

New Laws 2023 - Minnesota House Public Information Services

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2023-2024 Regular Session

Trio wrongly imprisoned, handful of others, to get relief via claims law

Each year, a joint House-Senate Subcommittee on Claims decides which claims against the state it should fund.

This year's law with those determinations calls for nearly \$1.16 million in payments in fiscal year 2024, including a combined \$866,679 to three people who sought relief under the Imprisonment and Exoneration Remedies Act which provides a compensation process for cases where a person was exonerated of a felony for which they were wrongfully incarcerated. It takes effect July 1, 2023.

The awards are:

- \$810,431.86 to Terrell Buechner who was convicted of an unrelated crime and wrongly required to register as a predatory offender, but, nonetheless, pled guilty three times for failing to register. Improperly on the registration list for more than 14 years, Buechner spent more than eight years in prison;
- \$240,000 to Joe Vento who spent 529 days in prison, but the statute he was charged under was later found to be unconstitutional; and
- \$56,008.26 to Ronald Fairbanks who, due to "substantial cognitive and memory deficiencies" did not knowingly violate the state's failure to register statute.

Sponsored by Rep. Luke Frederick (DFL-Mankato) and Sen. Jim Carlson (DFL-Eagan), the law also contains payments related to personal injury claims against the Department of Corrections:

- \$43,200 for a minimum ascertainable partial permanent disability award to James Vandevender for permanent brain injuries from an assault sustained while performing assigned duties at the Rush City facility;
- \$3,940 to Nicholas Edwards for a partial amputation of his right index finger that was crushed by a grommet machine while performing assigned duties at the Moose Lake facility;
- \$2,968 to reimburse the department for claims under \$7,000 and other claims already paid by the department for injuries under the community service or sentence-to-service programs; and

- \$520.08 to Jeron Falkner for permanent injuries to his left thumb while performing assigned duties at the Stillwater prison.

HF3288*/SF3308/CH56

Agriculture
2023-2024 Regular Session

\$50 million from bonds authorized for Rural Finance Authority

A new law appropriates \$50 million in bond proceeds to fund a popular loan program Minnesota farmers have relied on for nearly 40 years.

Sponsored by Rep. Samantha Vang (DFL-Brooklyn Center) and Sen. Aric Putnam (DFL-St. Cloud), the law, effective May 9, 2023, will fund the Rural Finance Authority.

Established in 1986, the agency partners with local lenders to operate low-interest loan programs farmers can use to deal with financial hardships, make capital improvements, or for other kinds of assistance. Some of the programs include beginning farmer, loan restructuring, seller-sponsored, agricultural improvement, and livestock expansion.

HF463*/SF548/CH32

Agriculture
2023-2024 Regular Session

Protection for grain sellers, money for broadband among key provisions in new law

Additional support for emerging farmers, meaningful protection for grain sellers and an additional \$100 million to expand access to broadband are some provisions of a new law that provides funding for the Department of Agriculture.

The legislation creates a grain indemnity fund to compensate farmers should an elevator go bust and calls for \$10 million to get the fund off the ground. It also repeals statutes requiring surety bonds for established, licensed grain purchasers.

If the balance falls below \$8 million, premiums of no more than 0.2% of the price of grain sold will be paid into the account until the grain indemnity account has a minimum balance of \$15 million, unless the Department of Agriculture suspends premium collections early due to economic hardship. .

Sellers may opt out of the grain indemnity program and have premiums refunded. They may return to the program by paying back any refunds plus interest. Those reentering will not be eligible for any claims for at least 120 days.

Sponsored by Rep. Samantha Vang (DFL-Brooklyn Center) and Sen. Aric Putnam (DFL-St. Cloud) the law mostly takes effect July 1, 2023, for the finance provisions and Aug. 1, 2023 for policy-only provisions.

HF2278/SF1955*/CH43

Appropriations

General Fund appropriations by agency in the 2024-25 biennium are:

- \$163.45 million to the Department of Agriculture (an increase of nearly \$40 million);
- \$125 million to the Department of Employment and Economic Development Office of Broadband Development (an increase of \$100 million);
- \$12.64 million to the Board of Animal Health; and
- \$10.48 million to the Agricultural Utilization Research Institute.

Appropriations for the Agricultural Growth, Research, and Innovation (AGRI) Program are \$50.21 million including \$11.5 million for bioincentive payments. The program was established in 2015 to encourage production of advanced biofuels, renewable chemicals and biomass thermal energy. Other spending includes:

- \$4 million to the Dairy Assistance, Investment, Relief Initiative program which supports smaller dairy farms enrolled in the federal Dairy Margin Coverage Program;
- \$4 million for grants to support urban and youth agriculture programs;
- \$2.5 million for livestock processing grants;
- \$2.3 million to the Farm to School program, which can include early childhood education centers; and
- \$2 million for the good food access program.

The law appropriates \$21.4 million to the University of Minnesota agriculture research, education, extension, and technology transfer program. Specific appropriations include:

- \$4.5 million to Minnesota Agricultural Education Leadership Council;

- \$2 million for avian flu research;
- \$1.6 million to Forever Green, which develops winter-hardy, living soil cover crops; and
- \$700,000 for new deep winter greenhouses.

Other specific appropriations in the law include:

- \$3.9 million to Second Harvest Heartland for the state's six Feeding America food banks. At least \$850,000 must be for milk;
- \$1.25 million for soil health grants up to \$50,000 per recipient;
- \$1.2 million to replenish the agriculture rapid response account;
- \$800,000 transfer to the pollinator research account;
- \$500,000 to develop continuous-living cover crops;
- \$372,000 to promote Minnesota grown products;
- \$300,000 to for noxious weed management;
- \$150,000 to support a meat processing liaison to help new and expanding meat processors with their business; and
- \$50,000 to develop an aquaculture plan.

Broadband

The law will appropriate \$127.5 million to the Department of Employment and Economic Development's Office of Broadband Development. It also increases the amount available to a single project in the border-to-border broadband program to \$10 million.

Furthermore, the law will set aside \$20 million each year for projects where a 50% state match is insufficient. The lower-density program can fund up to 75% of project costs.

Policy provisions

A major policy provision aims to reduce the presence of perfluoroalkyl and polyfluoroalkyl substances in the environment. Beginning Jan. 1, 2032, the commissioner may not register a pesticide product that contains intentionally added PFAS unless it is determined to be an unavoidable use.

The Department of Agriculture is to provide an interim report to the Legislature by Feb. 1, 2024, on the risk and alternatives to pesticides containing PFAS. A final report is due one year later.

Additionally, the law will increase the size of the Board of Animal Health from six to seven members. Membership will be three livestock producers, one member of a federally recognized tribe with

experience in animal husbandry, and three practicing veterinarians, one of whom specializes in companion animals. As much as possible, the board should have geographic and gender balance. The provision takes effect July 1, 2023. (Art. 2, Secs. 29-38, 122, 138)

Other provisions will:

- allow the Department of Agriculture to set an annual surcharge between 3% and 8% on licenses and permits it offers with proceeds used to modernize the department's information technology and create electronic permitting and licensing systems;
- let the department raise a fertilizer inspection fee to no more than 70 cents per ton;
- create an emerging farmer's office;
- modify the downpayment assistance grant program to require a minimum \$8,000 match for grants up to \$15,000;
- establish a soil health assistance program with grants to support increasing organic carbon retained in soil and reducing nitrous oxide and methane emissions;
- prohibit non-disclosure clauses in carbon storage contracts;
- allow the Department of Natural Resources to control for nonnative Phragmites similarly to its management of purple loosestrife;
- waive fees on nonprofits when they sell nursery stock;
- increase the fee to review food handling facilities for those larger than 999 square feet; and
- require the Department of Agriculture, cultivated wild rice produces, representatives of Tribal governments, the College of Food Agricultural and Natural Resource Sciences, and the University of Minnesota to make recommendations on the wild rice breeding program. (Art. 2, Secs. 1, 3, 8, 10, 12, 14, 39-40, 94, 117, 140)

Bonding
2023-2024 Regular Session

Nonprofits, water projects, economic development programs in line for millions under cash infrastructure law

With an estimated \$17.5 billion budget surplus, and following several years without a capital investment agreement, Minnesota was primed to spend big on infrastructure.

Legislators responded with a \$2.6 billion package of capital investments which includes \$851 million in cash from the General Fund to improve assets owned by the state, local governments, and nonprofit community organizations.

Capital projects paid for by cash from the General Fund are open to more entities than those funded through borrowing. State money is the last in under the new law, however, and organizations must show they can access sufficient funds to complete the project.

Workers on all projects must be paid at least the prevailing wage.

Sustainable building guidelines must be followed on new or major renovations of state, Minnesota State and University of Minnesota buildings. The law appropriates \$300,000 to improve accountability in the state's sustainable building guidelines.

Sponsored by Rep. Fue Lee (DFL-Mpls) and Sen. Sandra Pappas (DFL-St. Paul) the law generally took effect June 2, 2023.

HF670*/SF677/CH71

What's in the law

It appropriates \$395.6 million to the Department of Employment and Economic Development to fund more than 100 projects undertaken by local governments and nonprofits. These include swimming pools, ice arenas, community centers, emergency shelters, recreation areas, trails, museums, public health facilities, parks, trails, inclusive playgrounds, food shelves and theaters.

There is \$120.4 million to the Public Facilities Authority for the Lewis and Clark Regional Water System, Western Lake Superior Sanitary District, and drinking water and wastewater projects in Austin, Braham, Buhl, Dayton, Litchfield, Gilbert, Lincoln-Pipestone, Mankato, Minneapolis, Mound, Red Rock, Tyler, and West St. Paul.

More than \$76 million will go to the Department of Transportation.

Among the projects funded are improvements to Highway 65 interchanges in Blaine; paving 13th Street in Barnesville; reconstruction of Fifth Ave. N. in Biwabik; grade separation and other safety improvements to Nicollet Avenue in Burnsville; a pedestrian bridge in Coon Rapids; street infrastructure including wastewater and stormwater sewers in Madelia; raising Highway 6 above 50-year flood levels in Sibley County near Henderson; and improvements to Cedar Lake Road and Louisiana Avenue in St. Louis Park.

Other transportation projects to receive funding are \$7 million for a freight car storage facility in Lakeville, \$3.9 million to relocate and improve an instrument landing system at the St. Cloud airport, and \$3.9 million for construction of a primary runway at the Karlstad airport, which is in addition to \$5.6 million authorized in 2021's transportation law.

The Department of Public Safety will receive \$48.7 million for 15 projects including fire stations, law enforcement centers and training facilities in Brooklyn Park, Chisholm, Dilworth, Edina, Golden Valley, Hibbing, Maplewood, Marshall, Minneapolis, Lake Johanna, Virginia, and Winona.

Among the \$47.7 million to the Pollution Control Agency are \$26 million to build an anaerobic digester in Hennepin County, available after the county submits plans to close the Hennepin County Energy Recovery Center; \$12.8 million to expand the Pope/Douglas recycling center; and \$6.1 to address contaminated drinking water in Andover.

Other provisions include:

- \$47.9 million to the Metropolitan Council for 14 projects making improvements to parks, trails, greenways, pedestrian crossings in Champlin, Dellwood, Minneapolis, St. Paul and White Bear Lake. This includes \$7 million to renovate the Red Line 147th Street Station in Apple Valley and \$6.2 million for design work for a new Park at RiversEdge in St. Paul;
- \$30.1 million to rehabilitate public housing;
- \$21.6 million for Phase II renovations at the St. Peter Regional Treatment Center;
- \$18.4 million to renovate buildings and construct support space at the Shakopee prison;
- \$8.9 million to drain the Canisteo Legacy Mine Pit Complex where rising water threatens the nearby town of Bovey;
- \$5.7 million for the Minnesota Military Museum at Camp Ripley – \$13 million was appropriated in the 2020 bonding law;
- \$4.5 million to raze the Ford Building near the State Capitol;
- \$4 million for grants to build new skate parks, which must be free to the public;
- \$3.4 million to renovations at the Harriet Tubman Center East Building in Maplewood;
- \$1.88 million to extend the Willow Creek Trail in Rochester;
- \$1.29 million for improvements to all-terrain vehicle trails in St. Louis County; and
- \$700,000 to stabilize the Mississippi River riverbank near the Weyerhaeuser Museum in Morrison County.

Bonding
2023-2024 Regular Session

Water, transportation projects to receive biggest chunk of bond proceeds under capital investment law

An inventory of state-owned real estate is 7,831 pages long, which comes with a similarly hefty number of maintenance tasks. The to-do list has grown without capital investment funding to tackle many of the projects as lawmakers went three years without agreement on a bonding bill.

Until this year.

On the last day of the 2023 session, legislators approved a \$1.8 billion package of investments in infrastructure – \$1.6 billion paid for by borrowing and \$225 million paid for in cash.

Per Article 11 of the state constitution, public debt may be issued, in part, “to acquire and to better public land and buildings and other public improvements of a capital nature and to provide money to be appropriated or loaned to any agency or political subdivision of the state for such purposes.”

Sponsored by Rep. Fue Lee (DFL-Mpls) and Sen. Sandra Pappas (DFL-St. Paul), the law generally took effect June 2, 2023.

