miscellaneous services that include but are not limited to collecting money due for principal, dividends or interest, exchanging or transferring securities, appraisals, safekeeping, or maintaining custody of securities; and (ii) other services related to the broker-dealer's securities business;

(13) offering to buy or sell a security at a stated price if the broker-dealer is not prepared to purchase or sell at the stated price and under the stated conditions at the time the offer to buy or sell is made;

(14) representing that a security is being offered to a customer "at the market" or at a price relevant to the market price, unless the broker-dealer knows or has reasonable grounds to believe a market for the security exists other than the market made, created, or controlled by: (i) the broker-dealer; (ii) a person for whom the broker-dealer is acting or with whom the broker-dealer is associated with respect to the security's distribution; or (iii) a person controlled by, controlling, or under common control with the broker-dealer;

(15) effecting a transaction in, or inducing the purchase or sale of, a security using a manipulative, deceptive, or fraudulent device, practice, plan, program, design, or contrivance, which includes but is not limited to:

(i) effecting a transaction in a security that involves no change in the security's beneficial ownership;

(ii) entering an order to purchase or sell a security with the knowledge that at least one other order for the same security that is substantially the same size, entered at substantially the same time, and for substantially the same price as the order has been or will be entered

by or for the same or a different party to create (A) a false or misleading appearance of active trading in the security, or (B) a false or misleading appearance with respect to the market for the security. This item does not prohibit a broker-dealer from entering bona fide agency cross transactions for the broker-dealer's customers; or

(iii) effecting, alone or with another person, a series of transactions in a security that creates actual or apparent active trading in the security, or raises or reduces the price of the security, to induce others to purchase or sell the security;

(16) guaranteeing a customer against loss in: (i) a securities account the broker-dealer carries for the customer; (ii) a securities transaction effected by the broker-dealer; or (iii) a securities transaction effected by the broker-dealer with or for the customer;

(17) publishing or circulating, or causing to be published or circulated, a notice, circular, advertisement, newspaper article, investment service, or communication of any kind that purports to: (i) report a transaction as a purchase or sale of a security, unless the broker-dealer believes that the transaction was a bona fide purchase or sale of the security; or (ii) quote the bid price or asked price for a security, unless the broker-dealer believes the quote represents a bona fide bid for or offer of the security;

(18) using an advertising or sales presentation in a manner that is deceptive or misleading, including but not limited to distributing: (i) nonfactual data, material, or a presentation based on conjecture, unfounded or unrealistic claims; or (ii) assertions in a brochure, flyer, or display using words, pictures, graphs, or other representations that are designed to supplement, detract from, supersede, or defeat a prospectus' or disclosure's purpose or effect;

(19) failing to disclose to a customer, before entering into a contract with or for a customer to purchase or sell a security, that the broker-dealer is controlled by, controlling, affiliated with, or under common control with the security's issuer. If a disclosure under this clause is not made in writing, the disclosure must be supplemented by giving or sending written disclosure before or at the time the transaction is completed;

(20) failing to make a bona fide public offering of all of the securities allotted to a broker-dealer for distribution, whether the securities are acquired as an underwriter, a selling group member, or from a member participating in the distribution as an underwriter or selling group member;

(21) failing or refusing to: (i) furnish a customer, upon reasonable request, information the customer is entitled to; or (ii) respond to a formal written request or complaint;

(22) failing to pay and fully satisfy a final judgment or arbitration award resulting from an arbitration or court proceeding relating to an investment and initiated by the customer, unless: (i) the customer and broker-dealer, or broker-dealer's agent, agree in writing to an alternative payment arrangement; and (ii) the broker-dealer or broker-dealer's agent complies with the terms of the alternative payment arrangement;

(23) attempting to avoid paying a final judgment or arbitration award resulting from an arbitration or court proceeding relating to an investment and initiated by the customer, unless: (i) the customer and broker-dealer, or broker-dealer's agent, agree in writing to an alternative payment arrangement; and (ii) the broker-dealer or broker-dealer's agent complies with the terms of the alternative payment arrangement;

(24) failing to pay and fully satisfy a fine, civil penalty, order of restitution, order of disgorgement, or similar monetary payment obligation imposed upon the broker-dealer or broker-dealer's agent by the Securities and Exchange Commission, a state or provincial securities or other financial services regulator, or a self-regulatory organization;

(25) accessing a client's account by using the client's unique identifying information, including but not limited to the client's username and password;

(26) in connection with soliciting a sale or purchase of an over-the-counter non-NASDAQ security, failing to promptly provide the most current prospectus or the most recently filed periodic report filed under Section 13 of the Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended, if the broker-dealer receives a request from a customer;

(27) marking an order ticket or confirmation as unsolicited if the transaction is solicited;

(28) for each month in which activity has occurred in a customer's account and no less frequently than once every three months regardless of whether customer account activity has occurred, failing to provide the customer with an account statement that, with respect to all over-the-counter non-NASDAQ equity securities in the account, contains a value for each security based on the closing market bid on a date certain. This clause applies only if the broker-dealer has been a market maker in the security at any time during the month in which the monthly or quarterly statement is issued; or

(29) failing to comply with an applicable provision of the Financial Industry Regulatory Authority conduct rules or an applicable fair practice or ethical standard promulgated by the Securities and Exchange Commission or a self-regulatory organization approved by the Securities and Exchange Commission.

Subd. 2. **Broker-dealer's agents; standards and principles.** A broker-dealer's agent must observe high standards of commercial honor and just and equitable principles of trade when conducting the broker-dealer's agent's business. An act or practice that is contrary to the standards constitutes grounds for the administrator to deny, suspend, or revoke the broker-dealer's agent's registration or to take other action authorized by statute. For purposes of this subdivision, an act or practice that is contrary to the standards includes:

(1) lending to or borrowing from a customer money or securities, or acting as a custodian for a customer's money, securities, or executed stock power unless otherwise permissible under the Financial Industry Regulatory Authority Rule 3240, or any successor federal law;

(2) effecting securities transactions that are not recorded on the regular books or records maintained by the broker-dealer the broker-dealer's agent represents, unless the transactions are authorized in writing by the broker-dealer before executing the transaction or exempt as subscription-way transactions under Code of Federal Regulations, title 17, section 240.17a-3, or any successor federal law;

(3) establishing or maintaining an account that contains fictitious information in order to execute transactions that are otherwise prohibited;

(4) sharing directly or indirectly in profits or losses in a customer account without the written authorization from the customer and the broker-dealer the broker-dealer's agent represents;

(5) dividing or otherwise splitting the broker-dealer's agent's commissions, profits, or other compensation from purchasing or selling securities with a person who is not also registered as a broker-dealer's agent for the same broker-dealer or for a broker-dealer under direct or indirect common control or unless otherwise allowed under the Security Exchange Act of 1934 rules, guidance, or authorization; or

(6) engaging in the conduct specified under subdivision 1, clause (2), (3), (4), (5), (6), (7), (10), (11), (15), (16), (17), (18), (22), (23), (24), (25), (26), (27), (28), or (29).

Subd. 3. **Conduct specified not exclusive.** The conduct identified as a violation under subdivisions 1 and 2 is not exclusive. A broker-dealer or broker-dealer's agent that engages in other conduct, including but not limited to forgery, embezzlement, nondisclosure, incomplete disclosure or misstatement of material facts, or manipulative or deceptive practices, is also subject to denial, suspension, or revocation of registration.

Sec. 4. Minnesota Statutes 2024, section 80C.12, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** The commissioner, with or without prior notice or hearing, may issue a cease and desist order and may issue an order denying, suspending or revoking any registration, amendment or exemption on finding any of the following:

~~(a)~~ (1) that the applicant, registrant or franchisor or any officer, director, agent or employee thereof or any other person has violated or failed to comply with any provision of sections 80C.01 to 80C.22 or any rule or order of the commissioner;

~~(b)~~ (2) that the offer, sale, or purchase of the franchise would constitute misrepresentation to or deceit or fraud upon purchasers thereof, or has worked or tended to work a fraud upon purchasers or would so operate;

~~(c)~~ (3) that the applicant, registrant or franchisor or any officer, director, agent or employee thereof or any other person is engaging or about to engage in false, fraudulent or deceptive practices in connection with the offer and sale of a franchise;

~~(d)~~ (4) that any person identified in a public offering statement has been: (i) convicted of an offense or held liable in a civil action by final judgment described in section 80C.04, subdivision 1, paragraph (e), clause ~~(5)~~ (1), has a civil or criminal action pending as described in section 80C.04, subdivision 1, paragraph (e), clause (5), or is subject to an order~~, or has had a civil judgment entered against the person as described in section 80C.04, clause (5),~~ described in section 80C.04, subdivision 1, paragraph (e), clauses (2) to (4); and (ii) the involvement of the person in the business of the applicant or franchisor creates a substantial risk to prospective franchisees;

~~(e)~~ (5) that the financial condition of the franchisor adversely affects or would adversely affect the ability of the franchisor to fulfill its obligations under the franchise agreement;

~~(f)~~ (6) that the franchisor's enterprise or method of business includes or would include activities which are illegal where performed; or

~~(g)~~ (7) that the method of sale or proposed method of sale of franchises or the operation of the business of the franchisor or any term or condition of the franchise agreement or any practice of the franchisor is or would be unfair or inequitable to franchisees.

ARTICLE 9
TELECOMMUNICATIONS

Section 1. Minnesota Statutes 2024, section 237.035, is amended to read:

237.035 TELECOMMUNICATIONS CARRIER EXEMPTION.

(a) Telecommunications carriers are subject to regulation under this chapter only to the extent required under paragraphs (b) to (e).

(b) Telecommunications carriers shall comply with sections 237.121 and 237.74.

(c) Telecommunications carriers shall comply with section 237.16, ~~subdivisions~~ subdivision 8 ~~and 9~~.

(d) To the extent a telecommunications carrier offers local service, it shall obtain a certificate under section 237.16 for that local service.

(e) In addition, a telecommunications carrier's local service is subject to this chapter except that:

(1) a telecommunications carrier is not subject to rate-of-return or earnings investigations under section 237.075 or 237.081; and

(2) a telecommunications carrier is not subject to section 237.22.

Sec. 2. Minnesota Statutes 2024, section 237.036, is amended to read:

237.036 COIN-OPERATED OR PUBLIC PAY TELEPHONES.

~~(a) Neither commission approval nor a commission certificate is required to:~~

~~(1) site a coin-operated or public pay telephone in the state; or~~

~~(2) implement changes in service, services offered, rates, or location regarding a coin-operated or public pay telephone. Registration under section 237.64 is required to own or operate a coin-operated or public pay telephone in the state.~~

~~(b) This section does not change the authority of other state or local government entities to regulate aspects of coin-operated or public pay telephone ownership, location, or operation; however, an entity may not regulate aspects of these services that it did not regulate prior to May 26, 1999. The commission shall retain the authority delegated to it under federal and state law to protect the public interest with regard to coin-operated or public pay telephones.~~

~~(c) Owners and operators of coin-operated or public pay telephones are exempt from sections 237.06, 237.07, 237.075, 237.09, 237.23, and 237.295, and the annual reporting requirement of section 237.11.~~

~~(d)~~ Owners of coin-operated or public pay telephones shall:

(1) provide immediate coin-free access, to the extent technically feasible, to 911 emergency service or to another approved emergency service; and

(2) provide free access to the telecommunications relay service for people with communication disabilities.

~~(e) Owners of coin-operated or public pay telephones must post at each coin-operated or public pay telephone location:~~

~~(1) customer service and complaint information, including the name, address, and telephone number of the owner of the coin-operated or public pay telephone and the operator service handling calls from the coin-operated or public pay telephone; a toll-free number of the appropriate telephone company for the resolution of complaints; and the toll-free number of the public utilities commission; and~~

~~(2) a toll-free number at which consumers can obtain pricing information regarding rates, charges, terms, and conditions of local and long-distance calls.~~

Sec. 3. Minnesota Statutes 2024, section 237.069, is amended to read:

237.069 TRACER; HARASSING TELEPHONE CALL; RULES.

~~The commission shall adopt rules to govern how telephone companies respond to requests for tracers made by persons who allege receiving harassing telephone calls. The rules must address when a request for a tracer may be denied or delayed.~~ A telecommunications carrier operating in Minnesota must ensure the telecommunications carrier's equipment, facilities, and services are capable of enabling authorized law enforcement agencies to conduct lawful interception and access call-identifying information in a manner consistent with United States Code, title 47, sections 1001 to 1010.

Sec. 4. Minnesota Statutes 2024, section 237.07, subdivision 1, is amended to read:

Subdivision 1. **Filing of charges.** Every telephone company shall keep on file with the department a specific rate, toll, or charge for every kind of noncompetitive service and a price list for every kind of service subject to emerging competition, together with all rules and classifications used by it in the conduct of the telephone business, including limitations

on liability. The filings are governed by chapter 13. When a company sells services subject to emerging competition on an individually priced basis, it shall file a statement of the charges to its customers with the commission and the department. ~~The department shall require each telephone company to keep open for public inspection, at designated offices, so much of these rates, price lists, and rules as it deems necessary for the public information.~~

Sec. 5. Minnesota Statutes 2024, section 237.11, is amended to read:

237.11 INSPECTING RECORDS AND PROPERTY; REPORTS REQUIRED.

(a) Every telephone company subject to the provisions of this chapter, wherever organized, shall ~~keep an office in this state, and~~ make such reports to the department as it shall from time to time require. All books, records, and files~~, whether they relate to competitive or noncompetitive services,~~ and all of its property shall be at all times subject to inspection by the commission and the department. It shall close its accounts and take therefrom a balance sheet on December 31 of each year, and on or before May 1 following, such balance sheet, together with such other information as the department shall require, verified by an officer of the telephone company, shall be filed with the commission and the department, except that a local exchange carrier or a competitive local exchange carrier, as defined in Minnesota Rules, chapter 7811, is only required to file an annual report that includes the company's name, contact person, annual revenue, and status of its 911 update plan.

(b) In the event that any telephone company shall fail to file its annual report, as provided by this section, the department is authorized to make such an examination of the books, records, and vouchers of the company as is necessary to procure the necessary data for the annual report and cause the same to be prepared. The expense of procuring this data and preparing this report shall be paid by the telephone company failing to report, and the amount paid shall be credited by the commissioner of management and budget to funds appropriated for the expense of the department.

(c) The department is authorized to force collection of such sum by an action at law in the name of the department.

Sec. 6. Minnesota Statutes 2024, section 237.164, is amended to read:

237.164 UNIVERSAL SERVICE DISCOUNT FOR SCHOOL OR LIBRARY.

~~The commission shall establish intrastate service discounts for schools and libraries by order to the extent necessary to enable schools and libraries to receive federally supported discounts.~~ A school, school district, or library is eligible to receive telecommunications

service at discounted rates, consistent with the E-Rate program administered by the Universal Service Administrative Company under United States Code, title 47, section 254, and Code of Federal Regulations, title 47, part 54.