HF669*/SF676/CH72

--Water and wastewater

More than \$381 million will go to the Public Facilities Authority for drinking water and wastewater infrastructure improvements. This includes more than \$222 million for 35 local projects to improve wastewater treatment plants, bring wells online, repair sanitary sewers and water mains, add lift stations and build water towers.

Other Public Facilities Authority appropriations include:

- \$80 million for point source implementation grants;
- \$52 million for wastewater projects under the clean water revolving fund program;
- \$41 million as a state match to federal grants; and
- \$35.2 million for projects under the drinking water revolving fund program.

Transportation

The law appropriates \$326.3 million to the Department of Transportation from the General Fund and proceeds of general obligation bonds.

Among the appropriations will be:

- \$84.95 million to improve local roads;
- \$67 million to repair or replace local bridges;
- \$18.1 million to the Port Development Assistance Program;
- \$9.6 million for rail service improvements; and

- \$2.4 million for upgrading Safe Routes to School infrastructure.

County and city governments will get funding for 21 named projects. The largest are two \$25 million projects – improvements to Highway 65 in Anoka County and preparations for bus rapid transit on St. Paul’s Third Street/Kellogg Boulevard bridge.

Environment

The Department of Natural Resources will receive \$233.1 million from the General Fund and the bond sale proceeds. This includes \$55.4 million to mitigate flood hazards, \$36 million for asset preservation, and \$20 million to replace unusable facilities under the DNR Betterment of Buildings program.

Money will also go to dam repair, improving accessibility at parks and recreation areas, constructing trails, stabilizing riverbanks, and planting trees.

Higher education

The law will send money to state colleges and universities for their facilities. Minnesota State is slated to receive \$181.1 million – \$134.7 million from the proceeds of general obligation bonds, \$45 million from user-funded bonds and \$1.3 million from the General Fund.

Allocations will be \$44.7 million for asset preservation and replacement projects and the rest to 14 projects at colleges and universities across the state, including:

- \$23.1 million to renovate Weld Hall at Minnesota State University, Moorhead;
- \$22 million for technology center renovations at Inver Hills Community College;
- \$21.5 million to renovate and expand the technical trade spaces at Pine Technical and Community College;
- \$20.5 million for the first two phases of renovations to the Management Education Center at Minneapolis Community and Technical College; and
- \$11.6 million for classroom and athletic space renovation at Central Lakes College.

The University of Minnesota will receive \$135.95 million: \$92.6 million to renovate Fraser Hall on the Minneapolis campus for an undergraduate chemistry center and \$43.35 million for asset preservation and replacement across its system.

Other appropriations in the law:

- \$77.8 million to upgrade the Hastings Veterans Home campus;
- \$72 million to expand arterial bus rapid transit routes;
- \$25.1 million to renovate the Minnesota National Guard’s Rosemount Readiness Center;

- \$18.03 million to the Minnesota Zoo: \$16.8 million to replace the lakeside plaza and other asset preservation, along with \$1.2 million for a new animal hospital;
- \$12.2 million for new snowmaking infrastructure at Giants Ridge ski resort;
- \$12 million to the Board of Water and Soil Resources for its local road wetlands replacement program;
- \$11.4 million to address increased costs in constructing a Department of Public Safety emergency operations center. A 2020 law appropriated \$29.5 million for the building;
- \$10 million for a new material recovery facility in Olmsted County that will help remove problematic items from the waste stream;
- \$9.6 million for asset preservation at the National Sports Center in Blaine;
- \$8.8 million for security upgrades at the State Capitol complex;
- \$8.5 million for grants to behavioral health crisis facilities in Duluth and Dakota County;
- \$4 million for library construction grants; and
- \$384,000 to repair the Department of Agriculture’s potato inspection facility in East Grand Forks.

**Budget
2023-2024 Regular Session**

Inflation to be included on both sides of budget, economic forecast

A full and transparent picture of state finances is the goal of a law that erases a budgetary change made two decades ago.

Effective Feb. 22, 2023, a new law requires inflation to be included on both sides of the ledger when Minnesota Management and Budget produces future state budget and economic forecasts.

When the state was projected to face a significant deficit in 2002, a law was enacted to remove inflation only from the expenditure side of the ledger. Minnesota was the only state with such a law.

The law does not specify if what inflationary factor will be used. At least three weeks before a forecast is released, state budget officials must consult with chairs and ranking minority party members of specific committees and legislative fiscal staff to determine the inflation rate and how it is to be included in expenditure estimates.

Rep. Zack Stephenson (DFL-Coon Rapids) and Sen. John Marty (DFL-Roseville) sponsor the law.

HF35*/SF46/CH10

**Business and Commerce
2023-2024 Regular Session**

Commerce finance and policy law funds department, expands consumer protections

The Department of Commerce oversees more than 40 industry areas in Minnesota and licenses more than 250,000 professionals and businesses to ensure their services and products are fair, accessible, and comply with state laws.

To operate those programs in the 2024-25 biennium, the commerce finance and policy law has \$68.4 million in new spending, including \$62.6 million from the General Fund, a \$10 million increase.

Much of the funding will support expanded consumer protections, including requiring health plans to limit patient co-pays to no more than \$25 per one-month supply of prescription drugs used to treat chronic diseases, enacting the “Digital Fair Repair Act” to prohibit manufacturers from having exclusive rights to repair their products, and prohibiting lenders from collecting on loans made under coercion by a third party, such as a domestic abuser.

Some 2024-25 biennium appropriations of the law include: \$1.8 million for the unclaimed property program; \$1.6 million for five additional peace officers in the Commerce Department’s Fraud Bureau; \$800,000 for Prepare and Prosper, a financial services program assisting low-income and financially underserved populations to build savings and strengthen credit; and \$498,000 for the senior safe fraud prevention program.

Sponsored by Rep. Zack Stephenson (DFL-Coon Rapids) and Sen. Matt Klein (DFL-Mendota Heights), the financial provisions take effect July 1, 2023, and the policy provisions Aug. 1, 2023, unless otherwise noted.

HF2680/SF2744*/CH57

Insurance

The “Family Protection Act” will, for plans of reparation security, a personal excess liability policy, or a personal umbrella policy offered, issued, or renewed effective Jan. 1, 2024, require boat insurance policies sold in the state to offer bodily injury liability coverage for family members of the person buying the insurance. A prospective buyer may decline such coverage, but it must be offered, and the buyer who doesn’t want the family coverage must sign a statement specifically declining it. A boat insurance policy covering a personal injury sustained while using a boat takes effect May 1, 2024.

A provision allowing a life insurance company to deny a death benefit only if the insured dies as result of suicide within one year from the date of the issue of the policy takes effect with policies issued on or after Jan. 1, 2024. This modifies current law that permits a two-year exclusion.

To protect consumers and others from unaffordable costs of prescription drugs, the law appropriates \$1.1 million in the 2024-25 biennium to establish a nine-member Prescription Drug Affordability Board and an 18-member Prescription Drug Affordability Advisory Council.

The law prohibits excessive price increases of generic or off-patent drugs sold, dispensed, or delivered to any consumer in the state. Such an increase is 15% or more of the wholesale cost over the immediately preceding calendar year, or 40% or more of the wholesale cost over the immediately preceding three calendar years. The Prescription Drug Affordability Board can report excessive price increases to the attorney general who could bring a court action against the drug maker. A \$1.1 million appropriation goes to the attorney general's office to enforce excessive price violations.

Effective Jan. 1, 2025, the law prohibits health plans from setting patient co-pays greater than \$25 per one-month supply of prescription drugs used to treat chronic diseases such as diabetes, asthma, and allergies requiring the use of epinephrine auto-injectors. There is also a \$50 per month limit in total for all related medical supplies, such as syringes, insulin pens, insulin pumps, test strips, glucometers, continuous glucose monitors, epinephrine auto-injectors, and asthma inhalers.

The law increases the fines for violations of laws regulating licensed pharmacies and clarifies that drug manufacturers can be disciplined for imposing excessive price increases.

When it comes to dental providers, the law requires a dental provider contract must include a method of payment for dental care services in which no fees associated with the method of payment are incurred by the dentist or dental clinic. The law also permits a dental organization to grant a third party access to a dental provider contract or a provider's dental care services, or contractual discounts provided pursuant to a dental provider contract under certain conditions. A dentist can opt-out from this arrangement provided the dental organization does not exist solely for the purpose of recruiting dentists for dental provider contracts that establish a network to be leased to third parties.

Effective Jan. 1, 2024, a pharmacy benefit manager or health carrier cannot require a clinician-administered drug or its administration be covered as a pharmacy benefit.

As for homeowner's insurance, property insurers must provide a premium discount or insurance rate reduction to an owner who retrofits an existing property to meet fortified program standards, including a hail supplement, as designated by the Insurance Institute for Business and Home Safety.

The "Strengthen Minnesota Homes Act" is established to provide grants to retrofit insurable property to resist loss due to common perils, including but not limited to tornadoes or other catastrophic windstorm events.

Effective April 1, 2024, an insurer writing homeowner's liability insurance for property is prohibited from refusing to issue or renew an insurance policy or contract; or canceling a policy or contract based solely because the homeowner harbors or owns one dog of a specific breed or mixture of breeds.

New, updated offices

A Mental Health Parity and Substance Abuse Accountability Office is established within the Department of Commerce to oversee compliance reviews, review consumer and provider complaints, and serve as a resource for ensuring health plan compliance with mental health and substance abuse requirements. It will be funded with \$100,000 in Fiscal Year 2025.

Funded with a \$394,000 biennial appropriation, a student loan advocate is designated within the Commerce Department to provide timely assistance to borrowers, plus receive, review, and attempt to resolve complaints from borrowers. The advocate must also establish and maintain a borrower education course.

Financial institutions

Consumer small loan lenders – “payday loan” businesses – will be prohibited beginning Jan. 1, 2024, from charging more than 50% annual interest on the loans they make. The law also identifies – and closes – loopholes that payday lenders sometimes use to conceal high interest rates, such as making loans disguised as a personal property sale and leaseback transaction, and other tactics.

For payday loans with annual percentage rates between 36% and 50%, the law prohibits, effective Jan. 1, 2024, payday lenders from making a payday loan or permitting a borrower to obtain a payday advance unless the lender first determines the borrower can make the payday loan payment when it comes due. To assess the borrower’s ability to repay a loan, the payday lender must obtain a borrower’s consumer credit report or other financial documents, and the determination must be based on the calculation of the borrower’s debt-to-income ratio for the loan period.

By July 30 each year, banking institutions and credit unions with more than \$1 billion in assets must submit a completed climate risk disclosure survey to the Department of Commerce.

Forty-seven sections incorporate uniform model legislation developed by the Conference of State Bank Supervisors, including the Model Money Transmission Modernization Act that implements a single set of standards for the licensing and regulation of money transmitters, thus eliminating the inefficiencies state agencies and money transmitters face when seeking licensure in multiple states.

A provision in the law, effective Jan. 1, 2024, prohibits “coerced debt” that is defined as debt incurred through the threat of force, intimidation, undue influence, harassment, fraud, deception, coercion, or economic abuse. A legal process will be created so a debtor can have debt designated as coerced, which can then stop any collection action and allow a creditor to assume collection activity against the person who caused the debtor to incur the coerced debt.

A \$100,000 appropriation in Fiscal Year 2024 to the Minnesota Council on Economic Education is to be spent “to provide professional development to Minnesota teachers of courses or content related to personal finance or consumer protection for students in grades nine through 12.”

Commercial regulation, consumer protection

A motor vehicle dealer will need to disclose if a vehicle offered for sale has a remote fuel or ignition “kill switch” installed. Additionally, used motor vehicles sold by a licensed vehicle dealer must come with a written warranty lasting the earlier of 500 miles or 15 days if the vehicle has between 75,000 and 200,000 miles.

Effective Oct. 1, 2023, vehicle manufacturers will be required to reimburse vehicle dealers making warranty repairs at the same rate they use for non-warranty, customer-paid service repairs.

Effective May 25, 2023, the law clarifies what constitutes unlawful gasoline sales so “a retailer who offers gasoline for sale at a price below cost through the use of coupons, loyalty programs, membership-based pricing programs, or promotions or programs of similar import is not in violation” of state law.

The attorney general’s office can, effective May 25, 2023, initiate and pursue civil action against a person or legal entity violating state laws prohibiting machine-generated automated “robocalls.”

Effective July 1, 2024, original equipment manufacturers must make tools, parts, and documentation to diagnose, maintain, and repair digital electronic equipment available to independent repair providers and owners. The “Digital Fair Repair Act” also requires tools, parts, and documentation to be offered on fair and reasonable terms. The act applies to equipment sold on or after July 1, 2021. Exceptions are made to protect manufacturers from divulging trade secrets and releasing information that would result in a cybersecurity threat.

Effective May 25, 2023, retailers cannot charge “unconscionably excessive prices” when the governor declares an emergency in the aftermath of a disaster. Some of the essential goods or services to be protected include food, water, fuel, shelter, transportation, health care services, and medical supplies. A price more than 25% above a seller’s average price during the 60-day period before an executive order declared emergency would be deemed an “unconscionably excessive price.” Violators could be fined up to \$1,000 per sale or transaction, with a maximum penalty of \$25,000 per day.

Other provisions include:

- definitions of fraud, unfair or unconscionable practice, false pretense, false promise, misrepresentation, misleading statement, or deceptive practice are expanded in connection with the sale of any merchandise;
- companies offering consumer genetic testing products or services directly to consumers must provide “complete information regarding the company’s policies and procedures governing the collection, use, maintenance, and disclosure of genetic data”;
- clarifying in person or online sellers must disclose to buyers paying with a credit card if there will be a surcharge added to the sale price; and
- owners of manufactured home park lots who redistribute utility services cannot charge residents a commodity rate that exceeds the commodity rate at which the park owner purchases utility service from a utility provider. This takes effect July 1, 2023.

Law legalizes adult-use cannabis, expunges prior low-level cannabis convictions

Minnesota is the 23rd state to enact legislation legalizing adult-use recreational cannabis.

Beginning Aug. 1, 2023, personal possession of up to 2 pounds of marijuana is no longer a crime.

Rep. Zack Stephenson (DFL-Coon Rapids) and Sen. Lindsey Port (DFL-Burnsville) sponsor the law – HF100*/SF73/CH63 – that also establishes a regulatory framework for statewide and local structures to regulate, tax, and manage cannabis sales to adults. It takes effect July 1, 2023, unless otherwise noted

Other key provisions include:

- establishing the Office of Cannabis Management and moving the medical cannabis program under it;
- creating a 10% retail tax on cannabis products, on top of existing retail taxes;
- funding prevention and addiction recovery programs;
- creating grants to assist individuals entering the legal cannabis market;
- providing grants to law enforcement and courts; and
- providing for expungement and resentencing of low-level cannabis convictions.

The law appropriates \$70.3 million in the 2024-25 biennium to establish cannabis regulatory programs. In 2026 and beyond, the cost of regulation is expected to be offset by the retail tax because ongoing regulation is expected to be supported by the retail tax and the revenue generated from license fees to cultivate, distribute, test, transport, and sell cannabis.

Regulation of Adult-Use Cannabis

The law defines a cannabis business as any licensed: cannabis microbusiness; cannabis mezzobusiness; cannabis cultivator; cannabis manufacturer; cannabis retailer; cannabis wholesaler; cannabis transporter; cannabis testing facility; cannabis event organizer; cannabis delivery service; medical cannabis cultivator; medical cannabis processor; medical cannabis retailer; and medical cannabis combination business.

Effective July 1, 2023, an Office of Cannabis Management is established; with its duties to include approving product categories of cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products for retail sale, and prohibiting any product that is packaged in a way to be attractive to children; establishing environmental standards in the cannabis industry, in consultation with the Pollution Control Agency; and setting limits on the personal use of cannabis for individuals 21 years of age or older. Such limits include maximum possession amounts (i.e., 2

ounces in public, 2 pounds at home), and prohibitions on usage (i.e., use not allowed in a correctional facility, a public school, while operating a motor vehicle).

Other regulation aspects of the law include:

- up to eight cannabis plants will be allowed in a single residence without a license, with no more than four being mature, specifying penalties for violating any selling, possession, and usage provisions in the law;
- cities and towns can limit the number of licensed retail cannabis businesses to one per 12,500 residents;
- cannabis business licensees must undergo criminal history checks, upon request;
- license preferences are given to “social equity” applicants, including people living in areas that experienced a disproportionately large amount of criminal cannabis enforcement;
- establishment of cannabis packaging, labeling, and advertising regulations; and
- establishing substance use treatment, recovery, and prevention grants. (Art. 1, Secs 1-3, 6, 8-9, 13, 15-17, 63-65 70)

The Department of Health must from May 31, 2023, through March 1, 2025, temporarily regulate products containing hemp-derived cannabinoids, including products that contain CBD and edible products that contain up to 5 milligrams of THC per serving. (Art. 7, Sec. 4)

Taxes

Effective for gross receipts received after June 30, 2023, a 10% tax will be charged on retail cannabis sales. This is in addition to any other retail sales tax. Local governments are prohibited from imposing any additional cannabis retail taxes. That took effect May 31, 2023.

Effective July 1, 2023, 20% of retail cannabis taxes will be distributed to local governments, with the rest going into the General Fund. Half the revenue sent to local governments will be distributed equally across all 87 counties, and the remaining 50% will be distributed to counties using a formula based on the number of cannabis businesses located in a county. (Art. 2, Sec. 28)

Business Development

Establishing cannabis industry startup financing grants through the Department of Employment and Economic Development are established. CanStartup would award grants to nonprofit corporations to fund loans to new cannabis microbusinesses and to support job creation in communities where long-term residents are eligible to be social equity applicants.

Also established at the department will be CanNavigate, to award grants to eligible organizations to help individuals navigate the regulatory structure of the legal cannabis industry, and CanTrain, that will award grants to eligible organizations to train people for work in the legal cannabis industry, and eligible individuals to acquire such training. (Art. 3, Secs. 1-3)

Criminal Penalties

Effective Aug. 1, 2023, adults at least age 21 can possess or publicly transport 2 ounces of cannabis flower, and up to 8 grams of cannabis concentrates. Adults can also possess up to 2 pounds of marijuana in their home. Limits on edible cannabis product possession are 800 milligrams of THC, the active ingredient in cannabis.

Penalties for violating possession limits, making illegal cannabis sales, such as selling to a minor, and exceeding personal cultivation limits can be up to five years in prison and a \$10,000 fine.

The law also deals with cannabis and motor vehicles by creating an “Open package” law prohibiting possession of opened cannabis products in a vehicle similar the existing “Open bottle” law; specifying that a person operating a motor vehicle gives implied consent to be tested for impairment; requiring driver education courses to include information on the effects of cannabis consumption on the ability of a person to operate a motor vehicle; and, effective May 31, 2023, the Department of Public Safety must design, plan, and implement a pilot project to study oral fluid roadside testing instruments to determine the presence of cannabis in individuals stopped or arrested for driving while impaired. (Art. 4, Secs. 19-20, 30-33)

Expungement

Effective Aug. 1, 2023, the law will automatically expunge the criminal records of Minnesotans with petty misdemeanor and misdemeanor cannabis convictions. Expunged records aren’t destroyed, but they’re removed from the public view and won’t appear in criminal background checks.

The Bureau of Criminal Apprehension is charged with identifying low-level cannabis offenders whose records are in the BCA’s system, sealing those records, notifying law enforcement and other agencies of the grant of expungement, and directing the judicial branch to expunge records.

For felony or other cannabis convictions not eligible for automatic expungement, records will not be cleared automatically, but examined on a case-by-case basis by the Cannabis Expungement Board.

The new law gives the board the power to determine whether a person’s felony cannabis conviction should be vacated, charges should be dismissed, and records should be expunged, or whether the person should be resentenced to a lesser offense. (Art. 5, Secs. 2-3)

Other provisions

The law also calls for:

- the governor, effective May 31, 2023, to negotiate compacts with American Indian tribes regarding medical cannabis and adult-use cannabis;
- requiring education programs on the physical and mental effects of cannabis use;
- requiring the Department of Health to collect data on cannabis use in the state;
- setting conditions governing workplace testing for cannabis; and

- repealing several existing statutes and rules governing the medical cannabis registry program. (Art. 6, Secs. 1-2, 7-8; Art. 7, Sec. 4; Art. 8, Sec. 1)

Appropriations

To pay for establishing the regulatory structure for adult-use cannabis and other costs that will be incurred before the legal sale of adult-use cannabis begins to generate retail tax and license fee revenue, the law appropriates, effective July 1, 2023:

- \$39.6 million for the Office of Cannabis Management;
- \$23.6 million to the Department of Health for grants to local and tribal health departments, youth education, and education grants for pregnant or breastfeeding individuals;
- \$15 million to the Office of Traffic Safety in the Department of Public Safety for drug recognition evaluator training;
- \$12 million to the Department of Employment and Economic Development for the CanStartup, CanNavigate, and CanTrain programs;
- \$11.2 million for the Cannabis Expungement Board;
- \$11 million transferred from the General Fund to the substance use treatment, recovery, and prevention grant account;
- \$8.5 million to the Department of Revenue;
- \$5 million to the University of Minnesota to establish a Center for Cannabis Research within the School of Public Health;
- \$3 million to district courts to support treatment courts;
- \$2.6 million to the Office of Traffic Safety for a roadside testing pilot project; and
- \$2.2 million to the Department of Health for the temporary regulation of edible products extracted from hemp.

Effective May 31, 2023, the Bureau of Criminal Apprehension will get \$6.66 million in fiscal year 2023 and \$3.6 million in fiscal year 2025 to identify and provide records of convictions for offenses involving the possession of cannabis that may be eligible for expungement and resentencing.

Minnesota Human Rights Act to prohibit hair discrimination

Racial discrimination prohibited under the Minnesota Human Rights Act will include discrimination based on “traits associated with race, including but not limited to hair texture and hair styles such as braids, locs, and twists.”

The text of the law is based on the CROWN Act: “Creating a Respectful and Open World for Natural Hair.”

Sponsored by Rep. Esther Agbaje (DFL-Mpls) and Sen. Bobby Joe Champion (DFL-Mpls), the law takes effect Aug. 1, 2023.

HF37*/SF44/CH3

Civil Law
2023-2024 Regular Session

New law permits electronic signatures on last wills

A new law allows a will to be witnessed and, where allowed, electronically notarized and completed.

It uses language from the Uniform Electronic Wills Act, which is model legislation from the Uniform Laws Commission.

Sponsored by Rep. Sandra Feist (DFL-New Brighton) and Sen. Bonnie Westlin (DFL-Plymouth), the law takes effect Aug. 1, 2023.

HF244*/SF1030/CH21

Civil Law
2023-2024 Regular Session

Judicial system ‘forensic navigators’ law clarified, receives extra funding

A new law establishes the State Competency Attainment Board and makes technical changes to the program it oversees – established in the 2021-22 legislative session – to protect the rights of someone charged with crime but found incompetent to stand trial.

In 2022, the Legislature established a statutory process for addressing situations where a person charged with a crime is found incompetent to proceed because the person lacks the ability to understand the criminal proceedings, the ability to consult with an attorney, or the ability to participate in the person’s defense.

The 2022 law appropriated \$22.3 million beginning in the 2024-25 biennium to hire and oversee “forensic navigators” in the judicial branch whose duties are to include coordinating mental health services to criminal defendants deemed incompetent to stand trial.

This new law makes technical changes to the 2022 law to add clarity and consistency to the statutory language, including replacing the phrase competency “restoration” with competency “attainment” throughout the statutory language because some individuals found incompetent may not have had a prior period of competency, and therefore the term “attainment” is more accurate.

The new law also appropriates an additional \$250,000 in fiscal year 2023 from the General Fund to the board.

Sponsored by Rep. Heather Edelson (DFL-Edina) and Sen. Rich Draheim (R-Madison Lake), the law took effect March 17, 2023.

HF121*/SF255/CH14

**Economic Development
2023-2024 Regular Session**

\$240 million appropriated under new law aims to remove all lead in drinking water service lines by 2033

Water service lines containing lead are exposing an estimated 100,000 Minnesotans to that dangerous toxin, which can damage the brain, kidneys, and nervous system. In children, lead can also slow development or cause learning, behavior, and hearing problems.

A new law, effective May 17, 2023, says it is the state’s goal to remove all lead service lines in public drinking water systems by 2033

It also appropriates \$240 million in fiscal year 2024 from the General Fund to the Public Facilities Authority to provide grants and 0% interest loans to municipalities remove and replace lead-lined drinking water service lines. The onetime appropriation is available until June 30, 2033.

Eligible grant recipients are municipalities, community public water suppliers of a community water system, suppliers of other residential drinking water systems, and any applicant eligible for loans and grants under the federal Safe Drinking Water Act.

Rep. Sydney Jordan (DFL-Mpls) and Sen. Jennifer McEwen (DFL-Duluth) sponsor the law.

In Minnesota, the two most significant contributors to lead in drinking water are municipally owned lead-lined service lines and the leaded lines connecting those pipes to private households.

To safely eliminate lead in a household's drinking water, both lines must be replaced at the same time. The law requires grant recipients to pay 100% of the cost for replacing privately owned portions of lines they replace. Municipalities awarded grant money to replace publicly owned portions of those lines must provide at least a 50% cost-share.

Applicants must submit plans to the Department of Health prioritizing their grant spending, including plans to remove lead service lines that are an imminent threat to public health and safety, target areas with children with elevated blood lead levels, and target areas with children under age 5.

Laborers and mechanics performing work on a project funded by a grant to remove and replace lead drinking water service lines and install replacement drinking water service lines must be paid the prevailing wage rate for the work.

Grant applicants who serve at least 15,000 service connections must submit a workforce plan describing how the applicant will maximize the use of registered union apprentices and populations under-represented in the construction industry in the removal and replacement work.

By Sept. 15 of each year, the authority must report to the Legislature on how grant money was distributed.

HF24*/SF30/CH39

**Economic Development
2023-2024 Regular Session**

Tourism, unemployment appeals, Giants Ridge account covered in economic development policy law

Several policy changes, including those focusing on Explore Minnesota Tourism and filing unemployment insurance appeals, are the focus of a new law that also creates a new account supporting the Iron Range Resources and Rehabilitation Board.

Rep. Hodan Hassan (DFL-Mpls) and Senate President Bobby Joe Champion (DFL-Mpls) sponsor the law that took effect May 9, 2023, unless otherwise noted.