Sec. 7. Minnesota Statutes 2024, section 237.626, subdivision 1, is amended to read:

Subdivision 1. **Promotions.** A telephone company or telecommunications carrier may promote the use of its services by offering a waiver of part or all of a recurring or a nonrecurring charge, a redemption coupon, or a premium with the purchase of a service. Section 237.09 does not apply to promotions under this section, but the customer group to which the promotion is available must be based on reasonable distinctions among customers. The service being promoted must have a price that is above the incremental cost of the service, including amortized cost of the promotion. ~~A promotion may take effect the day after the notice is filed with the commission. The notice must identify customers to whom the promotion is available.~~

Sec. 8. Minnesota Statutes 2024, section 237.626, subdivision 3, is amended to read:

Subd. 3. **Promotions available for resale.** Any promotional offering ~~lasting more than 90 days and filed with the commission under subdivision 1 must be~~ does not need to be made available to qualifying carriers for resale. ~~A~~ If a telephone company or telecommunications carrier makes a promotional offering available to a qualifying carrier for resale, the qualifying carrier must hold a certificate of authority from the commission and must have an approved interconnection agreement with the company offering the promotion, the terms of which include language governing the resale of services.

Sec. 9. Minnesota Statutes 2024, section 237.66, is amended by adding a subdivision to read:

Subd. 4. **Notice; local residential customers.** A telephone company must notify a residential customer regarding the price for all service options available to the customer. A notice must be provided:

(1) at the time the customer initially requests service;

(2) when the customer requests a service change; and

(3) at any time upon the customer's request.

Sec. 10. Minnesota Statutes 2024, section 237.66, is amended by adding a subdivision to read:

Subd. 5. **Customer notice; prior authorization.** A telephone company may provide the notice under subdivision 4 to a customer using paper billing, electronic billing, or other electronic communication methods if:

(1) the customer affirmatively opts in to electronic billing or electronic communication;

(2) the information in the notice is provided clearly and accessibly; and

(3) the customer is allowed to request a paper copy of service option pricing at any time and at no charge to the customer.

Sec. 11. Minnesota Statutes 2024, section 237.70, subdivision 7, is amended to read:

Subd. 7. **Application, notice, financial administration, complaint investigation.** The telephone assistance plan must be administered jointly by the commission, the Department of Commerce, and the local service providers in accordance with the following guidelines:

(a) The commission and the Department of Commerce shall develop an application form that must be completed by the subscriber for the purpose of certifying eligibility for telephone assistance plan credits to the local service provider. The application must contain the applicant's Social Security number. Applicants who refuse to provide a Social Security number will be denied telephone assistance plan credits. The application form must also include a statement that the applicant household is currently eligible for one of the programs that confers eligibility for the federal Lifeline Program. The application must be signed by the applicant, certifying, under penalty of perjury, that the information provided by the applicant is true.

(b) Each local service provider shall annually mail a notice of the availability of the telephone assistance plan to each residential subscriber in a regular billing and shall mail the application form to customers when requested.

The notice must state the following:

YOU MAY BE ELIGIBLE FOR ASSISTANCE IN PAYING YOUR TELEPHONE BILL IF YOU RECEIVE BENEFITS FROM CERTAIN LOW-INCOME ASSISTANCE PROGRAMS. FOR MORE INFORMATION OR AN APPLICATION FORM PLEASE CONTACT .....

(c) An application may be made by the subscriber, the subscriber's spouse, or a person authorized by the subscriber to act on the subscriber's behalf. On completing the application

certifying that the statutory criteria for eligibility are satisfied, the applicant must return the application to the subscriber's local service provider. On receiving a completed application from an applicant, the subscriber's local service provider shall provide telephone assistance plan credits against monthly charges in the earliest possible month following receipt of the application. The applicant must receive telephone assistance plan credits until the earliest possible month following the service provider's receipt of information that the applicant is ineligible.

If the telephone assistance plan credit is not itemized on the subscriber's monthly charges bill for local telephone service, the local service provider must notify the subscriber of the approval for the telephone assistance plan credit.

(d) The commission shall serve as the coordinator of the telephone assistance plan and be reimbursed for its administrative expenses from the surcharge revenue pool. As the coordinator, the commission shall:

(1) establish a uniform statewide surcharge in accordance with subdivision 6;

~~(2) establish a uniform statewide level of telephone assistance plan credit that each local service provider shall extend to each eligible household in its service area;~~

~~(3)~~ (2) require each local service provider to account to the commission on a periodic basis for surcharge revenues collected by the provider, expenses incurred by the provider, not to include expenses of collecting surcharges, and credits extended by the provider under the telephone assistance plan;

~~(4)~~ (3) require each local service provider to remit surcharge revenues to the Department of Public Safety for deposit in the fund; and

~~(5)~~ (4) remit to each local service provider from the surcharge revenue pool the amount necessary to compensate the provider for expenses, not including expenses of collecting the surcharges, and telephone assistance plan credits. When it appears that the revenue generated by the maximum surcharge permitted under subdivision 6 will be inadequate to fund any particular established level of telephone assistance plan credits, the commission shall reduce the credits to a level that can be adequately funded by the maximum surcharge. Similarly, the commission may increase the level of the telephone assistance plan credit that is available or reduce the surcharge to a level and for a period of time that will prevent an unreasonable overcollection of surcharge revenues.

(e) Each local service provider shall maintain adequate records of surcharge revenues, expenses, and credits related to the telephone assistance plan and shall, as part of its annual

report or separately, provide the commission and the Department of Commerce with a financial report of its experience under the telephone assistance plan for the previous year. That report must also be adequate to satisfy the reporting requirements of the federal matching plan.

(f) The Department of Commerce shall investigate complaints against local service providers with regard to the telephone assistance plan and shall report the results of its investigation to the commission.

Sec. 12. Minnesota Statutes 2024, section 237.762, subdivision 5, is amended to read:

Subd. 5. **Income-neutral change.** Other than as authorized in this subdivision, an initial alternative regulation plan must not permit income-neutral rate changes for price-regulated services during the plan except as is necessary to implement extended area service or any successor to that service. Any plan must provide that after the rules issued pursuant to section 237.16 are adopted, rates for price-regulated services may be increased, as approved by the commission, to the extent necessary to carry out the purpose of those rules. ~~However, rate increases, if any, for those services must be incorporated with a universal service fund so that the effective rate for the customers of those services does not increase during the first three years of the plan.~~

Sec. 13. **REPEALER.**

Minnesota Statutes 2024, sections 237.065; 237.066; 237.067; 237.071; 237.072; 237.075, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11; 237.14; 237.15; 237.16, subdivision 9; 237.22; 237.231; 237.59, subdivisions 1, 1a, 2, 3, 4, 5, 6, 8, 9, and 10; 237.66, subdivisions 1, 1a, 1c, 1d, 2, 2a, and 3; 237.75; 237.766; 237.768; 237.772; and 237.775, are repealed.

ARTICLE 10
INSURANCE AND FINANCIAL PRODUCTS

Section 1. **[48.741] VIRTUAL-CURRENCY CUSTODY SERVICES.**

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

(b) "Control of virtual currency" has the meaning given in section 53B.69, subdivision 2.

(c) "Virtual currency" has the meaning given in section 53B.69, subdivision 6.

(d) "Virtual-currency custody services" means safekeeping, controlling, or managing virtual currency, or the cryptographic private keys used to access virtual currency, on behalf of another person.

Subd. 2. **Authority.** A banking institution may provide virtual-currency custody services in a fiduciary or nonfiduciary capacity, subject to this section and applicable state and federal law.

Subd. 3. **Safety and soundness.** A banking institution that engages in virtual-currency custody services must conduct the activity in a safe and sound manner and must maintain written policies and procedures governing risk management, internal controls, cybersecurity, business continuity, and compliance.

Subd. 4. **Notice to commissioner.** A banking institution must provide written notice to the commissioner at least 60 days before commencing virtual-currency custody services. The notice must describe the nature of the services and the banking institution's risk management framework.

Subd. 5. **Fiduciary capacity.** (a) A banking institution may provide virtual-currency custody services in a fiduciary or custodial capacity, including as agent, bailee, or trustee for the limited purpose of safekeeping or administration of virtual currency, to the same extent the banking institution may lawfully hold or safeguard other assets for customers.

(b) The commissioner may limit or condition the authority to provide virtual-currency custody services under paragraph (a) only if the commissioner determines the activity is conducted in an unsafe or unsound manner.

Subd. 6. **Segregation of assets.** A banking institution must structure virtual-currency custody services to ensure that customer virtual currency and associated control mechanisms are legally and operationally segregated from the banking institution's assets and are not treated as the banking institution's property, consistent with the segregation of assets held in other custodial or fiduciary capacities and the concept of control of controllable electronic records under sections 336.12-101 to 336.12-107.

Subd. 7. **Third-party service providers.** A banking institution may engage one or more qualified third-party service providers or subcustodians to facilitate virtual-currency custody services, provided the banking institution retains oversight responsibility and ensures compliance with this section.

Subd. 8. **Supervision and examination.** A banking institution's virtual-currency custody services are subject to examination by the commissioner as part of the regular supervisory process.

Subd. 9. **Construction.** This section does not (1) authorize a banking institution to engage in activities otherwise prohibited by law, or (2) alter the legal characterization of virtual currency under state or federal law.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to virtual-currency custody services commenced on or after that date.

Sec. 2. Minnesota Statutes 2024, section 52.063, subdivision 3, is amended to read:

Subd. 3. **Appointment of National Credit Union Administration Board as receiver.** Upon a request by the commissioner of commerce, the court may appoint the National Credit Union Administration Board, created by section 3 of the Federal Credit Union Act, as amended, or a share insurance provider approved by the commissioner as receiver of a credit union, without bond, when the deposits of the credit union are to any extent insured by the National Credit Union Administration Board or approved share insurance provider, and the credit union has had its operations suspended or has executed a consent cease and desist order with the commissioner in lieu of a suspension under section 52.062. Notwithstanding any other provisions of law, the commissioner of commerce may, in the event of the suspension or consent cease and desist order, tender to the National Credit Union Administration Board or approved share insurance provider the proposed appointment as receiver of the credit union. If the National Credit Union Administration Board or approved share insurance provider accepts the proposed appointment and the court appoints the National Credit Union Administration Board or approved share insurance provider as receiver upon a request by the commissioner, the National Credit Union Administration Board or approved shared insurance provider shall have and possess all the powers and privileges provided by the laws of this state and section 207 of the Federal Credit Union Act, as amended, with respect to a receiver of a credit union, the board of directors of the credit union, and its members.

Sec. 3. Minnesota Statutes 2024, section 52.24, subdivision 1, is amended to read:

Subdivision 1. **Insurance accounts.** Every credit union under the supervision of the commissioner of commerce shall at all times maintain in effect insurance of member share and deposit accounts under the provisions of title II of the National Credit Union Act or through a credit union share guaranty corporation that is approved by the commissioner. A

credit union ~~which~~ that fails to meet this requirement for insurance of its share and deposit accounts shall either dissolve or merge with another credit union ~~which~~ that is insured under title II of the National Credit Union Act or through a credit union share guaranty corporation that is approved by the commissioner.

Sec. 4. Minnesota Statutes 2024, section 52.24, is amended by adding a subdivision to read:

Subd. 1a. **Credit union share guaranty corporation; accounts insured.** (a) A credit union share account of an individual member or a nonmember of a participating credit union must be guaranteed in an amount established from time to time by the credit union share guaranty corporation. The primary guaranteed amount must be at least the amount of the credit union share account but must not exceed $250,000 or the primary guaranteed amount insured by the National Credit Union Administration, whichever is greater.

(b) The commissioner may examine a credit union share guaranty corporation that insures the member accounts of a credit union that is subject to this section. The commissioner may assess the credit union share guaranty corporation examined for reasonable costs incurred to conduct an examination under this section. Money received from an assessment under this paragraph must be deposited in the financial institutions account in the special revenue fund.

(c) A credit union is prohibited from voluntarily terminating the credit union's insurance with the National Credit Union Administration Share Insurance Program or a credit union share guaranty corporation without receiving approval from the commissioner.

Sec. 5. Minnesota Statutes 2024, section 52.24, subdivision 2, is amended to read:

Subd. 2. **Certificate of approval.** No credit union shall be granted a certificate of approval by the commissioner of commerce unless the credit union has obtained a commitment for insurance of its member share and deposit accounts under the provisions of title II of the National Credit Union Act or from an approved credit union share guaranty corporation.

Sec. 6. **[52.25] VIRTUAL-CURRENCY CUSTODY SERVICES.**

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

(b) "Control of virtual currency" or "control" has the meaning given in section 53B.69, subdivision 2.

(c) "Virtual currency" has the meaning given in section 53B.69, subdivision 6.

(d) "Virtual-currency custody services" means safekeeping, controlling, or managing virtual currency, or the cryptographic private keys used to access virtual currency, on behalf of another person.

Subd. 2. **Authority.** A credit union may provide virtual-currency custody services to the credit union's members in a fiduciary or nonfiduciary capacity, subject to this section and applicable state and federal law.

Subd. 3. **Safety and soundness.** A credit union that engages in virtual-currency custody services must conduct the activity in a safe and sound manner and must maintain written policies and procedures governing risk management, internal controls, cybersecurity, business continuity, and compliance.

Subd. 4. **Notice to commissioner.** A credit union must provide written notice to the commissioner at least 60 days before commencing virtual-currency custody services. The notice must describe the nature of the services and the credit union's risk management framework.

Subd. 5. **Fiduciary capacity.** (a) A credit union may provide virtual-currency custody services in a fiduciary or custodial capacity, including as agent, bailee, or trustee for the limited purpose of safekeeping or administration of virtual currency, to the same extent the credit union may lawfully hold or safeguard other assets for members or customers.

(b) The commissioner may limit or condition the authority to provide virtual-currency custody services under paragraph (a) only if the commissioner determines the activity is conducted in an unsafe or unsound manner.

Subd. 6. **Segregation of assets.** A credit union must structure virtual-currency custody services to ensure that customer virtual currency and associated control mechanisms are legally and operationally segregated from the credit union's assets and are not treated as the credit union's property, consistent with the segregation of assets held in other custodial or fiduciary capacities and the concept of control of controllable electronic records under sections 336.12-101 to 336.12-107.

Subd. 7. **Third-party service providers.** A credit union may engage one or more qualified third-party service providers or subcustodians to facilitate virtual-currency custody services, provided the credit union retains oversight responsibility and ensures compliance with this section.

Subd. 8. **Supervision and examination.** A credit union's virtual-currency custody services are subject to examination by the commissioner as part of the regular supervisory process.

Subd. 9. **Construction.** This section does not (1) authorize a credit union to engage in activities otherwise prohibited by law, or (2) alter the legal characterization of virtual currency under state or federal law.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to virtual-currency custody services commenced on or after that date.