Policy provisions in the law, many of which make only technical changes, will:

- require the Department of Employment and Economic Development to submit an annual list of its mandated reports without expiration dates along with a discussion of the usefulness of each report and whether an expiration date should be set;
- increase the Explore Minnesota Tourism Council from 28 to 35 voting members, and specifies the constituencies the new members must represent;
- effective May 5, 2024, increases from 20 to 45 days the timeframe for filing appeals on unemployment claim determinations with the Department of Employment and Economic Development;
- create the Giants Ridge Account within the state treasury for the Iron Range Resources and Rehabilitation Board to use for capital expenditures, facility operations, or routine and long-term maintenance of the commercial, state-owned assets within the Giants Ridge Recreation Area; and
- authorize the board to provide separation and retention incentive programs consistent with session laws enacted in 2009 and 2010.

The following trio of changes take effect Aug. 1, 2023:

- add federally recognized tribes to the definitions of development authority and municipality that may participate in the contamination cleanup program;
- make a technical change to the Pathways Program; and
- make a technical change to the definition of “displaced homemaker” within the state dislocated worker program.

HF1922/SF2369*/CH33

Education
2023-2024 Regular Session

Statutory review of physical education standards delayed

Effective March 21, 2023, a new law pushes back the Department of Education’s statutorily required review of academic standards and related benchmarks for physical education in Minnesota schools.

Initially scheduled for the 2022-23 school year, the review will now take place beginning in the 2026-27 school year.

Rep. Laurie Pryor (DFL-Minnetonka) and Sen. Steve Cwudzinski (DFL-Eden Prairie) sponsor the law.

HF112*/SF1090/CH17

Education
2023-2024 Regular Session

Universal no-cost school meals instituted for K-12 students

Effective July 1, 2023, K-12 students will be guaranteed a free breakfast and lunch every school day.

The cost of these meals will be covered by a combination of state and federal funds. Nearly \$450 million in state aid is appropriated for the 2024-25 biennium.

Historically, schools have provided free and reduced-price breakfast and lunch to many students coming from families that were income qualified for certain government programs. The new law will replace this means-tested system.

To achieve universal coverage, many schools will participate in a previously optional federal program known as the Community Eligibility Provision, which allows qualifying schools to provide meals to all students, regardless of family income. Federal funds reimburse some of the meal costs to school districts depending on the schools' poverty level. Schools that don't qualify for the provision or would not receive a full reimbursement under CEP will continue to make use of other federal subsidies and receive state aid to cover their remaining costs.

Rep. Sydney Jordan (DFL-Mpls) and Sen. Heather Gustafson (DFL-Vadnais Heights) sponsor the law.

HF5*/SF123/CH18

Education
2023-2024 Regular Session

Education finance law appropriates 10% funding increase for public schools

Public education funding will total \$23.2 billion during the 2024-25 biennium. This is an increase of \$2.26 billion, or 10.8% over base appropriations. The education finance law will also make dozens of policy adjustments to the state's educational landscape.

Rep. Cheryl Youakim (DFL-Hopkins) and Sen. Mary Kunesch (DFL-New Brighton) sponsor the law that takes effect July 1, 2023, unless noted.

HF2497*/SF2684/CH55

Significant changes to public education

The basic funding formula — the main mechanism through which the state funds local school districts — will increase 4% in fiscal year 2024 and 2% in fiscal year 2025. This translates to a formula allowance of \$7,138 and \$7,281 per pupil, respectively.

Starting in fiscal year 2026, the formula will be indexed to inflation, though the law includes language that will limit this annual increase to between 2% and 3%.

The state will cover 44% of the special education cross-subsidy — up from 6.43% — in fiscal years 2024-26, with this rising to 50% beginning in fiscal years 2027.

Appropriations in fiscal years 2024-25 include:

- \$705 million for the basic funding formula increase;
- \$663 million in increased funding for reducing the special education cross-subsidy;
- \$135 million in unemployment aid to reimburse school districts for this new expense;
- \$87 million in additional funding for English Learning;
- \$86.7 million for the Department of Education;
- \$84.8 million for pre-K education;
- \$75 million to carry out the READ Act, which will overhaul literacy education in an attempt to halt the declining literacy rates seen in recent years;
- \$74.4 million for student support personnel aid and workforce development, to attend to students' mental, behavioral, and physical health needs;
- \$60.4 million for American Indian education;
- \$50 million for Grow Your Own teacher grants, designed to increase the size and diversity of the teaching workforce;
- \$45.2 million in school library aid;
- \$30 million to establish a special education teacher pipeline;
- \$30 million for afterschool programming;
- \$24.3 million for building safety and cybersecurity grants;
- \$15 million for full-service community school grants;

- \$10 million for the Rural CTE Consortium;
- \$9.9 million to cover 35% of the transportation sparsity aid cross-subsidy, up from the current rate of 18.2%;
- \$7.2 million for paraprofessional paid orientation;
- \$3.5 million for non-exclusionary discipline training;
- \$3.5 million to provide menstrual products and opiate antagonists at no costs to students;
- \$2 million for the construction of gender-neutral bathrooms; and
- \$416,000 to cultivate heritage language and culture teachers.

Monetary-related and other policy

Hourly school workers, such as bus drivers and cafeteria staff, will be eligible for unemployment insurance benefits during summer breaks.

Pre-Kindergarten education will be permanently expanded: 4,000 seats due to sunset will be preserved and an additional 5,200 seats will be established in fiscal year 2026, bringing the statewide total to 12,360 seats.

Within the Department of Education, an Office of the Inspector General will be established to detect and prevent fraud, waste, and abuse in departmental programs. The bureaucracy will see additional growth with the creation of an Equity, Diversity, and Inclusion Center; a comprehensive school mental health services lead; a school health services specialist; and an ethnic studies specialist.

Effective May 24, 2023, all school employees must receive full pay and benefits on e-learning days, and departmental oversight of the federal summer food service program will be modified.

Under collective bargaining agreements effective July 1, 2023, and thereafter, the probationary period of new K-12 teachers will be shortened under various circumstances. Also effective from that date, 80% of compensatory revenue must be utilized at the generating school site (up from 50%) and the list of allowable uses will be reconfigured.

Many policy provisions will affect American Indian education:

- effective May 24, 2023, American Indian students will be permitted to wear tribal regalia at graduation ceremonies and carry loose tobacco in medicine pouches while at school;
- effective Aug. 1, 2023, Indigenous Peoples Day will replace Columbus Day on the school calendar;
- starting Sept. 1, 2025, schools will be prohibited from using Native American symbols or names as mascots, unless all 11 of the state's tribal nations sign off on an exemption request; and
- Indigenous education will be added to the state's academic standards during the next 10-year review.

The law makes other notable changes to academic standards. Personal finance courses will be required for high school graduation, effective with students beginning ninth grade in the 2024-25 school year. Additionally, civics courses required under current standards must be taken in grade 11 or 12. Holocaust and genocide studies will be embedded in the social studies curriculum beginning with the 2026-27 school year, while a directive for schools to offer ethnic studies courses will be phased in throughout the decade.

Several policy changes take effect Aug. 1, 2023, including:

- substantial modifications will be made to active shooter drills;
- tier 1, 2, and 3 teachers of world languages and culture, performing arts, and visual arts will be exempt from the requirement to hold a bachelor's degree;
- the Online Instruction Act will replace the Online Learning Act;
- charter schools will have to abide by the Education for English Learners Act in the same manner as local districts and will have to make an enrollment preference for Minnesota residents, with admission for these in-state pupils being free; and
- higher education institutions participating in the postsecondary enrollment option program will no longer be allowed to require a faith statement from applicants for admission.

Mainly effective with the start of the 2023-2024 school year, the use of suspension, expulsion, and recess denial as punishments for elementary school students will be severely curtailed.

Effective Sept. 1, 2024, seclusion-based punishments will be prohibited for special education students through grade 3

Education 2023-2024 Regular Session

New law funds more child care and early learning opportunities

New funding for child care and programs to provide additional opportunities for early education are at the center of a new law focused on early childhood.

Sponsored by Rep. Dave Pinto (DFL-St. Paul) and Sen. Mary Kunesh (DFL-New Brighton), the law will appropriate \$300 million in new spending during the upcoming biennium with much of that funding (\$252.06 million) devoted to an increase in early learning scholarships.

Those are meant to prevent opportunity gaps from opening among children by helping low-income families with young children access programs that prepare them to attend school. The appropriation

would be transferred from the General Fund to the Special Revenue Fund because appropriations in the latter fund aren't cancelled at the end of the biennium.

Eligibility for those scholarships would also be expanded and the Education Department could use money that's appropriated for scholarships for this purpose. Additionally, the department must give highest priority to applicants based on several criteria that include the child's age and family issues such as homelessness, incarceration, abuse and others.

The law provides the Head Start program with an increase of \$20 million that can be used for program operations, infrastructure or reconfiguration to serve children from birth to age 5 in center-based services. Federally designated Tribal Head Start programs must initially be allocated 10.72% of the total appropriation.

Other appropriation increases for the upcoming biennium in the law include:

- \$5 million to establish a Grow Your Own early childhood educator grant program;
- \$4.27 million for a new Great Start Scholarship Program to ensure additional affordable access to high-quality early care and learning for kids from birth to kindergarten entry;
- \$2.52 million to help schools conduct entry assessments to identify the percentage of kindergartners who meet or exceed end-of-year prekindergarten early learning standards. The assessments, which are currently optional, will be required but can be phased in over three school years;
- \$1.95 million for an increase in developmental screening aid to school districts;
- \$1.8 million for a grant to the ParentChild+ Program for a literacy and school readiness program for kids ages 16 months to age 4;
- \$1.1 million for the Department of Human Services to expand the quality rating and improvement system that is used to assess, improve, and communicate the quality of care and education programs;
- \$1.03 million for administrative and IT costs related to the prekindergarten program;
- \$1 million to the Office of Higher Education for grants to higher education institutions to address the teacher shortage in early childhood and family education;
- \$750,000 for early childhood family education support staff;
- \$500,000 for children's savings accounts start-up grants;
- \$500,000 to Reach Out and Read Minnesota to establish a statewide plan to encourage early childhood development through health care clinics;
- \$500,000 to the Office of Higher Education for early education curriculum grants;
- \$500,000 to the MacPhail Center for Music to expand its Learning with Music program;

- \$300,000 for an executive function across generations curriculum pilot program;
- \$300,000 for the Way to Grow program to extend its home visiting services;
- \$204,000 to the Department of Education for administrative costs related to developmental screening; and
- \$200,000 to the Metro Deaf School for early childhood special education services.

The law, which has various effective dates, also requires schools to employ a licensed teacher for preschool, prekindergarten and early education programs, although teachers with five years of experience prior to Sept. 1, 2028, are exempt from the requirement and the provision does not take effect until July 1, 2028. Those who work in a licensed child care center or in a certified license exempt child care center are also exempt.

HF2292*/SF2373/CH54

Elections
2023-2024 Regular Session

New law says Minnesotans can cast a ballot if not behind bars

The right to vote has been restored to individuals convicted of a felony once they are released from incarceration, rather than their completion of a sentence, including probation.

Rep. Cedrick Frazier (DFL-New Hope) and Senate President Bobby Joe Champion (DFL-Mpls) sponsor a law that proponents estimate will affect more than 50,000 Minnesotans. A person who violates release requirements and returns to imprisonment will again lose their right to vote until being released from custody. The law mostly takes effect June 1, 2023.

Written notice of the civil right to vote and a voter registration application must be provided to individuals upon their release from incarceration.

Effective March 4, 2023, the Office of the Secretary of State is provided \$14,000 from the General Fund in fiscal year 2023 to cover implementation costs.

HF28*/SF26/CH12

Elections
2023-2024 Regular Session

Easier voter registration, automatic absentee ballots, foreign-influenced spending among changes in new law

Minnesota traditionally leads the nation in voter turnout. Protecting the freedom to cast a ballot and increasing voting accessibility are among the goals of a new law.

Among its provisions, the law will allow future voters to sign up before age 18, make campaigns fairer, provide more language access, and protect voters from intimidation.

Rep. Emma Greenman (DFL-Mpls) and Sen. Liz Boldon (DFL-Rochester) sponsor the “Democracy for the People Act.”

HF3*/SF3/CH34

Strengthen freedom to vote

Effective June 1, 2023, a 16- or 17-year-old will be permitted to submit a voter registration application.

Effective a month later, a process will begin to be established whereby certain applications to the state — applying for a driver’s license or state identification card, MinnesotaCare, or for benefits or services from a participating state agency — will double as a voter registration. The application must include documentation or verification of the applicant’s United States citizenship. However, the person will not appear on a polling place roster or be permitted to legally cast a ballot until their eligibility has been verified. The timing for full rollout of this program to the public will not occur until appropriate technology systems have been tested and, in certain cases, are also dependent on federal approval.

Data on applicants who pre-register to vote cannot be publicly disclosed until the voter is fully registered or has a voting history.

A Minnesotan who wants to vote at every election will no longer need to go to the polls or request an absentee ballot because the law provides for someone to enroll for permanent absentee voter status. Current law permits eligible voters to be automatically mailed an absentee ballot application before each election.

Effective June 1, 2024, an eligible voter will be able to apply to the county auditor or municipal clerk to automatically receive an absentee ballot before each election. This will not apply to jurisdictions that conduct elections by mail. The Office of the Secretary of State will maintain a list of permanent absentee voters that is publicly available.

The law strikes language setting a timeline for delivery of absentee ballot applications and establishes timelines for delivery of absentee ballots.

A 2023 law that restores the right to vote once an individual convicted of a felony is released from incarceration has its effective date moved up one month to June 1, 2023. This provision took effect May 6, 2023. (Art. 1, Secs. 3-9, 11-15, 18)

Other languages

Effective July 1, 2023, and applying to elections conducted on or after Jan. 1, 2024, procedures are established to provide voting instructions and sample ballots in languages other than English.

Per the law, "At a minimum, voting instructions and sample ballots must be prepared and made available in polling places in the three most commonly spoken non-English languages in the state as determined by the state demographer for the previous calendar year." Interpreters will be required at polling locations if certain criteria are met. (Art. 2, Sec. 1)

Intimidation protection

Applying to violations occurring on or after June 15, 2023, the law provides for a gross misdemeanor criminal penalty for directly or indirectly using or threatening "force, coercion, violence, restraint, damage, harm, or loss, including loss of employment or economic reprisal" against someone with the intent to:

- compel that person to register or not register to vote, vote or abstain from voting, or voting for or against a candidate or ballot question; or
- impede that person's efforts to encourage someone else or assist in registering to vote, travelling to a polling place, casting a ballot or otherwise participating in the election process.

A civil remedy and criminal penalty to enforce such provisions is established. (Art. 2, Secs. 2-3)

Silencing secret spending

There has been an explosive growth in the number of political advertisements both for and against candidates during election seasons. However, not all groups behind such advertisements need to register with the state's Campaign Finance and Public Disclosure Board, such as if they supply an ad that simply says, for example, "Call Gov. Tim Walz and tell him to support/oppose" an issue.

In prior statute, "expressly advocating" requires communication to clearly identify a candidate and use words or phrases of express advocacy.

Effective Aug. 1, 2023, the law expands that definition to include types of political communication that do not use words or phrases such as "vote" or "vote against," so "when taken as a whole and with limited reference to external events, such as the proximity to the election, could only be interpreted by a reasonable person as containing advocacy of the election or defeat of one or more clearly identified candidates."

Effective Jan. 1, 2024, foreign-influenced corporations will be prohibited from making certain types of expenditures or contributions, including:

- to promote or defeat a candidate for nomination, election, or appointment to a public office;

- to promote or defeat a ballot question or qualify a ballot question for placement on the ballot;
- making contributions to a candidate or a candidate's principal campaign committee;
- making contributions to a political committee, political fund, or party unit; and
- taking any action to publicly endorse or oppose a candidate or ballot question.

A corporation that makes an authorized contribution or expenditure permitted by law must submit certification to the Campaign Finance and Public Disclosure Board that it was not foreign influenced when the contribution or expenditure was made. (Art. 3, Secs. 1-6)

Money, money, money

The state government finance law contains \$1.06 million of General Fund spending in 2024-25 for implementation, including \$861,000 to the Office of the Secretary of State – largely a onetime expense related to programming costs for implementing automatic voter registration and updating online tools – and \$200,000 to the Office of the Attorney General for enforcement of intimidation and interference with the voting process.

From the vehicle services operating account, a onetime \$45,000 appropriation will go to the Public Safety Department in fiscal year 2024 for updated formats and language associated with paper application forms and online pre-applications because of automatic voter provisions.

Employment 2023-2024 Regular Session

Unemployment benefits extended for iron ore mine workers

A new law authorizes up to 26 weeks of additional unemployment insurance benefits for a group of Iron Range mine employees laid off in 2022 and 2023.

It benefits about 490 employees, most iron ore miners laid off by Cleveland-Cliffs at Northshore Mining facilities and five employees from Dyno Nobel, a mining explosives company contracting with Northshore Mining.

To be eligible, a laid off worker's existing unemployment insurance benefits will first need to be exhausted. Additional benefits are available until Jan. 27, 2024.

Sponsored by Rep. Dave Lislegard (DFL-Aurora) and Sen. Grant Hauschild (DFL-Hermantown), the law is retroactive to Aug. 14, 2022.

HF27/SF40*/CH2

Law seeks to lower number of PTSD retirements among first responders

A new law will require up to 32 weeks of mental health treatment before a peace officer or firefighter with a psychological condition such as PTSD, or other serious mental health issue, can apply for duty disability benefits from the Minnesota State Retirement System or the Public Employees Retirement Association.

Public safety agencies will be required to continue paying the employee's full salary and employer-provided benefits during the treatment period.

The law takes effect July 1, 2023, unless otherwise noted. Rep. Kaohly Vang Her (DFL-St. Paul) and Sen. Nick Frentz (DFL-North Mankato) are the sponsors.

After 24 weeks of mental health treatment, an applicant for duty disability benefits can receive eight more weeks of treatment if they are not ready to return to work but making progress toward recovery.

Other determinations at 24 weeks include whether the applicant should:

- return to full-time employment in their previous position;
- return to another vacant full-time position with their prior employer provided the position has equal or better pension and disability benefits; or
- receive duty disability benefits because a mental health professional determines the applicant is permanently disabled.

The Peace Officer Standards and Training Board must create wellness training objectives to prepare peace officers for the stressful and traumatic events that are common to policing and teach officers methods to process and cope with the stress and trauma inherent to policing.

By July 1, 2024, every peace officer employed by law enforcement agencies must undergo the wellness training programs developed by the POST Board.

Effective May 20, 2023, the law also amends the vesting schedule, total and permanent disability benefits, and disability reemployment offset requirements under the PERA Police and Fire Plan for all current members and former members who have not yet started to receive a retirement benefit to a graded 10-year vesting.

Funding

Two onetime transfers from the General Fund in fiscal year 2024 will be made to a psychological condition treatment account: \$3 million to PERA and \$1 million for MSRS. Both will be used to fund the mental health treatment required before a peace officer or firefighter can apply for duty disability benefits.

The public safety officer's benefit account will receive a onetime \$100 million transfer from the General Fund in fiscal year 2024 to pay for continued health care insurance coverage to any peace officer or firefighter who PERA or MSRS determines is eligible to receive a duty disability benefit.

The Department of Public Safety is required to report annually to the Legislature no later than 30 days after the end of each fiscal year regarding the financial status of the public safety officer's benefit account.

If the department anticipates money in the account will be insufficient to fund all eligible reimbursements and payments, it must report to the Legislature the estimated additional amount needed to fully fund these anticipated expenses.

HF1234*/SF1959/CH48

Employment
2023-2024 Regular Session

Contractors working at oil refineries must abide by new safety standards

Workplace training requirements will be modified for third-party contractor employees working at Minnesota's two oil refineries.

Contracts entered, extended, or renewed on or after Jan. 1, 2024, between refineries and contractors will require that a percentage of workers be graduates of, or apprentices in, a registered apprenticeship program. The requirements will be phased in over time so:

- 30% of a contractor's workforce must qualify as "skilled and trained" by Jan. 1, 2024;
- 45% by Jan. 1, 2025; and
- 60% by Jan. 1, 2026.

Per the new law, a "skilled and trained workforce" is one "in which each employee of the contractor or subcontractor of any tier working at the site of the petroleum refinery in an apprenticeable occupation in the building and construction trades meets one of the following criteria:

(1) is currently registered as an apprentice in a registered apprenticeship program in the applicable trade;

(2) has graduated from a registered apprenticeship program in the applicable trade;

(3) has completed all of the related instruction and on-the-job learning requirements needed to graduate from the registered apprenticeship program their employer participates in; or

(4) has at least five years of experience working in the applicable trade and is currently participating in journeyworker upgrade training in a registered apprenticeship program in the applicable trade or has completed any training identified as necessary by the registered apprenticeship training program for the employee to become a qualified journeyworker in the applicable trade.”

Previously existing contracts must be renegotiated to comply by Jan. 1, 2025. Companies can be fined between \$5,000 and \$10,000 per violation.

Exemptions are provided for, such as if a good faith search by a union to find qualified workers for a contractor comes up empty or an emergency necessitates immediate action by whomever is working at the refinery.

Rep. Dave Lislegard (DFL-Aurora) and Sen. Judy Seeberger (DFL-Afton) sponsor the law.

HF10/SF10*/CH30

Employment 2023-2024 Regular Session

Jobs and economic development package totals almost \$1.4 billion

State spending on jobs, economic development, labor, and industry will total \$1.37 billion during the 2024-25 biennium. The law authorizing these appropriations will also make scores of accompanying policy changes, mainly in the realm of employer-employee relations.

Rep. Hodan Hassan (DFL-Mpls) and Senate President Bobby Joe Champion (DFL-Mpls) sponsor the law that takes effect July 1, 2023, unless otherwise noted.

HF3028/SF3035*/CH53

Funding

The single largest appropriation is to create the Minnesota Forward Fund, with \$500 million set aside in the hopes of facilitating private investment and jumpstarting Minnesota’s economic competitiveness:

- \$250 million to match federal funds for microelectronic manufacturing;
- \$100 million to match federal funds for bioindustrial manufacturing;

- \$75 million for the state competitiveness fund;
- \$50 million for businesses to match federal funds for nonspecific federal programs; and
- \$25 million for the Climate Innovation Finance Authority.

The Department of Employment and Economic Development will receive \$693 million to help the state continue its post-COVID-19 recovery, address the workforce shortage, and reduce economic disparities.

Of this, \$125.3 million will go toward carrying out the PROMISE Act by empowering the department to make grants and loans to businesses and partner organizations “in communities that have been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, loss of population or an aging population, or lack of regional economic diversification.” Over 80% of these dollars will be directed toward the Twin Cities metropolitan area, mainly to help recover from the 2020 civil unrest.

And \$5 million will be distributed to northern Minnesota counties economically harmed by the closure of the Canadian border during the COVID-19 pandemic.

Five new programs will be established to support small businesses and entrepreneurs:

- \$12.9 million for the Small Business Assistance Partnerships Program;
- \$10 million for the Minnesota Expanding Opportunity Fund Program;
- \$5 million for Launch Minnesota, to spur innovation and grow technology startups;
- \$5 million for the emerging developer fund program; and
- \$3 million for the community wealth-building grant program.

Workforce development spending will include:

- \$50 million in targeted population workforce grants for organizations that provide job skills training and businesses that hire and retain people of color;
- \$20 million for the Drive for Five Initiative;
- \$14.3 million in additional funding for the Pathways to Prosperity competitive grant program;
- \$2 million to establish the Getting to Work grant program; and
- \$1.5 million to establish the Office of New Americans for helping immigrants economically integrate into Minnesota.

Other DEED divisions will receive the following allotments:

- \$91.4 million for Vocational Rehabilitation Services;

- \$26.1 million for General Support Services; and
- \$20.9 million for State Services for the Blind.

The law will also distribute \$21 million for various child care initiatives, including the establishment of the Office of Child Care Community Partnerships, and send \$5 million to Bloomington as the city prepares its bid to host the 2027 World Expo.

Separate from DEED, Explore Minnesota Tourism will have its mission and structure greatly refined and see its budget more than doubled to \$62.3 million.

Governmental authorities overseeing employer-employee relations will receive the remaining \$108.6 million, with much of the funding going to the Department of Labor and Industry to bolster workplace safety and implement major regulatory changes, including:

- \$30.9 million for the Workers' Compensation Fund;
- \$7.5 million for the Bureau of Mediation Services, including \$1.5 million for the Public Employment Relations Board;
- \$5.1 million for the Workers' Compensation Court of Appeals;
- \$4.1 million for wage theft prevention;
- \$3.2 million for prevailing wage enforcement;
- \$3 million in grants for clean economy jobs;
- \$2 million for the ergonomics safety program; and
- \$2 million for the labor education advancement grant program to foster the employment of people of color, Indigenous people, and women in apprenticeable trades.

And \$3.7 million will be appropriated to the department for enforcement and other duties, while \$600,000 will be distributed to community organizations for outreach and education regarding workers' rights under the legislation.

More policy provisions

The law will guarantee earned sick and safe time for nearly all Minnesota workers. Paid sick time will be accrued at the rate of one hour for every 30 hours worked, maxing out at 48 hours per year, effective Jan. 1, 2024.

Effective May 24, 2023, restrictive franchise agreements will be banned, under which fast food restaurants and other chain businesses collude to not hire each other's workers without the worker's knowledge; and the State Building Code will be modified to require adult-size changing facilities in newly constructed or substantially remodeled public restrooms.

Mostly effective July 1, 2023, health and safety regulations will be strengthened at meat and poultry processing workplaces with 100 or more employees, largely in response to working conditions experienced during the COVID-19 pandemic.

Also effective on the same date a Nursing Home Workforce Standards Board will be created, with a stated aim of establishing industrywide standards for employee wages and working conditions; nearly all non-compete covenants will be rendered void and unenforceable; and the Women's Economic Security Act will be updated, mainly in regard to workplace protections for pregnant and breastfeeding employees.

Effective Aug. 1, 2023:

- the Packinghouse Workers Bill of Rights will be updated to both expand protections for food processing workers and extend those protections to a wider pool of workers;
- new worker safety requirements will be established in the warehouse industry;
- to tackle wage theft in the construction industry, general contractors will be held civilly liable for malfeasance committed by their hired subcontractors;
- employers will be prohibited from compelling employee attendance at meetings that discuss religious matters, political issues, or arguments against unionization;
- fines will more than double for failing to post employees' rights posters in a workplace with willful or repeated violations as high as \$156,259 per violation; serious or nonserious violations will max out at \$15,625 per violation; and
- the installation of solar panels will be added to the list of contractor "special skills."