Sec. 7. **[58.131] RESIDENTIAL MORTGAGE LOAN SERVICING STANDARDS.**

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

(b) "Authorized representative" means a person, including but not limited to an attorney, employee, or agent of a government agency, not-for-profit housing counseling organization, or legal services organization, designated by a borrower in a written authorization signed by the borrower or in any other form of verifiable authorization to share information and communicate with a servicer on behalf of the borrower.

(c) "Clearly and conspicuously" means the statement, representation, or term being disclosed is displayed in a size, color, and contrast and is presented in a manner that makes the statement readily noticed and understood by an ordinary consumer.

(d) "Government-sponsored enterprise" means the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(e) "Real Estate Settlement Procedures Act" or "RESPA" means the Real Estate Settlement Procedures Act of 1974, United States Code, title 12, section 2601, et seq., and regulations adopted pursuant to RESPA, also known as Regulation X, Code of Federal Regulations, title 12, part 1024, as amended.

(f) "Third-party provider" means any person or entity retained by or on behalf of the servicer, including but not limited to foreclosure firms, law firms, foreclosure trustees, other agents, independent contractors, subsidiaries, and affiliates, that provides insurance, foreclosure, bankruptcy, mortgage servicing including loss mitigation, or other products or services in connection with servicing a mortgage loan.

(g) "Transferee servicer" means a servicer that has agreed to obtain the right to service a mortgage loan pursuant to an agreement or understanding.

(h) "Transferor servicer" means a servicer that has agreed to, or been informed that the servicer must, transfer the right to service a mortgage loan to another servicer.

Subd. 2. **General requirements.** (a) A violation of an applicable state law or administrative rule, a federal law or regulation, or a state or federal program is a violation of this section.

(b) In addition to complying with this section, a servicer must comply with:

(1) other applicable sections of this chapter;

(2) other applicable state law, including but not limited to chapters 46A, 47, 580, 581, and 582;

(3) applicable sections of RESPA;

(4) the federal Servicemembers Civil Relief Act, United States Code, title 50, section 501, et seq.; and

(5) other applicable federal laws and implementing regulations, as amended, including but not limited to:

(i) the Gramm-Leach-Bliley Act, Public Law 106-102;

(ii) the Truth-in-Lending Act, United States Code, title 15, section 1601, et seq.; and

(iii) the Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681x.

Subd. 3. **Servicing and ownership transfers or sales.** (a) When acquiring servicing rights from a transferor servicer, a transferee servicer must continue processing loan modification requests and honoring trial and permanent modifications.

(b) When transferring or selling loan servicing with pending modification requests or trial or permanent modifications, a transferor servicer must:

(1) inform the transferee servicer if a loan modification is pending; and

(2) obligate the transferee servicer to (i) accept and continue processing loan modification requests, and (ii) honor trial and permanent loan modification agreements.

Subd. 4. **Payment processing and fees.** (a) A servicer must comply with section 47.59, subdivision 9a, regarding prompt crediting of payments, if the borrower has provided sufficient information to credit the account. A servicer must apply the payment as specified in the loan documents.

(b) A servicer may enter into a written contract with the borrower that allows the servicer to hold certain types of money, or money sent by a certain method, for a period of time until the money is available before crediting the money to the borrower's account.

(c) A servicer must notify the borrower if a payment is received, not credited, and placed in a suspense account. The servicer must send the notification to the borrower within ten business days by United States mail to the borrower's last known address. The notification must identify (1) the reason the payment was not credited or treated as credited to the account, and (2) any actions the borrower must take to make the residential mortgage loan current. If a servicer provides monthly or more frequent statements that include the information under this paragraph, the servicer is not required to provide the information in an additional notice. If this paragraph conflicts with the requirements of an applicable bankruptcy court order, compliance with the bankruptcy court requirements constitutes compliance with this paragraph or paragraph (d).

(d) When a suspense account contains enough money to make a full payment, a servicer must apply the payment to the mortgage on the date the full amount became available in the suspense account.

(e) A servicer must assess an incurred fee to a borrower's account within 60 days of the date the fee was incurred. A servicer must clearly and conspicuously explain the fee in a statement mailed to the borrower at the borrower's last known address no more than 30 days after the date the fee is assessed. If a servicer provides monthly or more frequent statements that include the information under this paragraph, the servicer is not required to provide the information in an additional notice.

Subd. 5. **Contracting with third-party providers.** A servicer must adopt written policies and procedures governing the oversight of third-party providers, including but not limited to foreclosure trustees, foreclosure firms, subservicers, agents, subsidiaries, and affiliates. A servicer must maintain the policies and procedures as part of the servicer's books and records and must provide the policies and procedures to the commissioner upon request.

Subd. 6. **Maintenance of the escrow account.** (a) If a servicer collects escrow amounts held for the borrower to pay insurance, taxes, or other charges with respect to the property, the servicer must collect and make all payments from the escrow account. To the extent the servicer has control, the servicer must ensure that no late penalties are assessed or other negative consequences result for the borrower.

(b) At least annually or upon the borrower's request, a servicer must inform the borrower in writing regarding the amount of reserve required in an escrow account. The notice must

advise the borrower of any fees the borrower incurs (1) for not maintaining the reserve amount, or (2) if the servicer advances escrow amounts on the borrower's behalf and subsequently collects the escrow amounts from the borrower.

(c) A servicer may enter into a written agreement with the borrower that specifies the servicer is not required to make escrow payments unless money is available in the escrow account. An agreement under this paragraph must include language that provides notice to the borrower that the borrower is responsible to pay the escrow amounts if an amount sufficient to pay the escrow amounts is not maintained in the escrow account.

(d) A servicer must notify the borrower within ten business days of the date a change is made to the escrow account that modifies the borrower's escrow payment amount. A change requiring notification includes but is not limited to hazard insurance premiums, a reduction in the required reserve amount for the account, or a change in the property's tax assessment. A change resulting from a borrower's regularly scheduled payment is not a change requiring notification.

Subd. 7. **Borrower requests for information.** (a) A servicer must make a reasonable attempt to comply with a borrower's request for information, including a request for information about loss mitigation, regarding the residential mortgage loan account and must respond to a dispute initiated by the borrower about the loan account. A reasonable attempt under this subdivision includes but is not limited to:

(1) maintaining written or electronic records of each written request for information involving the borrower's account until the residential mortgage loan is paid in full, sold, or otherwise satisfied; and

(2) providing a written statement to the borrower within 30 business days of the date a written request is received from the borrower or by following the response timelines provided by a loss mitigation program. A borrower's request must include the borrower's name and account number, if any, a statement that the account is or may be in error, and sufficient detail regarding the information sought by the borrower to permit the servicer to comply.

(b) At a minimum, a servicer must provide the following information in response to a borrower request received under this subdivision:

(1) whether the account is current or, if the account is not current, an explanation regarding the default and the date the account entered default;

(2) the current balance due on the residential mortgage loan, including the principal due; the amount of money, if any, held in a suspense account; the amount of the escrow balance

known to the servicer, if any; and whether any escrow deficiencies or shortages are known to the servicer;

(3) the identity, address, and other relevant information about the current holder, owner, or assignee of the residential mortgage loan; and

(4) the telephone number and mailing address of an individual servicer representative with the information and authority to answer questions and resolve disputes.

(c) A servicer must promptly correct errors and refund fees assessed to the borrower resulting from an error the servicer made.

(d) If the content of a servicer's response meets the requirements under RESPA for a response to a qualified written request, the servicer has complied with this subdivision. A servicer deemed compliant with this subdivision under this paragraph must separately comply with paragraph (c).

(e) In addition to the statement described under paragraph (a), clause (2), a borrower may request more detailed information from a servicer. A servicer that receives a request under this paragraph must provide the information to the borrower within 30 business days of the date a written request from the borrower is received. A borrower's request must include the borrower's name and account number, if any, a statement that the account is or may be in error, and sufficient detail to the servicer regarding information sought by the borrower. If requested by the borrower, a statement provided under this paragraph must also include:

(1) a copy of the original note or, if the original note is unavailable, an affidavit of lost note that includes all endorsements; and

(2) a statement that (i) identifies and itemizes all fees and charges assessed under the loan servicing transaction, (ii) provides a full payment history that identifies in a clear and conspicuous manner all the debits, credits, applications, and disbursements of all payments received from or for the benefit of the borrower, and (iii) identifies other activity on the residential mortgage loan, including escrow account activity and suspense account activity, if any.

(f) For purposes of a borrower request made under paragraph (e) the account history period must cover, at a minimum, the two-year period before the date the request for information is received. If the servicer has not serviced the residential mortgage loan for the entire two-year period, the servicer must provide the information back to the date on which the servicer began servicing the residential mortgage loan and must identify the

previous servicer, if known. If a servicer claims delinquent or outstanding sums are owed on the residential mortgage loan prior to the two-year period or the period during which the servicer has serviced the residential mortgage loan, the servicer must provide an account history beginning with the month that the servicer claims any outstanding sums are owed on the residential mortgage loan up to the date the request for the information is received.

(g) If the borrower requests a statement under paragraph (e), a servicer must provide the statement free of charge. A borrower is entitled to only one free statement annually under this paragraph. If a borrower requests more than one statement annually, a servicer may charge $30 for the second and each subsequent statement.

Subd. 8. **Borrower complaints and inquiries.** (a) A servicer must establish and maintain:

(1) procedures and systems to respond to and resolve borrower complaints and inquiries in a manner that complies with this section;

(2) a customer service department staffed by trained personnel to whom a borrower may direct complaints and inquiries; and

(3) a toll-free telephone number or collect calling service that enables a borrower to speak, during regular business hours, with a live person trained to answer inquiries and instruct borrowers how to file written complaints.

(b) Each welcome packet, periodic statement, including as applicable either the monthly mortgage statement or annual coupon book that is provided to a borrower, and website maintained by a servicer must clearly and conspicuously state:

(1) an address to which borrowers may direct complaints and inquiries;

(2) the toll-free telephone number or collect calling services provided by the servicer;

(3) whether the servicer is licensed with the commissioner; and

(4) that a borrower may file a complaint and obtain information about the servicer by contacting the Department of Commerce. The information provided under this clause must include the department's current telephone contact information and website.

(c) A servicer must establish and maintain a process that enables borrowers to escalate complaints or pending loss mitigation matters for a supervisory-level review.

Subd. 9. **Servicing prohibitions; fair dealing duty.** (a) In addition to the prohibitions and standards of conduct under sections 58.12, subdivision 1, paragraph (b), and 58.13, subdivision 1, a servicer is prohibited from:

(1) engaging in unfair, deceptive, or abusive business practices, or misrepresenting or omitting any material information, in connection with servicing a mortgage loan, including but not limited to misrepresenting the amount, nature, or terms of a fee, payment due, or payment claimed due on the loan, the servicing agreement's terms and conditions, or the borrower's obligations under the loan;

(2) requiring money to be remitted by a method that is more costly to the borrower than a bank, certified check, or attorney's check from an attorney's account; or

(3) refusing to communicate with the borrower's authorized representative if the authorized representative provides the servicer with a written authorization, including by electronic transmission, signed by the borrower that affirms the authorized representative may act on behalf of the borrower. A servicer may adopt procedures, excluding collecting the representative's Social Security number, that are reasonably related to verifying that the representative is in fact authorized to act on behalf of the borrower.

(b) A servicer must act in good faith and deal fairly in the servicer's dealings with a borrower in connection with servicing a borrower's mortgage loan. For purposes of this paragraph, acting in good faith and dealing fairly includes but is not limited to the duty to:

(1) safeguard and account for any payment made by the borrower or any money belonging to the borrower;

(2) follow reasonable and lawful instructions from the borrower that are consistent with the underlying note and mortgage;

(3) act with reasonable skill, care, and diligence;

(4) consider alternatives to foreclosure when a borrower (i) demonstrates that the borrower is in imminent risk of delinquency on the mortgage loan as a result of a financial hardship, or (ii) has experienced a financial hardship and is unable to maintain the payment at the current payment amount required under the mortgage loan or make delinquent payments; and

(5) structure loan modifications to result in payments that are reasonably affordable and sustainable for the borrower at the time the modification is made.

Subd. 10. **Notices; mailings; evidence of receipt.** (a) A notification, mailing, or other correspondence from a mortgage servicer or third-party provider to a borrower must be provided via first class mail or email if the borrower has provided an email address for notice or communication purposes.

(b) A servicer must provide a mailing address, facsimile number, email address, and a method to facilitate file transfers via the Internet to produce documents requested from the borrower. An option to transfer files via the Internet must allow both the borrower and servicer to view the documents sent and confirm the date the documents were sent for 60 months after the date the documents were produced to the servicer.

(c) A servicer must provide a detailed description of all items received and the items' expiration dates from a borrower within ten business days of the date an item was received via any medium described under this subdivision.

(d) A servicer is prohibited from rejecting documentation from a borrower or potential borrower as incomplete without providing the borrower with details regarding which specific portion of the documentation is incomplete.

Sec. 8. Minnesota Statutes 2024, section 58.14, subdivision 3, is amended to read:

Subd. 3. **Documentation and resolution of complaints.** A licensee or exempt person must investigate and attempt to resolve complaints made regarding acts or practices subject to the provisions of this chapter. A servicer must comply with section 58.131, subdivisions 6 and 7. If a complaint is received in writing, the licensee or exempt person must maintain a file containing all materials relating to the complaint and subsequent investigation for a period of 60 months.

Sec. 9. Minnesota Statutes 2024, section 58.14, subdivision 4, is amended to read:

Subd. 4. **Trust account records for mortgage originators.** A residential mortgage originator or servicer shall keep and maintain for 60 months a record of all trust funds, sufficient to identify the transaction, date and source of receipt, and date and identification of disbursement.

Sec. 10. Minnesota Statutes 2024, section 58.14, subdivision 5, is amended to read:

Subd. 5. **Record retention.** A licensee or exempt person must keep and maintain for 60 months the business records, including email communications, telephone recordings, incomplete documentation, and advertisements, regarding residential mortgage loans applied for, originated, or serviced in the course of its business.

Sec. 11. Minnesota Statutes 2024, section 58.14, is amended by adding a subdivision to read:

Subd. 6. **Telephone recordings.** A person acting as a residential mortgage loan servicer that services at least 500 residential mortgage loans secured by property in Minnesota must:

(1) record a telephone conversation with a borrower and a borrower's representatives; and

(2) maintain the recording of the conversation for 60 months after the date the recording is made, as provided under subdivision 5.

Sec. 12. Minnesota Statutes 2024, section 58.18, subdivision 4, is amended to read:

Subd. 4. **Exemption.** This section does not apply to a residential mortgage loan originated by a federal or state chartered bank, savings bank, or credit union, unless the residential mortgage loan originated by a federal or state chartered bank, savings bank, or credit union is serviced by a residential mortgage servicer, as defined under section 58.02, subdivision 20.