Additionally, substantial modifications to the Public Employment Labor Relations Act – which governs collective bargaining and unionization rights in the public will: require the dissemination of employee personnel data to public sector unions for several purposes; guarantee payment of state employee salaries and benefits in the event of a state government shutdown; allow payroll deduction for union dues and political fund contributions; enable workplace unionization without going through the process of a formal election if over 50% of employees provide authorization for representation; permit Tier 1 K-12 teachers and part-time professors in the Minnesota State system to join a union; and place "adult-to-student ratios in classrooms, student testing, and student-to-personnel ratios" under the "terms and conditions of employment" for school employees to be negotiated during collective bargaining.

Effective Jan. 1, 2024, an ergonomics safety program will be mandated at all hospitals, outpatient surgical centers, and nursing homes, as well as at all warehouses and meatpacking or poultry processing sites with 100 or more workers to minimize workplace injuries. Also, a novel regulatory framework for combative sports will be created, and clear building and permitting standards will be established for the construction of tiny homes by houses of worship to shelter the unhoused.

Family, medical leave law allows workers up to 20 weeks of annual paid time off

A state-run insurance program has been created to provide Minnesota workers with up to 20 weeks per year of paid time off to deal with family or medical issues.

Beginning Jan. 1, 2026, benefits would be available to an employee unable to work due to a family member's serious health condition, a qualifying exigency, safety leave, bonding leave, or the employee's own pregnancy, pregnancy recovery, or serious health condition.

The law establishes a family and medical insurance account modeled after the state's unemployment insurance fund. It will be managed by a new Family and Medical Benefits Insurance Division within the Department of Employment and Economic Development.

The law is sponsored by Rep. Ruth Richardson (DFL-Mendota Heights) and Sen. Erin Maye Quade (DFL-Apple Valley). It takes effect Aug. 1, 2023, unless otherwise noted.

HF2*/SF2/CH59

Employers/employees

A new tax on employers and employees would ultimately fund the account beginning Jan. 1, 2026.

The premium rate would be 0.7% of the employee's wages, at least half of which would be paid by the employer. Self-employed individuals and independent contractors may, effective July 1, 2025, participate in the paid leave program if they pay the entire premium.

Beginning Jan. 1, 2027, and by July 31 of each year thereafter, the department must adjust the annual premium rates based on the prior year's disbursements. The annual premium rate cannot exceed 1.2% of taxable wages paid to each employee.

Employers can opt out of the state-run paid leave program provided they offer private plan benefits that at least equal benefits under the state plan. This takes effect July 1, 2025.

Benefits paid under a leave will range from 55% to 90% of the employee's wages and will be subject to state income tax. If child support is owed, the department must withhold that amount.

The maximum weekly benefit amount that can be paid to an employee taking paid leave is the state's average weekly wage. Seasonal employees — individuals employed for no more than 150 days during any consecutive 52-week period in the hospitality industry — are not eligible for paid leave.

For employers with fewer than 30 employees, the amount of wages upon which the employer premium is based will be reduced by a formula, resulting in a lower annual premium rate. The annual premium an employee pays will not change.

The annual premium will be 0.4% for an employer participating in only the medical benefit program and with an approved private plan for the family benefit program, and 0.3% for an employer participating in only the family benefit program and with an approved private plan for the medical benefit program.

Effective July 1, 2024, the department must fine an employer that colludes with any applicant to fraudulently receive benefits. The fine is the greater of \$500 or the amount of overpaid benefits.

Employers with 30 or fewer employees, and less than \$3 million in gross annual revenues, may apply for grants up to \$3,000 to hire temporary workers or increase wages for current employees when an employee takes family or medical leave for a period of at least seven days. There is a \$6,000 annual limit.

The department must contract with a qualified independent actuarial consultant to study the paid leave premium rate, its structure, weekly benefit formula, duration of benefits, and fund reserve to determine an actuarially sound rate and future rate-setting mechanism of the program. This section took effect May 26, 2023. (Art. 1, Secs. 9, 12, 19-20, 23-24, 26, 31, 40-41)

Further appropriations

In addition to the onetime \$668.3 million appropriation in fiscal year 2024 to initially fund the account, the department will receive a \$122.3 million appropriation in the 2024-25 biennium to create and oversee the paid leave program. The base for the family and medical benefit insurance account for the 2026-27 biennium is \$45.5 million.

The Department of Human Services will receive \$20 million in fiscal year 2026 for its home and community-based services workforce development grant program to pay the paid leave premiums of direct care workers who provide for people with disabilities and older adults.

Also in the 2026-27 biennium, the department will receive \$6.1 million. Except for \$70,000 for administrative costs, the money is to be used to pay premiums of state employees covered by the paid leave program. (Art. 3, Secs. 2, 11, 13)

Employment 2023-2024 Regular Session

Recommendations from the 2023 Workers' Compensation Advisory Council become law

A new largely technical law encodes into Minnesota statutes the recommendations from the Department of Labor and Industry's 2023 Workers' Compensation Advisory Council.

Sponsored by Rep. Dan Wolgamott (DFL-St. Cloud) and Sen. Jennifer McEwen (DFL-Duluth), the law is effective Aug. 1, 2023, unless otherwise noted.

Article 1 – Workers' compensation self-insurance

- modifies the definition of "insolvent self-insurer" and the ramifications of becoming insolvent;
- clarifies the duties of a private self-insurer filing a voluntary or involuntary bankruptcy petition; and
- clarifies the duties of a commercial self-insurance group upon a court of competent jurisdiction declaring the group to be insolvent.

Article 2 – System efficiencies

- modifies procedures all parties must follow in a disputed worker injury claim;
- specifies that braces, dental work, hearing aids and other medical devices customized to fit an injured worker are the property of the injured worker (effective May 20, 2023);
- clarifies the conditions when an employer or insurer may require an injured employee to obtain a second medical opinion on the necessity of a nonemergency surgery;
- specifies acceptable fees a health care provider can charge for producing medical records; and
- establishes timelines for when results of a medical examination of an injured worker must be given to the worker.

Article 3 – Permanent partial disability schedule

The payment schedule for permanent partial disabilities will increase, with an impairment rating of less than 5.5% paying out \$114,260 (up from \$78,800) and a 100% disability paying out \$567,840 (up from \$540,800). The schedule changes are effective for injuries occurring on or after Oct. 1, 2023.

The law also specifies that during the 2026 legislative session, and every even-year session thereafter, the Workers' Compensation Advisory Council must consider whether the permanent partial disability schedule represents adequate compensation for permanent impairment.

Article 4 – Hospital outpatient fee schedule

The Department of Labor and Industry must adjust conversion factors related to total payments for workers' compensation hospital outpatient services, based on the current inpatient hospital services calculated by Medicare, on Oct. 1 each year in 2023, 2024, and 2025.

Effective for services occurring on or after Oct. 1, 2023, the Department will no longer need to conduct a study analyzing the percentage of claims with a service in the workers' compensation

hospital outpatient fee schedule that were paid in a timely fashion and the percentage of claims paid accurately.

Article 5 – Post-Traumatic Stress Disorder Study

Effective May 20, 2023, the Department will conduct a study to identify systemic or regulatory changes to improve the experience and outcomes of employees with work-related post-traumatic stress disorder. A onetime \$500,000 appropriation in fiscal year 2023 from the workers' compensation fund will pay for the study.

Article 6 – Housekeeping

The law clarifies that, effective May 20, 2023, in workers' compensation claims for family farm workers, the "relative value fee schedule" means the medical fee schedule adopted by rule under section 176.136, subdivision 1a, using the Physician Fee Schedule tables adopted for the federal Medicare program.

It also:

- clarifies that the department's rehabilitation review panel, when hearing appeal cases regarding vocational rehabilitation of injured employees, has the authority to make certification approvals of qualified rehabilitation consultant firms (effective May 20, 2023);
- modifies the notification requirements of workers' compensation payments that cease upon the death or marriage of any dependent;
- clarifies the workers' compensation payment formula for reimbursing inpatient hospital services that are based on the Medicare MS-DRG system (effective May 20, 2023); and
- repeals a statute requiring the department to publish a report providing data for each insurer on the total number of the insurer's claims, and the number and percentage of the insurer's claims with prompt first action.

HF2988*/SF3193/CH51

Energy
2023-2024 Regular Session

Federal grants for energy projects get a match from state fund

To assist Minnesota businesses, nonprofits and government entities in securing federal funds for energy projects, a \$115 million "competitiveness fund" has been established to provide matching funds for federal grants that require them. Operated by the Commerce Department, the fund is also used to assist Minnesota applicants in developing federal grant applications.

The \$115 million appropriation from the General Fund in fiscal year 2023 includes \$106 million for matching federal funds, of which at least \$75 million is for grant awards of less than \$1 million. The rest includes grant development assistance, information system development to support the program, and required reports and audits through 2035.

Sponsored by Rep. Patty Acomb (DFL-Minnetonka) and Sen. Nick Frentz (DFL-North Mankato), the law took effect April 19, 2023.

HF1656*/SF1622/CH24

Energy
2023-2024 Regular Session

Transition to renewable energy boosted by climate and energy provisions

While much of the environment, natural resources, climate and energy finance and policy law deals with environmental law and appropriations, the climate and energy portion contains 78 policy provisions, as well as funding for several grant programs to aid the transition to renewable energy sources and upgrade energy efficiency in homes and businesses.

They're part of a law sponsored by Rep. Rick Hansen (DFL-South St. Paul) and Sen. Fong Hawj (DFL-St. Paul), but the law's energy provisions came from climate and energy finance bills sponsored by Rep. Patty Acomb (DFL-Minnetonka) and Sen. Nick Frentz (DFL-North Mankato).

The law's provisions related to climate and energy establish a biennial budget for the Department of Commerce and the Public Utilities Commission, and govern activities related to clean and renewable energy, with a focus upon reducing the state's greenhouse gas emissions in the energy sector. It establishes and modifies provisions governing energy storage, use and conservation, utility regulation, and Public Utilities Commission proceedings.

All finance provisions take effect July 1, 2023.

HF2310*/SF2438/CH60

Climate and Energy Finance

The law's climate and energy-related appropriations include \$125.9 million for the Department of Commerce during the 2024-25 biennium. Almost all is dedicated to the division of energy resources, the funding earmarked for the following purposes:

- \$38.7 million for weatherization and pre-weatherization work;
- \$16.1 million for the Solar for Schools program;

- \$15 million to increase the capacity and improve the reliability of a transmission line between North Dakota and Minnesota;
- \$11.9 million for operating expenses;
- \$6 million for electric school bus grants;
- \$6 million for a heat pump rebate program;
- \$5.3 million for electric grid resiliency grants;
- \$5 million for an electric vehicle rebate program;
- \$3 million for the Minnesota Energy Alley initiative;
- \$3 million for a residential electric panel upgrade grant program;
- \$3 million to install on-site energy storage systems;
- \$2.1 million to implement energy benchmarking;
- \$1.9 million for community solar gardens;
- \$1 million for the Strengthen Minnesota Homes program;
- \$1 million for auto dealers seeking certification to sell electric vehicles;
- \$1 million for Clean Energy Resource Teams partnerships;
- \$1 million for air ventilation pilot program grants;
- \$500,000 to study possible use of Minnesota iron resources in long-term battery storage;
- \$500,000 to the city of Anoka for a study related to the repair and reconstruction of the Rum River Dam;
- \$378,000 to participate in Public Utilities Commission proceedings regarding natural gas innovation plans;
- \$300,000 to remediate vermiculite insulation from households that are eligible for weatherization assistance;
- \$300,000 to provide technical assistance to the Tribal Advocacy Council on Energy;
- \$300,000 for a community solar garden program study;
- \$164,000 to participate in Public Utilities Commission proceedings regarding transportation electrification plans filed by public utilities; and

- \$154,000 participate in Public Utilities Commission proceedings regarding appeals of consumer complaints to the full Public Utilities Commission.

This article also includes a \$2.2 million appropriation for the Petroleum Tank Release Compensation Board from the petroleum tank fund.

Other General Fund appropriations for state agencies during the 2024-25 biennium include:

- \$21.9 million to the Public Utilities Commission;
- \$20 million to the Climate Innovation Finance Authority;
- \$7 million to the Department of Agriculture for grants to cooperatives to invest in green fertilizer production facilities;
- \$2 million to the Pollution Control Agency to operate a program awarding grants to local units of government for climate adaptation or greenhouse gas mitigation activities;
- \$2 million to the University of Minnesota for an Extension Service program on planning for and adapting to weather extremes;
- \$945,000 to the Department of Administration for research related to establishing new energy guidelines for state buildings; and
- \$310,000 to the Department of Transportation for assisting manufacturers in obtaining environmental product declarations for materials used to build roads. (Art. 10, Secs. 2-9)

Renewable Development Account Appropriations

The Renewable Development Account is a special state-administered fund designed to support renewable energy projects. Xcel Energy pays into the account for being able to store nuclear waste at its Prairie Island and Monticello nuclear power plants, the size of payments based upon how many dry casks are currently in use. Money from the fund is typically spent only on projects located within Xcel Energy's electric service territory.

For the 2024-25 biennium, \$72.7 million from the fund will go to the Department of Commerce for these 12 renewable energy projects:

- \$14.3 million for the Solar for Schools program;
- \$10.7 million for an electric vehicle rebate program;
- \$10.2 million for distributed energy resource system upgrades;
- \$7.5 million for grants to the University of St. Thomas Center for Microgrid Research;
- \$7 million for electric school bus grants;
- \$7 million for a heat pump rebate program;

- \$5 million for solar on public buildings grants;
- \$4 million for energy storage system incentive grants;
- \$3.5 million for residential electric panel upgrade grants;
- \$2 million to the city of Granite Falls for repair and overage costs related to its hydroelectric generating facility;
- \$1 million for automobile dealers seeking certification from an electric vehicle manufacturer;
- \$250,000 for a study of the energy storage system capacity required to achieve the state renewable energy standard and carbon-free goals; and
- \$200,000 for the “Made in Minnesota” solar energy production incentive program.

And the following state agencies will receive funding from the Renewable Development Account:

- \$4.2 million to the Minnesota Amateur Sports Commission to install solar arrays on an ice rink and maintenance facility at the National Sports Center;
- \$3 million to the Pollution Control Agency for the local climate action grant program; and
- \$872,000 to the Department of Administration for a grant to the University of Minnesota’s Institute on the Environment to conduct research on how projections of future weather trends may exacerbate conditions, and for costs related to the state building energy conservation improvement revolving loan program (Art. 11, Secs. 2-5).

Energy Policy

This article contains 78 provisions related to climate and energy. All took effect May 26, 2023, except where noted.

The Department of Administration must establish and oversee a program of environmental analysis of construction materials. The program will establish a standard for maximum global warming potential for materials, a procurement process, a pilot program, an environmental standards procurement task force, and a grant program. (Art. 12, Sec. 1)

State fleet vehicle purchasing priorities are established, with electric vehicles preferred, followed by hybrid electric vehicles, then vehicles capable of being powered by cleaner fuels, then those powered by gasoline or diesel fuel. (Art. 12, Secs. 3-4)

The agreement with Xcel Energy for funding the Renewable Development Account is altered to reduce the amount the utility annually pays to the account by \$3.75 million. It also adds to the agreement language requiring reporting of the utility’s commitment to diversity in its workforce and vendors, and says that construction projects receiving account funds must meet prevailing wage requirements. (Art. 12, Sec. 5)

Xcel Energy's solar energy production incentive program for systems of 40 kilowatts or fewer (Solar Rewards) is extended through 2025. Half of its allocations now must be reserved for solar energy projects whose installation meets the eligibility standards for a low-income program. (Art. 12, Sec. 6)

Programs are established in the Commerce Department to provide grants for a variety of purposes, each funded by the Renewable Development Account. The law describes requirements and eligibility for the grants, sets an appropriation for each, and clarifies that technical assistance is provided and reports to the Legislature are required. The new grant programs include:

- a school air ventilation pilot grant program;
- grants for pre-weatherization services and training of workers for careers in the weatherization industry;
- an electric school bus deployment program to accelerate their implementation;
- a solar grant program for public buildings;
- a distributed energy resources system upgrade program to assist Xcel Energy make infrastructure investments necessary to enable electricity customers to interconnect distributed energy resources;
- a grant program for automobile dealers to offset the costs of obtaining manufacturers' necessary training and equipment for certification to sell electric vehicles;
- a residential electric panel upgrade grant program to provide financial assistance to owners of single-family residences and multifamily buildings;
- a local climate action grant program in the Pollution Control Agency to support local jurisdictions in adapting to extreme weather events or reducing the local jurisdiction's contributions to the causes of climate change; and
- an electric grid resilience grant program to either develop or improve carbon-free distributed energy resources in the state or improve a utility's ability to add load growth resulting from strategic electrification and electrification of transportation (Art. 12, Secs. 8, 28-33, 35, 37-38, 41, 45, 68, 72).

The law also features rebate programs for certain purchases. Like the grant programs, their funding comes from the Renewable Development Account and they place in statute requirements and eligibility, an appropriation for each, and clarify that technical assistance is provided and that reports to the Legislature are required.

The programs include an electric vehicle rebate program that provides \$2,500 rebates for new vehicles and \$600 for used vehicles (expiring June 30, 2027); and a residential heat pump rebate program for eligible applicants who purchase and install a heat pump in their Minnesota residence. (Art. 12, Secs. 40, 46)

Effective Jan. 1, 2024, a new motor vehicle dealer must have at least one employee certified as having completed a dealership association training course on electric vehicles. (Sec. 9)

The dates on which utilities are required to start filing with the state how many heating service customers have had their service disconnected is moved from Nov. 1 to Oct. 15. (Sec. 10)

Utilities operating in the state are required to file with the Public Utilities Commission a transportation electrification plan and attendant cost recovery proposals that will be reviewed by the commission as to whether they're reasonable and in the public interest. (Sec. 12)

A utility must provide a customer's electricity usage data to the customer within 10 days of a request that's accompanied by evidence the data is relevant to the interconnection of a qualifying facility on behalf of the customer. (Sec. 13)

Community solar gardens established in 2024 and thereafter are subject to new regulations. While the capacity of individual solar gardens is increased from one to five megawatts, the statewide capacity of all new solar gardens that may be added annually is capped at 100 megawatts, decreasing to 80 megawatts in 2027 and to 60 megawatts after 2030. At least 30 percent of the capacity of solar gardens must be subscribed by low- and moderate-income households; and least 55 percent by those households, public interest customers and affordable housing providers. The law also establishes the rates at which individual subscribers must be compensated, offers protections for both subscribers and non-subscribers, requires a report to the Legislature, and provides guidelines for transitioning from a legacy program. (Sec. 14)

Effective Jan. 1, 2024, payments to the Prairie Island Indian Community for nuclear waste dry cask storage at Xcel Energy's Prairie Island nuclear power plant are altered thus: The Prairie Island community will receive \$7.5 million annually each year the generating facility is in operation, as well as \$50,000 for each cask containing spent nuclear fuel. (Sec. 15)

The law establishes a distributed solar energy standard public utilities must meet by the end of 2030 regarding the proportion of retail electricity sales supplied by solar energy projects with a capacity of 10 megawatts or less constructed or purchased after August 2023: 3 percent for Xcel Energy and Minnesota Power, one percent for Otter Tail Power. (Sec. 16)

A complaint resolution procedure is established at the Public Utilities Commission that allows a residential customer to appeal a decision made by the commission's consumer affairs office regarding a complaint regarding utility service to the full commission for resolution. (Sec. 18)

The definition of "low-income household" is clarified as one earning 80% of an area's median household income, and some exemptions are removed for cogeneration or small power production facilities. (Secs. 19, 22)

A public utility that owns a nuclear generating plant must include in its integrated distribution plan a forecast of upgrades, an evaluation of measures that can reduce the need for them, and a discussion of alternative methods. (Sec. 21)

Public Utilities Commission approval is required for a transaction involving any plant being bought, sold, leased, or rented by a public utility for a total consideration of more than \$1 million. And the assessment for Commerce Department regional and national duties is increased to \$1 million, and its expiration date removed. (Secs. 23-24)

A new pilot program is established until 2031 that governs eligibility for and amounts of compensation that may be awarded to participants in Public Utilities Commission proceedings (Sec. 25).

The Commerce Department must establish a building energy benchmarking program requiring owners of buildings containing 50,000 square feet or more and located in the metro area or in cities over 50,000 population to use a U.S. Department of Energy computer app to annually report a building's energy consumption levels and patterns to the department. The provision classifies covered properties, lays out requirements, exemptions, schedules and utility data requirements. A program account is established with an appropriation (effective June 15, 2026), and enforcement and expense recovery rules are established (Sec. 34)

Statute around the state's Solar for Schools program is altered to add some new definitions, Renewable Development Account funding, an increase in eligible wattage, reporting requirements, and a section on renewable energy credits. The program currently operated by Xcel Energy in its electric service area is transferred to the Minnesota Department of Commerce. (Sec. 36)

Public utilities will be required to develop and operate an incentive program to provide grants to customers to reduce the cost of purchasing and installing an on-site energy storage system. Utilities will also be required to file an annual diversity report, explaining plans to increase diversity in their workforce and vendors. (Secs. 39, 47)

"Energy storage system" is defined and added to the definition of large electric power facilities. (Secs. 48-59)

The state's greenhouse gas emissions-reduction goal is revised to achieve these levels of reduction, compared to the level of emissions in 2005: 30% by 2025, 50% by 2030, and to net zero by 2050. (Sec. 61)

The date that an annual report on telecommunications access must be filed with the state has been changed from Jan. 31 to March 31. (Sec. 62)

The law specifies the restrictions a homeowners association may require a condominium owner to observe regarding the installation of a roof-mounted energy system. (Secs. 63-65)

The Public Utilities Commission is authorized to develop and adopt rules for siting energy storage systems. (Sec. 67)

The law lays out requirements for the public utility that owns a plant within the St. Croix National Scenic Riverway and is scheduled for retirement in 2028 to develop a plan and detailed schedule for its decommission and demolition and attendant pollution remediation. (Sec. 70)

The Commerce Department must provide technical support and subject matter expertise to assist and help facilitate any efforts taken by the 11 federally recognized Indian tribes in Minnesota to establish a tribal advocacy council on energy. (Sec. 71)

Studies are commissioned to assess the effectiveness of the community solar garden program and to determine the optimal capacity of energy storage systems required to be installed by electric utilities located in Minnesota by 2030, 2035 and 2040. (Secs. 73-74)

The Public Utilities Commission shall open a proceeding no later than Sept. 1, 2023, to establish interconnection procedures that allow customer-sited distributed generation projects of up to 40 kilowatts to have priority over larger projects. (Sec. 75)

And the Department of Agriculture may award grants to a cooperative to invest in green fertilizer production facilities to reduce greenhouse gas emissions and increase the use of renewable energy in the agriculture sector. (Sec. 76)

Energy
2023-2024 Regular Session

State establishes standard of 100% carbon-free electricity by 2040

Minnesota's Renewable Energy Standard statute has been amended to include adding a carbon-free standard that utilities must meet beginning in 2030.

The law, effective Feb. 8, 2023, also streamlines the siting and routing process for solar energy generating systems and certain high-voltage transmission lines, and authorizes the Public Utilities Commission to require payment of the state's prevailing wage to workers constructing large wind and solar energy systems.

According to the law's definitions, "renewable" energy sources for electricity production are wind and solar, while "carbon-free" sources would also include hydroelectric, hydrogen and biomass.

Under the law, electric utilities doing business in Minnesota will need to increase the proportion of a utility's retail electric sales that are generated from renewable energy to 55% by 2035. Each utility would need to have 80% of its electricity generation be carbon-free by 2030, increasing by steps to 100% by 2040.

The law also specifies under what circumstances the Public Utilities Commission can allow the modification or delay of new renewable, carbon-free or solar standards, thus providing "off-ramps" if clean energy technologies prove too unreliable or expensive.

In addition to lifting the cap on the generating capacity of hydroelectric facilities that can be classified as "carbon-free," the law encourages giving preference for building new generating facilities to communities where fossil fuel generating facilities have been or are scheduled to be retired.

The law also specifies that credits may be used to satisfy both the carbon-free standard and either the renewable energy standard or the solar energy standard, if they qualify.

Rep. Jamie Long (DFL-Mpls) and Sen. Nick Frentz (DFL-North Mankato) sponsor the law.

HF7*/SF4/CH7

Reauthorization of environmental trust fund will be put to Minnesota voters in 2024

Minnesota voters will again be asked if they want to dedicate state lottery proceeds to the environment – a question answered with a resounding “yes” several times in the past 45 years.

The question to be asked at the 2024 general election is: “Shall the Minnesota Constitution be amended to protect drinking water sources and the water quality of lakes, rivers, and streams; conserve wildlife habitat and natural areas; improve air quality; and expand access to parks and trails by extending the transfer of proceeds from the state-operated lottery to the environment and natural resources trust fund, and to dedicate the proceeds for these purposes?”

A positive response from voters will ensure at least 40% of the net lottery proceeds will go to the environment and natural resources trust fund through Dec. 31, 2050. The current authorization ends in 2025. Other changes to the constitution would include 7% of the trust fund’s market value could be spent each biennium instead of the 5.5% currently allowed; and trust fund money could not be used to pay off bonds or build, upgrade or operate wastewater facilities.

If the constitutional amendment is approved by the voters, other statutory changes would take effect:

- 1.5% of the trust fund’s market value would be statutorily appropriated beginning July 1, 2025 for purposes of a community grant program to help organizations that may not have the resources to navigate a complicated application process or that might need money upfront rather than the reimbursement system now in use; and
- an 11-member Environment and Natural Resources Trust Fund Community Grant Advisory Council would be established to provide recommendations to the legislature for improving the community grant program and advise the Department of Natural Resources in implementing the program, including development of forms and applications. At least four members of the council would be from tribal nations and four would come from communities of color.

Rep. Athena Hollins (DFL-St. Paul) and Sen. Fong Hawj (DFL-St. Paul) sponsor the law.

HF1900*/SF2404/CH67

Omnibus lands bill becomes law

The Department of Natural Resources and counties received authorization to modify or exchange a number of land parcels around the state.