Sec. 13. Minnesota Statutes 2024, section 58B.02, is amended by adding a subdivision to read:

Subd. 4a. **Income-driven repayment program.** "Income-driven repayment program" means the Income-Contingent Repayment Plan, the Income-Based Repayment Plan, the Income-Sensitive Repayment Plan, the Pay As You Earn Plan, the Revised Pay As You Earn Plan, and any other state, federal, or private student loan repayment plan that is calculated based on a borrower's income and for which a borrower's income may include the borrower's household income for purposes of evaluating eligibility under section 58B.06, subdivision 5.

Sec. 14. Minnesota Statutes 2025 Supplement, section 58B.02, subdivision 8a, is amended to read:

Subd. 8a. **Lender.** "Lender" means an entity engaged in the business of securing, making, or extending student loans. Lender does not include~~, to the extent that state regulation is preempted by federal law~~:

(1) a bank, savings banks, savings and loan association, or credit union;

(2) a wholly owned subsidiary of a bank or credit union;

(3) an operating subsidiary where each owner is wholly owned by the same bank or credit union;

(4) the United States government, through Title IV of the Higher Education Act of 1965, as amended, and administered by the United States Department of Education;

(5) an agency, instrumentality, or political subdivision of Minnesota;

(6) a regulated lender organized under chapter 56, except that a regulated lender must file the annual report required for lenders under section 58B.03, subdivision 10; or

(7) a person who is not in the business of making student loans and who makes no more than three student loans, with the person's own funds, during any 12-month period.

Sec. 15. Minnesota Statutes 2024, section 58B.02, is amended by adding a subdivision to read:

Subd. 10. **Written communication.** "Written communication" means a written correspondence that is made by a borrower and is transmitted by mail, facsimile, or electronically through an email address or Internet website that the student loan servicer designates to receive communications from a borrower and enables the student loan servicer to identify the borrower's name and account. Written communication does not include a notice on a payment medium supplied by a student loan servicer.

Sec. 16. Minnesota Statutes 2024, section 58B.03, subdivision 10, is amended to read:

Subd. 10. **Annual report.** (a) ~~Beginning~~ On or before March 15~~, 2025~~ each year, a student loan lender that secures, makes, or extends student loans in Minnesota must submit a report to the commissioner on the form the commissioner provides. The report must include for the previous calendar year:

(1) a list of all schools attended by borrowers who received a student loan from the student loan lender and resided within Minnesota at the time of the transaction and whose debt is still outstanding, including student loans used to refinance an existing debt;

(2) the total outstanding dollar amount owed by borrowers residing in Minnesota who received student loans from the student loan lender;

(3) the total number of student loans owed by borrowers residing in Minnesota who received student loans from the student loan lender;

(4) the total outstanding dollar amount and number of student loans owed by borrowers who reside in Minnesota, associated with each school identified under clause (1);

(5) the total dollar amount of student loans provided by the student loan lender to borrowers who resided in Minnesota in the prior calendar year;

(6) the total outstanding dollar amount and number of student loans owed by borrowers who resided in Minnesota, associated with each school identified under clause (1), that were provided in the prior calendar year;

(7) the rate of default for borrowers residing in Minnesota who obtained student loans from the student loan lender, if applicable;

(8) the rate of default for borrowers residing in Minnesota who obtained student loans from the student loan lender associated with each school identified under clause (1), if applicable;

(9) the range of initial interest rates for student loans provided by the student loan lender to borrowers who resided in Minnesota in the prior calendar year;

(10) the total number of borrowers who received student loans identified under clause (9), and the percentage of borrowers who received each rate identified under clause (9);

(11) the total dollar amount and number of student loans provided in the prior calendar year by the student loan lender to borrowers who resided in Minnesota at the time of the transaction and had a cosigner for the student loans;

(12) the total dollar amount and number of student loans provided by the student loan lender to borrowers residing in Minnesota used to refinance a prior student loan or federal student loan in the prior calendar year;

(13) the total dollar amount and number of student loans for which the student loan lender had sued to collect from a borrower residing in Minnesota in the prior calendar year;

(14) a copy of any model promissory note, agreement, contract, or other instrument used by the student loan lender in the previous year to substantiate that a borrower owes a new debt to the student loan lender; and

(15) any other information considered necessary by the commissioner to assess the total size and status of the student loan market and well-being of borrowers in Minnesota.

(b) In addition to annual reports, the commissioner may require additional regular or special reports as the commissioner deems necessary to properly supervise student loan lenders under this chapter.

(c) The commissioner of commerce must share data collected under this subdivision with the commissioner of higher education.

Sec. 17. Minnesota Statutes 2024, section 58B.03, subdivision 11, is amended to read:

Subd. 11. **Annual report from student loan servicers.** (a) ~~Beginning~~ On or before March 15~~, 2025~~ each year, a student loan servicer that services student loans in Minnesota must submit a report to the commissioner on the form the commissioner provides. The report must include for the previous calendar year:

(1) a list of any outstanding student loans owed by borrowers who reside in Minnesota that are serviced by the student loan servicer;

(2) the total outstanding dollar amount and number of student loans that are serviced by the student loan servicer and owed by borrowers who reside in Minnesota;

(3) the total dollar amount and number of student loans owed by borrowers who resided in Minnesota that were serviced by the student loan servicer in the prior calendar year;

(4) the rate of default for student loans owed by borrowers who reside in Minnesota that are serviced by the student loan servicer, if applicable;

(5) the range of interest rates for student loans serviced by the student loan servicers to borrowers who resided in Minnesota in the prior calendar year;

(6) the total outstanding dollar amount and number of student loans that were serviced by the student loan servicer and owed by borrowers residing in Minnesota to refinance a prior student loan or federal student loan; and

(7) any other information considered necessary by the commissioner to assess the total size and status of the student loan market and well-being of borrowers in Minnesota.

(b) In addition to annual reports, the commissioner may require additional regular or special reports as the commissioner deems necessary to properly supervise student loan servicers under this chapter.

(c) The commissioner of commerce must share data collected under this subdivision with the commissioner of higher education.

Sec. 18. Minnesota Statutes 2024, section 58B.06, subdivision 4, is amended to read:

Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must~~:~~ protect the borrower from negative consequences resulting from the sale, assignment, transfer, system conversion, or payment the borrower makes to the original loan servicer consistent with the original student loan servicer's policy. For purposes of this paragraph, "negative consequences" includes but is not limited to: (1) negative credit reporting; (2)

imposing late fees that are not required by the promissory note; or (3) eligibility loss or denial for a benefit or protection established under federal law or included in the loan contract.

~~(1) require the new student loan servicer to honor all benefits that were made available, or which may have become available, to a borrower from the original student loan servicer or are authorized under the student loan contract, including any benefits for which the student loan borrower has not yet qualified unless that benefit is no longer available under the federal or state laws and regulations; and~~

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

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

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

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

(b) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original and new student loan servicer must provide a written notice to the borrower subject to the transfer. The notice must be provided no less than 15 calendar days before the transfer's effective date and must include:

(1) the sale, assignment, or transfer's effective date;

(2) the name, address, website, and toll-free telephone number for the original student loan servicer's designated point of contact for the borrower to contact in order to obtain answers to servicing inquiries;

(3) the name, address, website, and toll-free telephone number for the new student loan servicer's designated point of contact for the borrower to contact in order to obtain answers to servicing inquiries;

(4) the date the original student loan servicer stops accepting payments on the borrower's student loan;

(5) the date the new student loan servicer begins accepting payments on the borrower's student loan;

(6) information that indicates whether the borrower's authorization for recurring electronic funds transfers, if applicable, is transferred to the new servicer. If a recurring electronic funds transfer is not transferred, the transferee must provide information that explains how the borrower may establish a new recurring electronic funds transfer with the new servicer; and

(7) a statement that indicates the current loan balance, including the current unpaid amount of principal, interest, and fees.

(c) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must ensure all necessary information regarding a borrower, a borrower's account, and a borrower's student loan accompanies a loan when the loan is transferred to a new student loan servicer. The transfer of necessary information must occur within 45 calendar days of the sale, assignment, or transfer's effective date. For purposes of this subdivision, "necessary information" includes but is not limited to:

(1) a schedule of all transactions credited or debited to the student loan account;

(2) a copy of the promissory note for the student loan;

(3) notes created by the student loan servicer's personnel that reflect communications with the borrower regarding the student loan account;

(4) a report of the data fields relating to the borrower's student loan account created by the student loan servicer's electronic systems in connection with servicing practices;

(5) copies or electronic records of information or documents the borrower provided to the student loan servicer;

(6) if applicable, usable data fields that contain information necessary to assess the borrower's eligibility for forgiveness, including public service loan forgiveness; and

(7) information necessary to compile a payment history.

(d) A new student loan servicer must adopt and implement policies and procedures to verify that the original student loan servicer meets the requirements of paragraph (c).

Sec. 19. Minnesota Statutes 2024, section 58B.06, subdivision 6, is amended to read:

Subd. 6. **Records.** A student loan servicer must maintain ~~adequate~~ complete and accurate records, including of all written communication and telephone recordings, for each student loan. The records must be maintained for ~~not less than~~ at least two years following the final payment on the student loan or the sale, assignment, or transfer of the servicing.

Sec. 20. **[59E.01] SHORT TITLE.**

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

Sec. 21. **[59E.02] DEFINITIONS.**

(a) For purposes of this chapter, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of commerce.

(c) "Person" means an individual or an entity, excluding a state or local governmental entity.

(d) "Platform contract holder" means a platform user who is the beneficiary or holder of a rental home marketplace guarantee.

(e) "Provider" means:

(1) a rental home marketplace; or

(2) a rental home marketplace affiliate or representative who issues or offers as well as administers, either directly or through a third party, a rental home marketplace guarantee.

(f) "Reimbursement insurance policy" means an insurance policy issued to a provider, pursuant to which the insurer agrees, for the benefit of a platform contract holder, to discharge the provider's obligations and liabilities under the terms of the rental home marketplace guarantee in the event of the provider's default or nonperformance under the rental home marketplace guarantee.

(g) "Rental home marketplace" means a person that:

(1) provides an online application, software, website, system, or other medium that:

(i) is used to advertise or offer available property to the public; and

(ii) connects and enables platform users' property;

(2) provides, directly or indirectly, or maintains an online platform by:

(i) transmitting or otherwise communicating the offer or acceptance of a transaction between two platform users; or

(ii) owning or operating the electronic infrastructure or technology that connects two or more platform users; and

(3) if the person offers rental home marketplace guarantees, offers rental home marketplace guarantees only in a manner that is ancillary to the conduct of the person's primary legitimate business or activity.

(h) "Rental home marketplace guarantee" means a contract or agreement issued in connection with a rental home marketplace, whether or not the contract or agreement includes a separate consideration, to reimburse a user sharing property for damages the renter is responsible for under the rental home marketplace's terms of service, with or without additional provision for incidental payment of indemnity.

Sec. 22. **[59E.03] REQUIREMENTS FOR DOING BUSINESS.**

(a) A provider is prohibited from issuing or offering a rental home marketplace guarantee unless the provider has made the rental home marketplace guarantee terms available on the provider's website and complied with this chapter.

(b) A provider that offers rental home marketplace guarantees must file a registration with the commissioner on a form prescribed by the commissioner.

(c) To ensure the faithful performance of a provider's obligations to the provider's platform contract holders, each provider who is obligated to a platform contract holder must insure all rental home marketplace guarantees under a reimbursement insurance policy issued (1) by an insurer authorized to transact insurance in Minnesota, or (2) pursuant to sections 60A.195 to 60A.2095.

(d) Each person handling rental home marketplace guarantee losses on behalf of a provider must be trained in property damage and loss assessment and interpretation of the rental home marketplace guarantee terms before handling losses. The training must be adequate for each person handling rental home marketplace guarantee losses to provide knowledgeable, fair, and objective service. Providers must maintain records demonstrating completion of the training under this paragraph by each person handling rental home marketplace guarantee losses.

Sec. 23. **[59E.04] RENTAL HOME MARKETPLACE GUARANTEES ARE NOT INSURANCE.**

A rental home marketplace guarantee does not constitute insurance and is not required to comply with other Minnesota insurance laws if the provider complies with this chapter.

Sec. 24. **[59E.05] REIMBURSEMENT INSURANCE POLICY.**

(a) A reimbursement insurance policy insuring rental home marketplace guarantees must clearly state that upon the provider's default or nonperformance under the rental home marketplace guarantee, the insurer that issued the policy must pay on behalf of the provider any amount the provider is obligated to pay according to the rental home marketplace guarantee.

(b) A reimbursement insurance policy is subject to the laws and regulations governing termination and nonrenewal of insurance policies in Minnesota. The termination of a reimbursement insurance policy does not reduce the issuer's responsibility for rental home marketplace guarantees issued by providers before the termination's effective date.

(c) A provider is the agent of the insurer that issued the reimbursement insurance policy. The insurer retains the right to seek indemnification or subrogation from the provider if the insurer pays or is obligated to pay the platform contract holder the amount the provider was obligated to pay under the rental home marketplace guarantee. This chapter does not prevent or limit the insurer's right in this regard.

Sec. 25. **[59E.06] CONSUMER PROTECTION AND DISCLOSURES.**

(a) A rental home marketplace guarantee must include a statement in substantially the following form: "This rental home marketplace guarantee is not an insurance contract."

(b) A rental home marketplace guarantee must contain a statement in substantially the following form: "The provider's obligations are backed by a reimbursement insurance policy. If the provider is unable or fails to perform on the provider's contractual obligation under a rental home marketplace guarantee within 90 days after the date proof of loss is filed, a platform user is entitled to make a claim directly against the insurance company subject to the terms of the policy."

(c) A rental home marketplace guarantee must be written in clear, understandable language and must specify the terms, limitations, exceptions, conditions, or exclusions, including conditions governing transferability or termination.

(d) A provider is prohibited from making, permitting, or causing to be made a false or misleading statement, or deliberately omitting a material statement whose omission is considered misleading, in connection with offering or advertising a rental home marketplace guarantee.

Sec. 26. **[59E.07] ENFORCEMENT.**

The commissioner must ensure rental home marketplace guarantees comply with this chapter pursuant to the commissioner's powers under chapter 45. The commissioner must ensure reimbursement insurance policies insuring rental home marketplace guarantees comply with applicable law pursuant to the commissioner's powers under chapters 45 and 60A.

Sec. 27. Minnesota Statutes 2024, section 60A.07, is amended by adding a subdivision to read:

Subd. 12. **Social Security number and individual taxpayer identification number.** (a) If an insurance company requires a new customer to provide a Social Security number on an application for insurance coverage, the insurance company must accept an individual taxpayer identification number in lieu of a Social Security number.

(b) This subdivision does not prohibit an insurance company from using the insurance company's applicable underwriting criteria in determining the eligibility, classification, or rating of any applicant for insurance.

(c) This subdivision does not require an insurer to alter the insurer's existing applications for insurance.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to insurance coverage offered, issued, or renewed on or after that date.

Sec. 28. Minnesota Statutes 2024, section 60A.085, is amended to read:

60A.085 CANCELLATION OF GROUP COVERAGE; NOTIFICATION TO COVERED PERSONS.

(a) No cancellation of any group life, group accidental death and dismemberment, group disability income, or group medical expense policy, plan, or contract regulated under chapter 62A or 62C is effective unless the insurer has made a good faith effort to notify all covered persons of the cancellation at least 30 days before the effective cancellation date. For purposes of this section, an insurer has made a good faith effort to notify all covered persons if the insurer has notified all the persons included on the list required by paragraph (b) at the home address given and only if the list has been updated within the last 12 months.

(b) At the time of the application for coverage subject to paragraph (a), the insurer shall obtain an accurate list of the names and home addresses of all persons to be covered.

(c) Paragraph (a) does not apply if the group policy, plan, or contract is replaced, or if the insurer has reasonable evidence to indicate that it will be replaced, by a substantially similar policy, plan, or contract.

(d) In no event shall this section extend coverage under a group policy, plan, or contract more than 120 days beyond the date coverage would otherwise cancel based on the terms of the group policy, plan, or contract.

(e) If coverage under the group policy, plan, or contract is extended by this section, then the time period during which affected members may exercise any conversion privilege provided for in the group policy, plan, or contract is extended for the same length of time, plus 30 days.

(f) In the case of a group life, group accidental death and dismemberment, or group disability income policy, the insurer and group policyholder may agree that the group policyholder will assume responsibility for notifying all covered persons in the event of a cancellation under paragraphs (a) and (c). As part of the agreement, the group policyholder must certify to the insurer that the notification required under this section has taken place. If the employer assumes responsibility for the notification, the requirements in paragraphs (b), (d), and (e) do not apply.

Sec. 29. Minnesota Statutes 2024, section 60K.383, is amended to read:

60K.383 TRAVEL INSURANCE.

Subdivision 1. **Definitions.** (a) As used in this section, the terms in paragraphs (b) to ~~(d)~~ (e) have the meanings given.

(b) "Limited lines travel insurance producer" means a licensed managing general agent or third-party administrator; licensed insurance producer, including a limited lines producer; or travel administrator, as defined in section 65C.02, subdivision 13.

(c) "Offer and disseminate" means providing general information, including a description of coverage and price, as well as processing an application and collecting premiums.

~~(b)~~ (d) "Travel insurance" means insurance coverage for personal risks incident to planned travel, including~~,~~ but not limited to:

(1) interruption or cancellation of trip or event;

(2) loss of baggage or personal effects;

(3) damages to accommodations or rental vehicles; ~~or~~

(4) sickness, accident, disability, or death occurring during travel.;

(5) emergency evacuation;

(6) repatriation of remains; or

(7) a contractual obligation to indemnify or pay a specified amount of money to the traveler upon determinable contingencies related to travel, as approved by the commissioner.

Travel insurance does not include major medical plans, which provide comprehensive medical protection for travelers with trips lasting six months or longer, including those working overseas as an expatriate or military personnel being deployed, or a product that requires a specific insurance producer license.

~~(c) "Travel insurance producer" means an insurer designee, such as a managing general underwriter, managing general agent, or licensed limited lines producer of travel insurance.~~

~~(d)~~ (e) "Travel retailer" means a business entity that ~~offers and disseminates~~:

(1) makes, arranges, or offers planned travel; and

(2) may offer and disseminate travel insurance as a service to the travel retailer's customers on behalf of and under the direction of a limited lines travel insurance producer.

Subd. 2. ~~**Travel retailer license**~~ **Licensing and registration.** (a) The commissioner may issue a limited lines travel insurance producer license to an individual or business entity that has filed with the commissioner a limited lines travel insurance producer license application in a form and manner prescribed by the commissioner. A limited lines travel insurance producer must be licensed to sell, solicit, or negotiate travel insurance through a licensed insurer. A person is prohibited from acting as a limited lines travel insurance producer or travel insurance retailer unless the person is licensed or registered.

(b) A travel retailer may offer and disseminate travel insurance on behalf of and under a limited lines travel insurance producer business entity license only if ~~the travel insurance producer holds a business entity license, and~~:

~~(1) the licensed business entity is clearly identified as the licensed producer on marketing materials and fulfillment packages distributed by travel retailers to customers; identification shall include the entity's name and contact information;~~

(1) the limited lines travel insurance producer or travel retailer provides to travel insurance purchasers:

(i) a description of the material terms or the actual material terms of the insurance coverage;

(ii) a description of the process to file a claim;

(iii) a description of the process to review or cancel the travel insurance policy; and

(iv) the identity and contact information of the insurer and limited lines travel insurance producer;

(2) the ~~licensed business entity~~ limited lines travel insurance producer keeps a register, on a form prescribed by the commissioner, of each travel retailer that offers travel insurance on the licensed business entity's behalf. The register must be maintained and updated by the limited lines travel insurance producer and must include (i) the name, address, and contact information of the travel retailer and an officer or person who directs or controls the travel retailer's operations, and (ii) the travel retailer's federal ~~Employer~~ tax identification number. The ~~licensed business entity shall~~ limited lines travel insurance producer must also certify that the travel retailer registered complies with United States Code, title 18, section 1033. The ~~licensed business entity shall~~ limited lines travel insurance producer must submit the register within 30 days upon request by the commissioner. Section 60K.43, subdivisions 1, 3, and 4, apply to limited lines travel insurance producers and travel retailers;

(3) the ~~licensed business entity~~ limited lines travel insurance producer has designated one of its employees ~~as~~ who is a licensed individual producer~~,~~ as a "designated responsible producer" or "DRP~~,~~" responsible for the business entity's compliance with Minnesota insurance laws and rules;

(4) the DRP, president, secretary, treasurer, and any other officer or person who directs or controls the ~~licensed business entity's~~ limited lines travel insurance producer's insurance operations ~~comply~~ complies with the fingerprinting requirements applicable to insurance producers in the resident state of the ~~business entity~~ limited lines travel insurance producer;

(5) the ~~licensed business entity~~ limited lines travel insurance producer has paid all applicable insurance producer licensing fees ~~as~~ set forth in Minnesota ~~state~~ law; and

(6) the ~~licensed business entity~~ limited lines travel insurance producer requires each employee and authorized representative of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training, which may be subject to review by the commissioner. The training materials must, at a minimum, contain adequate instruction regarding the types of insurance offered, ethical sales practices, and required disclosures provided to prospective customers.

(c) A travel retailer offering or disseminating travel insurance must make available to prospective purchasers a brochure or other written materials that have been approved by the travel insurer. The materials must include information that, at a minimum:

(1) provides the identity and contact information of the insurer and the limited lines travel insurance producer;

(2) explains that a person is not required to purchase travel insurance in order to purchase any other product or service from the travel retailer; and

(3) explains that an unlicensed travel retailer is permitted to provide only general information about the insurance offered by the travel retailer, including a description of the coverage and price, but is not qualified or authorized to (i) answer technical questions about the terms and conditions of the insurance offered by the travel retailer, or (ii) evaluate the adequacy of the customer's existing insurance coverage.

(d) A travel retailer employee or authorized representative who is not licensed as an insurance producer is prohibited from:

(1) evaluating or interpreting the technical terms, benefits, and conditions contained in the offered travel insurance coverage;

(2) evaluating or providing advice concerning a prospective purchaser's existing insurance coverage; or

(3) representing that the travel retailer employee or authorized representative is a licensed insurer, licensed producer, or insurance expert.

Subd. 3. **Offer and dissemination of travel insurance; compensation.** Notwithstanding any other law, a travel retailer whose insurance-related activities, and those of its employees and authorized representatives, are limited to offering and disseminating travel insurance on behalf of and under the direction of a ~~licensed business entity~~ limited lines travel insurance producer meeting the conditions stated in this section~~,~~ is authorized to do so and receive related compensation~~,~~ upon registration by the ~~licensed business entity. For purposes of this section, "offering and disseminating" means providing general information, including a description of the coverage and price, as well as processing the application, collecting premiums, and performing other nonlicensable activities permitted by the state~~ limited lines travel insurance producer as provided under subdivision 2, paragraph (b), clause (2).

Subd. 4. **Insurer designee.** As the ~~insurer~~ insurer's designee, the limited lines travel insurance producer is responsible for the acts of the travel retailer and must use reasonable means to ensure compliance by the travel retailer with this section and chapter 65C.

Subd. 5. **Producers of major lines of insurance.** A person licensed in a major line of authority as an insurance producer is authorized to sell, solicit, and negotiate travel insurance. A property and casualty insurance producer is not required to be appointed by an insurer in order to sell, solicit, or negotiate travel insurance.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 30. Minnesota Statutes 2024, section 65A.27, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 65A.27 to ~~65A.302~~ 65A.304, the following terms have the meanings given.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 31. **[65A.304] DAMAGE BY PEACE OFFICERS; MITIGATION.**

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

(b) "Industrial hygienist" means an individual who has:

(1) a certified industrial hygienist credential from the Board for Global EHS Credentialing; or

(2) an equivalent certification from a nationally or internationally recognized accrediting body demonstrating competency in the anticipation, recognition, evaluation, and control of occupational and environmental health hazards.

(c) "Just compensation" has the meaning given in section 626.74, subdivision 1, clause (1).

(d) "Peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

Subd. 2. **Exclusion prohibited.** (a) A policy of homeowner's insurance must not exclude coverage for property damage if the homeowner is an innocent third party entitled to just compensation under section 626.74 and the damage results from a peace officer's use of chemical irritants, smoke screens, or diversionary devices.

(b) This section does not affect a local government's duty to pay just compensation under section 626.74.

(c) Paragraph (a) does not prohibit a civil authority exclusion or other policy provision as long as the coverage for just compensation is not excluded.

Subd. 3. **Mitigation.** (a) Under a policy of homeowner's insurance, an insurer must allow a homeowner to choose a mitigation contractor and, if necessary, an industrial hygienist to assess and remediate damage due to a peace officer's use of chemical irritants, smoke screens, or diversionary devices, when the homeowner is owed just compensation under section 626.74.

(b) The work performed by a mitigation contractor or industrial hygienist under this subdivision must follow recognized industry standards and, if applicable, chemical manufacturer guidelines.

Subd. 4. **Insurer subrogation and reimbursement.** (a) If an insurer pays benefits to or on behalf of a homeowner for damage described in this section, the insurer is subrogated as a matter of law to the homeowner's right to recover just compensation from the responsible local government unit.

(b) Payment made by an insurer under a policy of homeowner's insurance for damage described in this section, if made in good faith and after reasonable investigation, is presumed reasonable and necessary and must be reimbursed by the responsible local government unit. Reimbursement may be denied only upon proof that the payment was obtained by fraud or that the insurer acted in bad faith. If reimbursement is not made as required by this subdivision, the insurer may bring an action to recover the amount paid and is entitled to reasonable attorney fees, costs, and disbursements, including interest under section 60A.0811, subdivision 2, paragraph (a).

(c) If an insurer is reimbursed by a local government unit pursuant to this section, the insurer must remit to the homeowner an amount equal to any deductible the homeowner has paid toward the damage.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 32. **[65C.01] SCOPE AND PURPOSES.**

Subdivision 1. **Purpose.** The purpose of this chapter is to promote the public welfare by creating a comprehensive legal framework within which travel insurance may be sold in Minnesota.

Subd. 2. **Application.** (a) This chapter applies to:

(1) travel insurance that covers any Minnesota resident and is sold, solicited, negotiated, or offered in Minnesota; and

(2) policies and certificates that are delivered or issued for delivery in Minnesota.

(b) This chapter does not apply to cancellation fee waivers or travel assistance services, except as expressly provided in this chapter.

Subd. 3. **Applicability of other law.** All other applicable provisions of Minnesota insurance law apply to travel insurance, except that this chapter supersedes any general provisions of law that would otherwise apply to travel insurance.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 33. **[65C.02] DEFINITIONS.**

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

Subd. 2. **Aggregator site.** "Aggregator site" means a website that provides access to information, including product and insurer information, regarding insurance products from more than one insurer for use in comparison shopping.

Subd. 3. **Blanket travel insurance.** "Blanket travel insurance" means a travel insurance policy issued to an eligible group providing coverage for specific classes of persons defined in the policy, with coverage provided to all members of the eligible group without a separate charge to individual members of the eligible group.

Subd. 4. **Cancellation fee waiver.** "Cancellation fee waiver" means a contractual agreement between a travel services supplier and the travel services supplier's customer to waive some or all of the nonrefundable cancellation fee provisions contained in the supplier's underlying travel contract, with or without regard to the reason for the cancellation or form of reimbursement. A cancellation fee waiver is not insurance.

Subd. 5. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 6. **Eligible group.** "Eligible group" means two or more persons who are engaged in a common enterprise or have an economic, educational, or social affinity or relationship, including but not limited to:

(1) an entity engaged in the business of providing travel or travel services, including but not limited to:

(i) a tour operator, lodging provider, vacation property owner, hotel, resort, travel club, travel agency, property manager, cultural exchange program, and common carrier; or

(ii) the operator, owner, or lessor of a means of transporting passengers, including but not limited to an airline, cruise line, railroad, steamship company, and public bus carrier, if all group members or customers have a common exposure to the risk attendant to the particular type of travel;

(2) a college, school, or other institution of learning covering students, teachers, employees, or volunteers;

(3) an employer covering a group of employees, volunteers, contractors, board of directors, dependents, or guests;

(4) a sports team, camp, or sports team or camp sponsor covering participants, members, campers, employees, officials, supervisors, or volunteers;

(5) a religious, charitable, recreational, educational, or civic organization, or branch of a religious, charitable, recreational, educational, or civic organization, covering any group of members, participants, or volunteers;

(6) a financial institution, financial institution vendor, parent holding company, trustee, or agent or designee of one or more financial institutions or financial institution vendors, including account holders, credit card holders, debtors, guarantors, or purchasers;

(7) an incorporated or unincorporated association, including a labor union, that (i) has a common interest, constitution, and bylaws, and (ii) is organized and maintained in good faith for purposes other than obtaining insurance for members or participants of the association covering the association's members;

(8) a trust or the trustees of a fund established, created, or maintained for the benefit of and to cover members, employees, or customers, subject to the commissioner authorizing the use of a trust by one or more associations meeting the requirements under clause (7);

(9) an entertainment production company covering a group of participants, volunteers, audience members, contestants, or workers;

(10) a volunteer fire department, ambulance, rescue, police, court, first aid, civil defense, or other volunteer group;

(11) a preschool, day care institution for children or adults, or senior citizen club;

(12) an automobile or truck rental or leasing company covering a group of individuals who may become renters, lessees, or passengers as defined by the group of individuals'

travel status on the rented or leased vehicles. The common carrier, operator, owner or lessor of a means of transportation, or automobile or truck rental or leasing company is the policyholder under a policy governed by this section; or

(13) any other group the commissioner determines (i) is engaged in a common enterprise or has an economic, educational, or social affinity or relationship, and (ii) for which policy issuance is not contrary to the public interest.

Subd. 7. **Fulfillment materials.** "Fulfillment materials" means documentation sent to a person who purchases a travel protection plan that confirms the purchase and provides the travel protection plan's coverage and assistance details.

Subd. 8. **Group travel insurance.** "Group travel insurance" means travel insurance issued to an eligible group.

Subd. 9. **Limited lines travel insurance producer.** "Limited lines travel insurance producer" has the meaning given in section 60K.383, subdivision 1, paragraph (b).

Subd. 10. **Offer and disseminate.** "Offer and disseminate" has the meaning given in section 60K.383, subdivision 1, paragraph (c).

Subd. 11. **Primary certificate holder.** "Primary certificate holder" means an individual who elects and purchases travel insurance under a group policy.

Subd. 12. **Primary policyholder** "Primary policyholder" means an individual who elects and purchases individual travel insurance.

Subd. 13. **Travel administrator.** "Travel administrator" means a person who directly or indirectly underwrites; collects charges, collateral, or premiums from; or adjusts or settles claims on residents of Minnesota in connection with travel insurance. A person is not a travel administrator if the person's only actions that otherwise indicate the person is a travel administrator are:

(1) a person works for a travel administrator, to the extent that the person's activities are subject to the travel administrator's supervision and control;

(2) an insurance producer sells insurance or engages in administrative and claims-related activities within the scope of the producer's license;

(3) a travel retailer (i) offers and disseminates travel insurance, and (ii) is registered under the license of a limited lines travel insurance producer under this chapter;

(4) an individual who (i) adjusts or settles claims in the normal course of the individual's practice or employment as an attorney, and (ii) does not collect charges or premiums in connection with insurance coverage; or

(5) a business entity is affiliated with a licensed insurer while acting as a travel administrator for the direct and assumed insurance business of an affiliated insurer.

Subd. 14. **Travel assistance services.** "Travel assistance services" means noninsurance services (1) for which the consumer is not indemnified based on a fortuitous event, and (2) where providing the service does not result in transfer or shifting of risk that would constitute the business of insurance. Travel assistance services include but are not limited to: security advisories; destination information; vaccination and immunization information services; travel reservation services; entertainment; activity and event planning; translation assistance; emergency messaging; international legal and medical referrals; medical case monitoring; coordination of transportation arrangements; emergency cash transfer assistance; medical prescription replacement assistance; passport and travel document replacement assistance; lost luggage assistance; concierge services; and any other service that is furnished in connection with planned travel. Travel assistance services are not insurance and are not related to insurance.

Subd. 15. **Travel insurance.** "Travel insurance" has the meaning given in section 60K.383, subdivision 1, paragraph (d).

Subd. 16. **Travel protection plan.** "Travel protection plan" means a plan that provides one or more of the following:

(1) travel insurance;

(2) travel assistance services; or

(3) cancellation fee waivers.

Subd. 17. **Travel retailer.** "Travel retailer" has the meaning given in section 60K.383, subdivision 1, paragraph (e).

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 34. **[65C.04] TRAVEL PROTECTION PLANS.**

A travel protection plan may be offered at one price for the combined features that the travel protection plan offers in Minnesota if:

(1) the travel protection plan:

(i) clearly discloses to the consumer, at or before the time the travel protection plan is purchased, that the travel protection plan includes travel insurance, travel assistance services, and cancellation fee waivers, as applicable; and

(ii) provides information and an opportunity, at or prior to the time the travel protection plan is purchased, for the consumer to obtain additional information regarding the features and pricing of the travel insurance, travel assistance services, and cancellation fee waivers; and

(2) the fulfillment materials:

(i) describe and delineate the travel insurance, travel assistance services, and cancellation fee waivers in the travel protection plan; and

(ii) include the travel insurance disclosures and the contact information for the persons providing travel assistance services and cancellation fee waivers, as applicable.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 35. **[65C.05] SALES PRACTICES.**

Subdivision 1. **Other applicable law.** Except as otherwise provided in this section, a person offering travel insurance to residents of Minnesota is subject to sections 72A.17 to 72A.32. If this chapter conflicts with chapters 59A to 79A regarding the sale and marketing of travel insurance and travel protection plans, this chapter prevails.

Subd. 2. **Illusory travel insurance.** A person that offers or sells a travel insurance policy that could never result in payment of claims for an insured individual under the policy is engaging in an unfair trade practice under sections 72A.17 to 72A.32.

Subd. 3. **Marketing.** (a) All documents provided to consumers before purchasing travel insurance, including but not limited to sales materials, advertising materials, and marketing materials, must be consistent with the travel insurance policy, including but not limited to forms, endorsements, policies, rate filings, and certificates of insurance.

(b) A person that offers travel insurance policies or certificates that contain preexisting condition exclusions must, before the insurance is purchased, provide a consumer with information and an opportunity to learn more about the preexisting condition exclusions. The information about preexisting condition exclusions must be included in the insurance policy's coverage fulfillment materials.

(c) The fulfillment materials and the information described in section 60K.383, subdivision 2, paragraph (b), clause (1), must be provided to a policyholder or certificate holder as soon as practicable after a travel protection plan is purchased. Unless the insured individual has started a covered trip or filed a claim under the travel insurance coverage, a policyholder or certificate holder may cancel a policy or certificate for a full refund of the travel protection plan price from the date a travel protection plan is purchased until at least:

(1) 15 days after the date the travel protection plan's fulfillment materials are delivered by mail; or

(2) ten days after the date the travel protection plan's fulfillment materials are delivered by means other than mail.

(d) For purposes of this section, "delivery" means (1) handing fulfillment materials to the policyholder or certificate holder, or (2) sending fulfillment materials by mail or electronic means to the policyholder or certificate holder.

(e) The company must disclose in the policy documentation and fulfillment materials whether the travel insurance is primary or secondary to other applicable coverage.

(f) Travel insurance that is marketed directly to a consumer through an insurer's website or by others through an aggregator site is not an unfair trade practice or other violation of law if an accurate summary or short description of coverage is provided on the web page, provided the consumer has access to the policy's full provisions by electronic means.

Subd. 4. **Opt out.** A person that offers, solicits, or negotiates travel insurance or travel protection plans on an individual or group basis is prohibited from offering, soliciting, or negotiating travel insurance or travel protection plans by using negative option or opting out that requires a consumer to take an affirmative action to deselect coverage, including by unchecking a box on an electronic form, when the consumer purchases a trip.

Subd. 5. **Other prohibitions.** A person that markets blanket travel insurance coverage as free of cost is engaging in an unfair trade practice.

Subd. 6. **Coverage required by other jurisdictions.** If a consumer's destination jurisdiction requires insurance coverage, a person does not engage in an unfair trade practice if the person requires a consumer to choose between the following options as a condition of purchasing a trip or travel package:

(1) purchasing the coverage required by the destination jurisdiction through the travel retailer or limited lines travel insurance producer supplying the trip or travel package; or

(2) agreeing to obtain and provide proof of coverage that meets the destination jurisdiction's requirements prior to departure.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 36. **[65C.06] TRAVEL ADMINISTRATORS.**

(a) Notwithstanding chapters 59A to 79A, a person is prohibited from acting as or representing that the person is a travel administrator for travel insurance in Minnesota unless the person:

(1) is a licensed property and casualty insurance producer in Minnesota for activities permitted under the property and casualty insurance producer license;

(2) holds a valid managing general agent license in Minnesota; or

(3) holds a valid third-party administrator license in Minnesota.

(b) A travel administrator and the travel administrator's employees are exempt from the licensing requirements of chapter 72B for travel insurance the travel administrator administers.

(c) An insurer is responsible for:

(1) the acts of a travel administrator administering travel insurance underwritten by the insurer; and

(2) ensuring the travel administrator maintains all books and records relevant to the insurer that the travel administrator must make available to the commissioner upon request.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 37. **[65C.07] POLICY.**

(a) Notwithstanding chapters 59A to 79A, travel insurance is classified and filed for purposes of rates and forms under an inland marine line of insurance. Notwithstanding this paragraph, travel insurance that provides coverage for illness, accident, disability, or death occurring during travel, either exclusively or in conjunction with related emergency evacuation or repatriation of remains coverage, or incidental limited property and casualty benefits, including baggage or trip cancellation, may be filed under either an accident and health line of insurance or an inland marine line of insurance.

(b) Travel insurance may be offered and issued in the form of an individual, group, or blanket policy.

(c) Eligibility and underwriting standards for travel insurance may be developed and provided based on travel protection plans designed for individual or identified marketing or distribution channels, provided the standards also meet the underwriting standards for an inland marine line of insurance under Minnesota law.

EFFECTIVE DATE. This section is effective 90 days following the date of final enactment.

Sec. 38. Minnesota Statutes 2024, section 72A.18, subdivision 2, is amended to read:

Subd. 2. **Person.** "Person" means any individual, corporation, association, partnership, reciprocal exchange, interinsurer, Lloyds insurer, fraternal benefit society, or any other legal entity, engaged in the business of insurance, including an agent, a solicitor, ~~or~~ an adjuster ~~and~~, or an insurance lead generator. For the purposes of sections 72A.31 and 72A.32 "person" shall in addition mean any person, firm or corporation even though not engaged in the business of insurance.

Sec. 39. Minnesota Statutes 2024, section 72A.18, is amended by adding a subdivision to read:

Subd. 3. **Insurance lead generator.** (a) "Insurance lead generator" means a person that uses a lead-generating device to:

(1) publicize the availability of what is or what purports to be an insurance product or service that the person is not licensed to sell directly to a customer;

(2) identify a customer who may be interested in learning more about an insurance product; or

(3) sell or transmit customer information to an insurer or producer for the purposes of subsequent contact or sales activity.

(b) For purposes of sections 72A.17 to 72A.32, insurance lead generator does not include an insurer, as defined under section 72A.201, subdivision 3, clause (9), or an insurance producer, as defined under section 60K.31, subdivision 6.

Sec. 40. Minnesota Statutes 2024, section 72A.18, is amended by adding a subdivision to read:

Subd. 4. **Lead-generating device.** "Lead-generating device" means communication directed to the public that, regardless of the communication's form, content, or stated purpose, is intended to result in compiling or qualifying a list containing names and other personal information to solicit Minnesota residents to purchase what is or what purports to be an insurance product or service.

Sec. 41. Minnesota Statutes 2024, section 72A.18, is amended by adding a subdivision to read:

Subd. 5. **Recording.** "Recording" means documenting a sale or verifying a call, including a virtual technology call, to market an insurance product or service.

Sec. 42. Minnesota Statutes 2024, section 72A.20, subdivision 2, is amended to read:

Subd. 2. **False information and advertising generally.** Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, email, Internet advertisement or posting, or other publication, or in the form of a notice, circular, pamphlet, letter, electronic posting of any kind, or poster, or over any radio station, or using the Internet or other electronic means, or in any other way, an advertisement, announcement, or statement, containing any assertion, representation, or statement with respect to the business of insurance, or with respect to any person in the conduct of the person's insurance business, which is untrue, deceptive, or misleading, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Sec. 43. Minnesota Statutes 2024, section 72A.20, is amended by adding a subdivision to read:

Subd. 2a. **Failure to maintain certain records.** A person must maintain books, records, documents, and other business records in a manner that ensures data regarding complaints and marketing are accessible and retrievable for examination by the insurance commissioner. A person must maintain data under this subdivision for at least the current calendar year and the two preceding years.

Sec. 44. Minnesota Statutes 2024, section 80G.01, subdivision 5a, is amended to read:

Subd. 5a. **Minnesota transaction.** "Minnesota transaction" means a bullion product transaction conducted:

(1) by a dealer ~~that is incorporated, registered, domiciled, or otherwise~~ located in Minnesota;

(2) by a dealer representative at a location in Minnesota;

(3) between a dealer and a consumer ~~who lives~~ in Minnesota; or

(4) between a dealer and a Minnesota consumer when the transaction involves:

(i) delivering or shipping a bullion product to an address in Minnesota; or

~~(ii) delivering to or shipping from a precious metal depository on behalf of a Minnesota resident; or~~

~~(iii)~~ (ii) making payment to a consumer or receiving a payment from a consumer at an address in Minnesota, unless the transaction occurs when the consumer is ~~at a business location~~ outside of Minnesota.

Sec. 45. **[82B.081] NOTICE TO COMMISSIONER.**

Subdivision 1. **Change of application information.** A licensee must provide notice to the commissioner if the information in the license application filed with the commissioner changes. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the change occurs. For purposes of this subdivision, an information change requiring notice includes but is not limited to a change with respect to the licensee's personal name, trade name, address, or business location.

Subd. 2. **Civil judgment.** The licensee must notify the commissioner of a final adverse decision or court order, whether or not the decision or order is appealed, resulting from a proceeding in which the licensee was named as a defendant and the final adverse decision relates to fraud or misrepresentation. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the final adverse decision or court order is issued.

Subd. 3. **Disciplinary action.** The licensee must notify the commissioner of a disciplinary action involving the licensee, including but not limited to a suspension or revocation of the licensee's real property appraiser license or another occupational license issued by Minnesota or another jurisdiction. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the disciplinary action occurs.

Subd. 4. **Criminal offense.** The licensee must notify the commissioner if the licensee is charged with, is adjudged guilty of, or enters a plea of guilty or nolo contendere to a felony charge or a gross misdemeanor charge that alleges fraud, misrepresentation, or a similar violation of a real property appraiser licensing law. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the charge, judgment, or plea occurs.

Sec. 46. **[82C.031] NOTICE TO COMMISSIONER.**

Subdivision 1. **Change of application information.** A licensee must provide notice to the commissioner if the information in the license application filed with the commissioner changes. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the change occurs. For purposes of this subdivision, an information change requiring notice includes but is not limited to a change with respect to the licensee's personal name, trade name, address, or business location.

Subd. 2. **Civil judgment.** The licensee must notify the commissioner of a final adverse decision or court order, whether or not the decision or order is appealed, resulting from a proceeding in which the licensee was named as a defendant and the final adverse decision relates to fraud or misrepresentation. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the final adverse decision or court order is issued.

Subd. 3. **Disciplinary action.** The licensee must notify the commissioner of a disciplinary action involving the licensee, including but not limited to a suspension or revocation of the licensee's real property appraisal management company license issued by another jurisdiction. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the disciplinary action occurs.

Subd. 4. **Criminal offense.** The licensee must notify the commissioner if the licensee is charged with, is adjudged guilty of, or enters a plea of guilty or nolo contendere to a felony charge or a gross misdemeanor charge that alleges fraud, misrepresentation, or a similar violation of a real property appraisal management company licensing law. The notice must be provided in writing or another format prescribed by the commissioner within ten days of the date the charge, judgment, or plea occurs.

Sec. 47. Minnesota Statutes 2024, section 332.32, is amended to read:

332.32 EXCLUSIONS.

(a) The term "collection agency" does not include banks when collecting accounts owed to the banks and when the bank will sustain any loss arising from uncollectible accounts, abstract companies doing an escrow business, real estate brokers, public officers, persons acting under order of a court, lawyers, trust companies, insurance companies, credit unions, savings associations, loan or finance companies unless they are engaged in asserting, enforcing or prosecuting unsecured claims which have been purchased from any person, firm, or association when there is recourse to the seller for all or part of the claim if the claim is not collected.

(b) The term "collection agency" ~~shall~~ does not include a trade association performing services authorized by section 604.15, subdivision 4a, but the trade association in performing the services may not engage in any conduct that would be prohibited for a collection agency under section 332.37.

(c) The term "collection agency" does not include a residential mortgage servicer licensed under chapter 58 or a student loan servicer licensed under chapter 58B if the residential mortgage servicer or student loan servicer is engaging in activities subject to licensure under chapter 58 or 58B, as applicable.

ARTICLE 11
UNCLAIMED PROPERTY

Section 1. Minnesota Statutes 2024, section 345.31, is amended by adding a subdivision to read:

Subd. 10. **Virtual currency.** "Virtual currency" means a digital representation of value used as a medium of exchange, unit of account, or store of value that does not have legal tender status recognized by the United States. Virtual currency does not include:

(1) software or protocols governing the transfer of the digital representation of value;

(2) game-related digital content; or

(3) a loyalty card or gift card.

Sec. 2. **[345.382] FUNDS HELD FOR THE PREPAYMENT OF FUNERAL RELATED EXPENSES.**

Funds on deposit or held in trust for the prepayment of a funeral or other funeral-related expenses are presumed abandoned at the earliest of:

(1) three years after the date of death of the beneficiary;

(2) one year after the date the beneficiary has attained, or would have attained if living, the age of 105, if the holder does not know whether the beneficiary is deceased; or

(3) 30 years after the contract for prepayment was executed.

Sec. 3. **[345.383] EXEMPTION FOR CERTAIN PROPERTY HELD IN TAX-DEFERRED ACCOUNTS.**

Property held in a plan described in section 529 or 529A of the Internal Revenue Code, as amended, are exempt from the requirements of sections 345.31 to 345.60.

Sec. 4. **[345.384] VIRTUAL CURRENCY.**

(a) Virtual currency is presumed abandoned three years after the apparent owner's latest indication of interest in the virtual currency.

(b) For purposes of this section, an indication of an apparent owner's interest in virtual currency includes:

(1) a record communicated by the apparent owner to the holder or agent of the holder concerning the property or the account in which the property is held;

(2) an oral communication by the apparent owner to the holder or agent of the holder concerning the property or the account in which the property is held, if the holder or the holder's agent contemporaneously makes and preserves a record of the fact of the apparent owner's communication;

(3) a distribution, or evidence of receipt of a distribution made by electronic or similar means; or

(4) activity directed by an apparent owner in the account in which the property is held, including accessing the account or information concerning the account, or a direction by the apparent owner to increase, decrease, or otherwise change the amount or type of virtual currency held in the account.

(c) An action by an agent or other representative of an apparent owner, other than the holder acting as the apparent owner's agent, is presumed to be an action on behalf of the apparent owner.

(d) A communication with an apparent owner by a person other than the holder or the holder's representative is not an indication of interest in the property by the apparent owner unless a record of the communication evidences the apparent owner's knowledge of a right to the property.

Sec. 5. Minnesota Statutes 2024, section 345.43, is amended by adding a subdivision to read:

Subd. 2b. **Virtual currency.** (a) If property reported to the commissioner is virtual currency, the holder must liquidate the virtual currency and remit the proceeds to the commissioner.

(b) The liquidation must occur anytime within 30 days before filing the report under section 345A.26. The owner does not have recourse against the holder or the commissioner to recover any gain in value that occurs after the liquidation of the virtual currency under this subdivision.

(c) If a holder cannot liquidate virtual currency and cannot otherwise cause virtual currency to be liquidated, the holder must promptly notify the commissioner in writing and explain the reasons why the virtual currency cannot be liquidated. The commissioner has absolute and sole discretion to direct the holder to:

(1) transfer the virtual currency that cannot be liquidated to a custodian selected by the commissioner; or

(2) continue to hold the virtual currency until the commissioner or the holder determines that the virtual currency can be liquidated pursuant to this chapter.

ARTICLE 12
MISCELLANEOUS

Section 1. Minnesota Statutes 2025 Supplement, section 41A.09, subdivision 2a, is amended to read:

Subd. 2a. **Definitions.** For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources, that:

(1) meets all of the specifications in ASTM specification ~~D4806-21a~~ D4806; and

(2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.

(b) "Ethanol plant" means a plant at which ethanol is produced.

(c) "Commissioner" means the commissioner of agriculture.

(d) "Rural economic infrastructure" means the development of activities that will enhance the value of agricultural crop or livestock commodities or by-products or waste from farming operations through new and improved value-added conversion processes and technologies, the development of more timely and efficient infrastructure delivery systems, and the enhancement of marketing opportunities. "Rural economic infrastructure" also means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or the support of production of marketable products from agricultural commodities or wind energy produced in Minnesota.

Sec. 2. Minnesota Statutes 2024, section 46.044, subdivision 1, is amended to read:

Subdivision 1. **Issuance and conditions.** An application for a bank charter must be granted if (1) the applicants are of good moral character and financial integrity, (2) there is a reasonable public demand for this bank in this location, (3) the probable volume of business in this location is sufficient to ~~insure~~ ensure and maintain the solvency of the new bank and the solvency of the then existing bank or banks in the locality without endangering the safety of any bank in the locality as a place of deposit of public and private money, (4) the commissioner of commerce is satisfied that the proposed bank will be properly and safely managed, and (5) the commissioner is satisfied that the capital funds required pursuant to section 48.02 are available and the commissioner may accept any reasonable demonstration including subscription agreements supported by current financial statements. If the application does not satisfy the requirements of this subdivision, it must be denied. In case of the denial of the application, the commissioner of commerce shall specify the grounds for the denial. A person aggrieved may obtain judicial review of the determination in accordance with chapter 14.

Sec. 3. Minnesota Statutes 2024, section 48.195, is amended to read:

48.195 INTEREST RATES; USURY LIMIT FOR DEPOSITORY INSTITUTIONS.

Notwithstanding any law to the contrary, a bank, savings bank, savings association, or credit union organized under the laws of this state, or a national bank or federally chartered savings bank, savings association, or credit union, doing business in this state, may charge on any loan or discount made or upon any note, bill or other evidence of debt, except an extension of credit made pursuant to section 48.185, interest at a rate of not more than 4-1/2 percent in excess of the discount rate, including any surcharge thereon, on 90-day commercial paper in effect at the Board of Governors of the Federal Reserve ~~Bank located in the Ninth Federal Reserve District~~ System.

Sec. 4. Minnesota Statutes 2024, section 49.37, is amended to read:

49.37 STOCKHOLDERS TO APPROVE; CERTIFICATE OF CONSOLIDATION OR MERGER.

(a) Either before or after the consolidation or merger agreement has been approved by the commissioner of commerce, it must be submitted to the stockholders of each corporation at a meeting thereof called, and it does not become binding upon the corporation until it has been approved at each of the meetings required by this section by the vote or ballot of the stockholders, holding at least a majority of the amount of stock of the respective corporations, or a higher percentage as may be required by the certificate of incorporation of the corporations. Proof of the holding of these meetings and the results thereof must be submitted to the commissioner of commerce.

(b) After the agreement called for by sections 49.33 to 49.41 has been approved by the stockholders of the respective corporations and by the commissioner of commerce, the ~~latter shall~~ commissioner of commerce must issue a certificate reciting that the corporations have complied with the provisions of sections 49.34 to 49.41 and declaring the consolidation or merger of these corporations and the name of the consolidated or surviving corporation, the amount of capital stock thereof, the names of the first board of directors, and the place of business of the consolidated or surviving corporation, which must be within the city where any of the constituent corporations have been previously authorized to have their places of business.

(c) Upon the issuing of this certificate ~~and the filing of it for record in the Office of the Secretary of State~~, the incorporation is deemed to be complete in the case of the consolidation, and the assets of the constituent corporations merged into the survivor in the case of a

merger, and the consolidated or surviving corporation shall, from the date of this certificate, have the term of corporate existence as may be specified in it, not exceeding the longest unexpired term of any constituent corporation. The certificate of the commissioner of commerce is prima facie evidence that all of the provisions of sections 49.34 to 49.41 have been complied with, and is conclusive evidence of the existence of the consolidated or surviving corporation.

Sec. 5. Minnesota Statutes 2024, section 60A.13, subdivision 1, is amended to read:

Subdivision 1. **Annual statements required.** Every insurance company, including fraternal benefit societies, and reciprocal exchanges, doing business in this state, shall file with the commissioner~~, annually, on or before March 1,~~ the appropriate verified National Association of Insurance Commissioners' annual statement blank~~,~~ on or before April 30 for all lines of insurance except health, which must be filed on or before May 31. The National Association of Insurance Commissioners' annual statement blank must be prepared in accordance with the association's instructions handbook and following those accounting procedures and practices prescribed by the association's accounting practices and procedures manual, unless the commissioner requires or finds another method of valuation reasonable under the circumstances. Another method of valuation permitted by the commissioner must be at least as conservative as those prescribed in the association's manual. All companies required to file an annual statement under this subdivision may also be required to file with the commissioner and the National Association of Insurance Commissioners a copy of their annual statement in an electronic form prescribed by the commissioner. All Minnesota domestic insurers required to file annual statements under this subdivision must also file quarterly statements with the commissioner for the first, second, and third calendar quarter on or before 45 days after the end of the applicable quarter, prepared in accordance with the association's instruction handbook. All companies required to file quarterly statements under this subdivision may also be required to file the quarterly statements with the commissioner and the National Association of Insurance Commissioners in an electronic form prescribed by the commissioner. In addition, the commissioner may require the filing of any other information determined to be reasonably necessary for the continual enforcement of these laws. The statement may be limited to the insurer's business and condition in the United States unless the commissioner finds that the business conducted outside the United States may detrimentally affect the interests of policyholders in this state. The statements shall also contain a verified schedule showing all details required by law for assessment and taxation. The statement or schedules shall be in the form and shall contain all matters

the commissioner may prescribe, and it may be varied as to different types of insurers so as to elicit a true exhibit of the condition of each insurer.

Sec. 6. Minnesota Statutes 2024, section 60A.13, subdivision 6, is amended to read:

Subd. 6. **Company or agent cannot continue business unless statement is filed.** ~~No~~ A company ~~shall transact~~ is prohibited from transacting any new business in this state after ~~May~~ August 31 in any year unless ~~it shall have~~ the company previously transmitted its annual statement to the commissioner and filed a copy of its statement with the National Association of Insurance Commissioners. The commissioner may by order annually require that each insurer pay the required fee to the National Association of Insurance Commissioners for the filing of annual statements, but the fee shall not be more than 50 percent greater than the fee set by the National Association of Insurance Commissioners. Failure to file the annual statement with the commissioner or the National Association of Insurance Commissioners is a violation of section 72A.061, subdivision 1. The fee shall be based on the relative premium volume of each insurer.

Sec. 7. Minnesota Statutes 2024, section 62J.96, is amended by adding a subdivision to read:

Subd. 4. **Violation as deceptive practice.** A violation of this section is an unfair or deceptive trade practice under section 8.31, subdivision 1, and is enforceable by the attorney general.

Sec. 8. Minnesota Statutes 2024, section 72A.061, subdivision 5, is amended to read:

Subd. 5. **Extensions.** The commissioner may grant an extension of any filing deadline or requirement specified by this section~~, on receiving, not less than ten days~~ if the commissioner receives a written request for an extension from the company before the date of default~~, satisfactory evidence of imminent hardship to the company~~.

Sec. 9. Minnesota Statutes 2025 Supplement, section 239.761, subdivision 3, is amended to read:

Subd. 3. **Gasoline.** (a) Gasoline that is not blended with biofuel must not be contaminated with water or other impurities and must comply with ASTM specification ~~D4814-24a~~ D4814. Gasoline that is not blended with biofuel must also comply with the volatility requirements in Code of Federal Regulations, title 40, part 1090.

(b) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol as provided in subdivision 4;

(2) shall not blend the gasoline with any oxygenate other than biofuel;

(3) shall not blend the gasoline with other petroleum products that are not gasoline or biofuel;

(4) shall not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Sec. 10. Minnesota Statutes 2025 Supplement, section 239.761, subdivision 4, is amended to read:

Subd. 4. **Gasoline blended with ethanol; general.** (a) Gasoline may be blended with agriculturally derived, denatured ethanol that complies with the requirements of subdivision 5.

(b) A gasoline-ethanol blend must:

(1) comply with the volatility requirements in Code of Federal Regulations, title 40, part 1090;

(2) comply with ASTM specification ~~D4814-24a~~ D4814, or the gasoline base stock from which a gasoline-ethanol blend was produced must comply with ASTM specification ~~D4814-24a~~ D4814; and

(3) not be blended with casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline after the gasoline-ethanol blend has been sold, transferred, or otherwise removed from a refinery or terminal.

Sec. 11. Minnesota Statutes 2025 Supplement, section 239.761, subdivision 5, is amended to read:

Subd. 5. **Denatured ethanol.** Denatured ethanol that is to be blended with gasoline must be agriculturally derived and must comply with ASTM specification ~~D4806-21a~~ D4806.

This includes the requirement that ethanol may be denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

Sec. 12. Minnesota Statutes 2025 Supplement, section 239.761, subdivision 6, is amended to read:

Subd. 6. **Gasoline blended with nonethanol oxygenate.** (a) A person responsible for the product shall comply with the following requirements:

(1) after July 1, 2000, gasoline containing in excess of one-third of one percent, in total, of nonethanol oxygenates listed in paragraph (b) must not be sold or offered for sale at any time in this state; and

(2) after July 1, 2005, gasoline containing any of the nonethanol oxygenates listed in paragraph (b) must not be sold or offered for sale in this state.

(b) The oxygenates prohibited under paragraph (a) are:

(1) methyl tertiary butyl ether, as defined in section 296A.01, subdivision 34;

(2) ethyl tertiary butyl ether, as defined in section 296A.01, subdivision 18; or

(3) tertiary amyl methyl ether.

(c) Gasoline that is blended with a nonethanol oxygenate must comply with ASTM specification ~~D4814-24a~~ D4814. Nonethanol oxygenates must not be blended into gasoline after the gasoline has been sold, transferred, or otherwise removed from a refinery or terminal.

Sec. 13. Minnesota Statutes 2024, section 239.761, subdivision 7, is amended to read:

Subd. 7. **Heating fuel oil.** Heating fuel oil must comply with ASTM specification ~~D396-12~~ D396.

Sec. 14. Minnesota Statutes 2024, section 239.761, subdivision 8, is amended to read:

Subd. 8. **Diesel fuel oil.** (a) When diesel fuel oil is not blended with biodiesel, it must comply with ASTM specification ~~D975-12a~~ D975.

(b) When diesel fuel oil is a blend of up to five volume percent biodiesel, the diesel component must comply with ASTM specification ~~D975-12a~~ D975 and the biodiesel component must comply with ASTM specification ~~D6751-11b~~ D6751.

Sec. 15. Minnesota Statutes 2024, section 239.761, subdivision 9, is amended to read:

Subd. 9. **Kerosene.** Kerosene must comply with ASTM specification ~~D3699-08~~ D3699.

Sec. 16. Minnesota Statutes 2024, section 239.761, subdivision 10, is amended to read:

Subd. 10. **Aviation gasoline.** Aviation gasoline must comply with ASTM specification ~~D910-11~~ D910.

Sec. 17. Minnesota Statutes 2024, section 239.761, subdivision 11, is amended to read:

Subd. 11. **Aviation turbine fuel, jet fuel.** Aviation turbine fuel and jet fuel must comply with ASTM specification ~~D1655-12~~ D1655.

Sec. 18. Minnesota Statutes 2024, section 239.761, subdivision 12, is amended to read:

Subd. 12. **Gas turbine fuel oil.** Fuel oil for use in nonaviation gas turbine engines must comply with ASTM specification ~~D2880-03~~ D2880.

Sec. 19. Minnesota Statutes 2024, section 239.761, subdivision 13, is amended to read:

Subd. 13. **E85.** A blend of ethanol and gasoline, containing not more than 85 percent ethanol, produced for use as a motor fuel in alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with ASTM specification ~~D5798-11~~ D5798.

Sec. 20. Minnesota Statutes 2024, section 239.761, subdivision 14, is amended to read:

Subd. 14. **M85.** A blend of methanol and gasoline, containing at least 70 percent methanol and not more than 85 percent methanol, produced for use as a motor fuel in alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with ASTM specification ~~D5797-07~~ D5797.

Sec. 21. Minnesota Statutes 2024, section 239.761, subdivision 16, is amended to read:

Subd. 16. **Biodiesel fuel definition.** "Biodiesel fuel" means a renewable, biodegradable, mono alkyl ester combustible liquid that is derived from agricultural plant oils or animal fats and that meets American Society for Testing and Materials (ASTM) specification ~~D6751-11b~~ D6751 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

Sec. 22. Minnesota Statutes 2024, section 239.761, subdivision 17, is amended to read:

Subd. 17. **Grade 82 unleaded aviation gasoline.** Grade 82 unleaded aviation gasoline must comply with ASTM specification ~~D6227-12~~ D6227.

Sec. 23. Minnesota Statutes 2024, section 239.77, subdivision 1, is amended to read:

Subdivision 1. **Biodiesel blend and fuel.** (a) "Biodiesel blend" is a blend of diesel fuel and biodiesel fuel between six percent and 20 percent for on-road and off-road diesel-fueled vehicle use. Biodiesel blend must comply with ASTM specification ~~D7467-10~~ D7467.

(b) "Biodiesel fuel" means a renewable, biodegradable, mono alkyl ester combustible liquid fuel that is derived from agricultural and other plant oils or animal fats and that meets American Society for Testing and Materials specification ~~D6751-11b~~ D6751 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

(c) Biodiesel produced from palm oil is not biodiesel fuel for the purposes of this section, unless the palm oil is contained within waste oil and grease collected within the United States or Canada.

Sec. 24. Minnesota Statutes 2024, section 296A.01, subdivision 7, is amended to read:

Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is used to produce or generate power for propelling internal combustion engine aircraft.

Aviation gasoline includes any gasoline:

(1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a distributor or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer, as "aviation gasoline" that meets specifications in ASTM specification ~~D910-16~~ D910 or any other ASTM specification as gasoline appropriate for use in producing or generating power for propelling internal combustion engine aircraft; or

(2) sold to a dealer of aviation gasoline for dispensing directly into the fuel tank of an aircraft.

Sec. 25. Minnesota Statutes 2024, section 296A.01, subdivision 8, is amended to read:

Subd. 8. **Aviation turbine fuel and jet fuel.** "Aviation turbine fuel" and "jet fuel" mean blends of hydrocarbons derived from crude petroleum, natural gasoline, and synthetic hydrocarbons, intended for use in aviation turbine engines, and that meet the specifications in ASTM specification ~~D1655-12~~ D1655.

Sec. 26. Minnesota Statutes 2024, section 296A.01, subdivision 14, is amended to read:

Subd. 14. **Diesel fuel oil.** "Diesel fuel oil" means a petroleum distillate or blend of petroleum distillate and residual fuels that is intended for use as a motor fuel in internal combustion diesel engines and that meets ASTM specification ~~D975-11b~~ D975.

Sec. 27. Minnesota Statutes 2024, section 296A.01, subdivision 19, is amended to read:

Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline or natural gasoline that contains not more than 85 percent ethanol by volume, but at a minimum must contain greater than 50 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in alternative fuel vehicles as defined in subdivision 5 must comply with ASTM specification ~~D5798-11~~ D5798.

Sec. 28. Minnesota Statutes 2025 Supplement, section 296A.01, subdivision 20, is amended to read:

Subd. 20. **Ethanol, denatured.** "Ethanol, denatured" means ethanol that is to be blended with gasoline, has been agriculturally derived, and complies with ASTM specification ~~D4806-21a~~ D4806. This includes the requirement that ethanol may be denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

Sec. 29. Minnesota Statutes 2024, section 296A.01, subdivision 22, is amended to read:

Subd. 22. **Gas turbine fuel oil.** "Gas turbine fuel oil" means fuel that contains mixtures of hydrocarbon oils free of inorganic acid and excessive amounts of solid or fibrous foreign matter, intended for use in nonaviation gas turbine engines, and that meets the specifications in ASTM specification ~~D2880-03~~ D2880.

Sec. 30. Minnesota Statutes 2025 Supplement, section 296A.01, subdivision 23, is amended to read:

Subd. 23. **Gasoline.** (a) "Gasoline" means:

(1) all products commonly or commercially known or sold as gasoline regardless of their classification or uses, except casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline that under the requirements of section 239.761, subdivision 3, must not be blended with gasoline that has been sold, transferred, or otherwise removed from a refinery or terminal; and

(2) any liquid prepared, advertised, offered for sale or sold for use as, or commonly and commercially used as, a fuel in spark-ignition, internal combustion engines, and that when tested by the Weights and Measures Division meets the specifications in ASTM specification ~~D4814-24a~~ D4814.

(b) Gasoline that is not blended with ethanol must not be contaminated with water or other impurities and must comply with both ASTM specification ~~D4814-24a~~ D4814 and the volatility requirements in Code of Federal Regulations, title 40, part 1090.

(c) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol, as provided in subdivision 24;

(2) must not blend the gasoline with any oxygenate other than denatured, agriculturally derived ethanol;

(3) must not blend the gasoline with other petroleum products that are not gasoline or denatured, agriculturally derived ethanol;

(4) must not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Sec. 31. Minnesota Statutes 2025 Supplement, section 296A.01, subdivision 24, is amended to read:

Subd. 24. **Gasoline blended with nonethanol oxygenate.** "Gasoline blended with nonethanol oxygenate" means gasoline blended with ETBE, MTBE, or other alcohol or ether, except denatured ethanol, that is approved as an oxygenate by the EPA, and that complies with ASTM specification ~~D4814-24a~~ D4814. Oxygenates, other than denatured ethanol, must not be blended into gasoline after the gasoline has been sold, transferred, or otherwise removed from a refinery or terminal.

Sec. 32. Minnesota Statutes 2024, section 296A.01, subdivision 26, is amended to read:

Subd. 26. **Heating fuel oil.** "Heating fuel oil" means a petroleum distillate, blend of petroleum distillates and residuals, or petroleum residual heating fuel that meets the specifications in ASTM specification ~~D396-12~~ D396.

Sec. 33. Minnesota Statutes 2024, section 296A.01, subdivision 28, is amended to read:

Subd. 28. **Kerosene.** "Kerosene" means a refined petroleum distillate consisting of a homogeneous mixture of hydrocarbons essentially free of water, inorganic acidic and basic

compounds, and excessive amounts of particulate contaminants and that meets the specifications in ASTM specification ~~D3699-08~~ D3699.

Sec. 34. Minnesota Statutes 2024, section 296A.01, subdivision 35, is amended to read:

Subd. 35. **M85.** "M85" means a petroleum product that is a liquid fuel blend of methanol and gasoline that contains at least 70 percent methanol and not more than 85 percent methanol by volume. For the purposes of this chapter, the energy content of M85 will be considered to be 65,000 BTUs per gallon. M85 produced for use as a motor fuel in alternative fuel vehicles, as defined in subdivision 5, must comply with ASTM specification ~~D5797-07~~ D5797.

Sec. 35. Minnesota Statutes 2024, section 349.211, subdivision 2b, is amended to read:

Subd. 2b. **Paddlewheel prizes.** (a) The maximum cash prize ~~which~~ that may be awarded for a paddle ticket is $70. The maximum value of a merchandise prize that may be awarded for a paddle ticket must not exceed a fair market value of $200. An organization may not sell any paddle ticket for more than ~~$2~~ $5.

(b) "Merchandise prize" does not include gift cards that can be redeemed for cash.

Sec. 36. **REPEALER.**

Minnesota Statutes 2024, sections 48.158; and 62J.96, subdivision 3, are repealed."

Delete the title and insert:

"A bill for an act

relating to commerce; eliminating the Prescription Drug Affordability Advisory Council; modifying various provisions governing nondepository financial institutions, insurance, consumer protection, telecommunications, securities, financial products, and unclaimed property; providing for health plan regulatory alignment; transferring duties and employees; modifying the premium security plan; modifying provisions related to charitable gambling; requiring reports; making technical corrections; appropriating money and making reductions; amending Minnesota Statutes 2024, sections 46.044, subdivision 1; 47.20, subdivision 1; 47.59, subdivision 1; 47.60, subdivision 1; 48.195; 49.37; 52.063, subdivision 3; 52.24, subdivisions 1, 2, by adding a subdivision; 53.04, subdivision 3a; 53B.69, subdivision 10; 53B.74; 53C.09, subdivision 4; 56.002; 56.01; 56.05; 58.06, subdivision 2; 58.14, subdivisions 3, 4, 5, by adding a subdivision; 58.18, subdivision 4; 58B.02, by adding subdivisions; 58B.03, subdivisions 10, 11; 58B.051; 58B.06, subdivisions 4, 6; 60A.07, by adding a subdivision; 60A.085; 60A.13, subdivisions 1, 6; 60A.50, subdivisions 1, 3; 60A.951, subdivision 3; 60A.985, subdivision 8; 60A.9853, subdivision 1; 60A.9854; 60B.03, subdivision 2; 60G.01, subdivisions 2, 4; 60K.383; 62A.02, subdivision 8; 62A.021, subdivision 1; 62A.135, subdivision 1; 62A.46, subdivision 2; 62A.61; 62A.65, subdivisions 7, 8; 62D.08, subdivisions 1, 2, 3, 7, by adding a subdivision; 62D.12, subdivision 1; 62D.124, subdivision 5; 62D.221, subdivisions 1, 2; 62E.11, subdivisions 9, 13; 62E.23, subdivision 1; 62J.40; 62J.60, subdivision 5; 62J.89, subdivisions 1,

2; 62J.90, subdivision 2; 62J.96, by adding a subdivision; 62K.07, subdivision 2; 62L.02, subdivision 8; 62L.08, subdivision 11; 62L.09, subdivision 3; 62L.10, subdivision 4; 62L.11, subdivision 2; 62M.02, by adding a subdivision; 62M.09, subdivision 3; 62M.11; 62Q.01, subdivision 2; 62Q.106; 62Q.188, subdivision 2; 62Q.37, subdivision 2; 62Q.47; 62Q.51, subdivision 3; 62Q.545; 62Q.556, subdivisions 3, 4; 62Q.69, subdivisions 2, 3; 62Q.71; 62Q.73, subdivisions 3, 10; 62Q.81, subdivision 7; 62U.04, subdivision 13; 62W.06, by adding a subdivision; 65A.27, subdivision 1; 72A.061, subdivision 5; 72A.13, subdivision 1; 72A.18, subdivision 2, by adding subdivisions; 72A.20, subdivision 2, by adding a subdivision; 80A.50; 80C.12, subdivision 1; 80G.01, subdivision 5a; 237.035; 237.036; 237.069; 237.07, subdivision 1; 237.11; 237.164; 237.626, subdivisions 1, 3; 237.66, by adding subdivisions; 237.70, subdivision 7; 237.762, subdivision 5; 239.761, subdivisions 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 239.77, subdivision 1; 256B.0913, subdivision 4; 296A.01, subdivisions 7, 8, 14, 19, 22, 26, 28, 35; 325E.21, subdivisions 1b, 2c; 325F.79; 325F.791, subdivisions 1, 5; 325F.792, subdivision 2; 332.32; 332.52, subdivision 3; 332A.04, subdivision 1; 332B.04, subdivision 1; 345.31, by adding a subdivision; 345.43, by adding a subdivision; 349.211, subdivision 2b; Minnesota Statutes 2025 Supplement, sections 8.37, subdivisions 3, 5; 41A.09, subdivision 2a; 58B.02, subdivision 8a; 62A.31, subdivision 1u; 62D.21; 62D.211; 62E.23, subdivisions 1a, 2; 80A.66; 239.761, subdivisions 3, 4, 5, 6; 296A.01, subdivisions 20, 23, 24; 297I.20, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 45A; 48; 52; 53B; 58; 60A; 62A; 62D; 65A; 80A; 82B; 82C; 325E; 325F; 325M; 345; proposing coding for new law as Minnesota Statutes, chapters 59E; 65C; repealing Minnesota Statutes 2024, sections 48.158; 53B.69, subdivisions 3b, 3c; 53B.75, subdivisions 1, 2, 3, 4, 5; 56.08; 62J.86, subdivision 2; 62J.88; 62J.96, subdivision 3; 237.065; 237.066; 237.067; 237.071; 237.072; 237.075, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11; 237.14; 237.15; 237.16, subdivision 9; 237.22; 237.231; 237.59, subdivisions 1, 1a, 2, 3, 4, 5, 6, 8, 9, 10; 237.66, subdivisions 1, 1a, 1c, 1d, 2, 2a, 3; 237.75; 237.766; 237.768; 237.772; 237.775; 332A.02, subdivision 2; 332B.02, subdivision 2."

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

Amendments adopted. Report adopted.

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(Committee Chair)

April 16, 2026.....
(Date of Committee recommendation)