Sponsored by Rep. Rick Hansen (DFL-South St. Paul) and Sen. Fong Hawj (DFL-St. Paul), the new law modifies certain provisions applying to leases of tax-forfeited land, authorizes a land exchange between the Minnesota National Guard and the City of Rosemount, and authorizes acquisition and divestment of public land, including the sale of specific parcels in Beltrami, Cass, Crow Wing, Fillmore, Goodhue, Hennepin, Itasca, Pine, St. Louis and Sherburne counties.

Under the new law, application fees may be waived by the Department of Natural Resources in some cases when issuing or releasing an easement. The legislation also clarifies that the Department of Natural Resources can lease land for recreational trails or facilities for a term of 30-years.

A county may lease tax-forfeited land for up to 25 years rather than 10 under previous law. The consideration amount for a lease is increased from \$12,000 to \$50,000. Counties may also lease tax-forfeited land for conservation easements.

The sale of tax-forfeited leased lakeshore lots in St. Louis County is allowed in a provision retroactive to April 28, 2022.

HF50*/SF75/CH9

**Environment and Natural Resources
2023-2024 Regular Session**

More than \$818 million in legacy dollars will fund improvements to natural and cultural resources

A new law appropriates money to “protect, enhance, and restore” everything from wildlife habitats to water sources while also devoting funds to preserving arts and cultural heritage and supporting parks and trails.

With revenue raised from the 0.375% sales tax increase ratified by voters in 2008, the law spends \$818.75 million from the four funds established by the Clean Water, Land and Legacy Amendment: \$318.4 million from the Clean Water Fund, \$191.95 million from the Arts and Cultural Heritage Fund, \$171.79 million from the Outdoor Heritage Fund, and \$136.61 million to the Parks and Trails Fund.

Rep. Leon Lillie (DFL-North St. Paul) and Sen. Fong Hawj (DFL-St. Paul) sponsor the new law that takes effect July 1, 2023.

HF1999*/SF1682/CH40

Clean Water Fund

For various water testing, assessments, and restoration projects – among other things – the Clean Water Fund will distribute most of its \$318.4 million appropriation as follows:

- \$156.13 million for the Board of Water and Soil Resources;
- \$48.38 million for the Pollution Control Agency;
- \$41.68 million to the Department of Agriculture;
- \$25.56 million for the Department of Natural Resources;
- \$23.2 million for the Department of Health;
- \$16.7 million for the Public Facilities Authority;
- \$3.75 million for the Metropolitan Council; and
- \$3 million for the University of Minnesota.

Moreover, the law will set a goal for all waters to have achieved their designated uses, i.e. to be swimmable, fishable, and drinkable, by 2050. (Art. 2, Secs. 2-9, 11-12)

Arts and Cultural Heritage Fund

As the largest recipient, the Minnesota State Arts Board will divide most of its \$92.22 million appropriation between arts and art access initiatives, arts education grants, arts and cultural heritage activities and a public art project in St. Paul.

Other major spending includes:

- \$36.98 million for the Minnesota Historical Society to offer statewide historic and cultural grants, fund statewide history programs, support history partnerships' preservation efforts, conduct a survey of historical and archaeological sites and create a digital library project;
- \$31.15 million for the Department of Administration, which provides funding to Minnesota Public Radio, the Minnesota Public Television Association, Como Park Zoo, Hmong Plaza, Minnesota Council on Disability, and the Veterans Memorial Park in Wyoming, among others;
- \$16.46 million for the Minnesota Humanities Center, including grants for children's museums, capacity building and civics education;
- \$5.75 million for the Department of Education for library grants and a water safety grant program; and
- \$4.6 million for the Indian Affairs Council to preserve Dakota and Ojibwe languages.

A portion of all funding will need to be used by recipients to improve access to programs, exhibits, and events that traditionally have an entry fee. The new law encourages providing free access days. (Art. 4, Sec. 2)

Outdoor Heritage Fund

The Outdoor Heritage Fund will split its appropriations accordingly:

- \$97.35 million for habitats;
- \$33.47 million for wetlands;
- \$31.92 million for prairies;
- \$6.57 million for forests; and
- \$2.49 million for administration. (Art. 1, Sec. 2)

Parks and Trails Fund

The majority of this fund will be allocated for three different purposes.

The Department of Natural Resources will receive \$54.1 million for state parks, state recreation areas and state trails to connect people with the outdoors, acquire land, maintain existing facilities, and improve coordination with partners.

Approximately \$27.05 million will be used for grants for parks and trails of regional significance outside the seven-county Twin Cities metropolitan area.

For approved projects to support parks and trails within the metropolitan regional parks and trails system, the Metropolitan Council will also receive approximately \$54.1 million.

Any implementing agency, county or city with an entrance fee or vehicle permit requirement will be required to provide free access to all its parks at least four days per year.

Along with the Clean Water Fund, the Parks and Trails Fund “should make progress toward providing people with disabilities greater access to programs, print publications, and digital media” funded from these appropriations. (Art. 2, Sec. 2; Art. 3, Sec. 2-4, 7)

**Environment and Natural Resources
2023-2024 Regular Session**

Environment and natural resources budget sees big boost under new law

A new law aims to provide financial resources to help protect the environment, enhance outdoor experiences, and prepare for an uncertain climate future.

Sponsored by Rep. Rick Hansen (DFL-South St. Paul) and Sen. Fong Hawj (DFL-St. Paul) the environment and natural resources finance and policy law (HF2310*/SF2438/CH60) provides millions in onetime spending to address lingering issues and match federal investments. It takes effect July 1, 2023.

General Fund spending in the environmental portion of the law totals \$994.2 million for the 2024-25 biennium, an increase of \$670 million.

Those appropriations include:

- \$499.7 million to the Department of Natural Resources;
- \$279.6 million to the Pollution Control Agency;
- \$120.1 million to the Board of Water and Soil Resources;
- \$27.5 million to the Minnesota Zoo;
- \$25.8 million to the Metropolitan Council; and
- \$9.5 million to the Science Museum of Minnesota.

Among DNR appropriations is a onetime \$110 million appropriation for the Get Out MORE (modernizing outdoor recreation experiences) initiative which aims to update and enhance access to boating and public land, improve fish hatcheries, restore streams, and improve camping infrastructure.

The law authorizes \$79.6 million from the Environment and Natural Resources Trust Fund, which receives its money from state lottery proceeds. The money will go to approximately 80 research, habitat, and recreation projects.

To repay money borrowed from the Metropolitan Landfill Contingency Action Trust, the law allocates \$27.4 million.

Increased fees

The law will increase triannual fees to register a boat by 56% to 151% depending on the size and type of craft. New fees will be:

- \$209 for boats longer than 40 feet;
- \$164 for commercial crafts and boats between 26 feet and 40 feet;
- \$113 for boats between 19 feet and 26 feet;
- \$85 for all personal watercraft;

- \$59 for boats between 17 feet and 19 feet;
- \$36 for boats smaller than 17 feet;
- \$23 for sailboats smaller than 19 feet and kayaks, sailboards, paddleboats, or rowing shells longer than 10 feet;
- \$14 for boats smaller than 19 feet offered for rent; and
- \$8 for boats used by nonprofits to teach boating and water safety.

A summer surcharge on water use by very large operations will increase to \$50 per million gallons and can be assessed in May and September along with June, July, and August.

There is also a higher fee when applying for permits for certain purposes applicable to operators seeking to use more than 100 million gallons per year.

Amara's Law and PFAS regulations

Several provisions addressing perfluoroalkyl and polyfluoroalkyl substances were named in honor of Amara Strande, who died at age 20 during the session, but spent her last weeks advocating for a ban on the "forever chemicals" that have been associated with a broad range of health problems.

Amara's Law will require information on products containing PFAS to be submitted to the Pollution Control Agency, starting in 2026. It will prohibit the sale of carpets, cleaning products, cookware, cosmetics, dental floss, fabric treatments, children's products, menstrual products, textile furnishings (including upholstered furniture) and ski wax with intentionally added PFAS starting Jan. 1, 2025. By Jan. 1, 2032, no product with intentionally added PFAS may be sold unless the use is determined to be unavoidable.

Additional provisions addressing the use of PFAS were included, including, prohibiting the use of PFAS in firefighting foam with exceptions for airports and refineries and terminals, and requiring the substances' use in firefighting gear to be studied.

Watercraft operator permits

The law will phase in watercraft operators permits for adults.

By 2028, residents born after July 1, 1987, will need a permit to operate a boat. Children aged 12 and younger will not be allowed to operate personal watercraft or boats with a more than 75-horsepower motor.

Only adults can rent a motorized watercraft and they must have an operators permit or be exempt. Businesses may rent to adults without an operators permit if they review safe operating materials and pass a short test. The sections regarding watercraft operator permits take effect July 1, 2025.

PCA, DNR, BOWSR policy

The law includes scores of policy provisions addressing longstanding and emerging issues faced by the DNR, Pollution Control Agency and Board of Water and Soil Resources.

These include provisions that will:

- reduce the supermajority required for the Legislative-Citizen Commission on Minnesota Resources to make a formal recommendation on environmental trust fund spending, which goes into effect Jan. 1, 2025;
- set term limits for LCCMR members;
- have the Pollution Control Agency address odor complaints in the metropolitan area;
- bar new permits for farming white-tail deer;
- ensure at least 40% of large PCA settlements go to the health board in the affected community;
- transfer the Upper Sioux Agency State Park to the Upper Sioux Community;
- streamline snowmobile registration number displays to fit on decals;
- allow snowmobiles to cross a divided highway at an approved safe location instead of only at intersections;
- allow officers to order watercraft decontamination from invasive species if decontamination equipment is not onsite;
- allow the DNR to adopt reservation policies for education programs and day-use facilities;
- define native swans as trumpeter or tundra but not mute swans and classify taking of a native swan and other game and fish violations involving native swans as a gross misdemeanor;
- state wanton waste does not apply to common carp;
- default to paperless fishing, trapping, and hunting licenses beginning in 2026;
- expand a walk-in access program to include birdwatching and nature photography;
- change language to allow motorized access for all people with disabilities instead of current language referring to “disabled hunters”;
- reinstate a law allowing portable stands to be left overnight;
- close a loophole that had allowed violators of game and fish law related to big game to use a big game license issued before their conviction;
- make spouses of nonresident National Guard and armed forces personnel stationed in Minnesota eligible for resident fishing licenses;

- allow anyone, not just people age 60 or older, to use a crossbow to hunt deer, bear, turkey, or rough fish during the respective archery season. The provision expires June 30, 2025, and a report on its impact on the deer population is required;
- require ground blinds on public land to have a patch of blaze orange visible for 360 degrees;
- clarify youth licenses are for youth only and cannot be used by an adult in their party;
- allow farmers to scare, chase or harass deer and elk outside of hunting season if the animals are damaging crops. This does not allow using dogs or poison;
- allow two-line finishing downstream of Granite Falls Dam on the Minnesota River and downstream of St. Anthony Falls on Mississippi River;
- prohibit dumping waste from an ice house or dark house onto frozen lakes. Violators could be fined \$100;
- allow the DNR to take measures, such as a sustainable diversion limit, to ensure groundwater appropriations don't hurt surface waters. Requires the department to consider cumulative withdrawal rates when establishing water appropriation limits;
- provide the DNR with additional water law enforcement tools, including allowing the DNR to issue fines of up to \$40,000;
- require the DNR fill at least 3.5 full-time equivalent positions for outreach to Southeast Asian communities. The staff must be fluent in Hmong or Karen languages;
- until June 30, 2025, allow temporary importation of minnows from waters bordering Minnesota to alleviate a bait shortage;
- allow Class I cities to ban the use of pollinator lethal pesticides; and
- allow St. Louis County to use a portion of its environmental trust fund, which consists of proceeds from the sale of tax-forfeited land, for projects that protect the environment or create clean economy jobs, and names the fund the Mary C. Murphy Trust Fund.

**Health and Human Services
2023-2024 Regular Session**

New law codifies provisions of Indian Child Welfare Act in statute

The federal government established the Indian Child Welfare Act in 1978 to help end the practice begun in the 1800s of separating Native American children from their families. The Minnesota Indian Family Preservation Act was enacted in 1985 to strengthen and expand parts of the federal law.

In the event future court decisions imperil the federal law, a new Minnesota law would mitigate the impact in Minnesota.

Sponsored Rep. Heather Keeler (DFL-Moorhead) and Sen. Mary Kunesch (DFL-New Brighton), the law adds the federal provisions – including procedures and requirements for child protection, placement and permanency proceedings – to state statutes. It takes effect Aug. 1, 2023.

Another provision sets forth a policy on tribal-state relations by which the state acknowledges federally recognized Indian Tribes as sovereign political entities that can't be limited by any action of the state.

HF1071/SF667*/CH16

**Health and Human Services
2023-2024 Regular Session**

Transition from federal public health emergency, unwinding medical assistance eligibility

A new law appropriates about \$74.56 million in fiscal year 2024 to the Department of Human Services to administer and implement the transition to standard medical assistance and MinnesotaCare eligibility functions.

In response to COVID-19, a federal public health emergency was declared Jan. 31, 2020, and set to end May 11, 2023. States were initially required to maintain eligibility for individuals on Medical Assistance by temporarily halting most eligibility renewals and taking other steps to ensure continuous coverage to receive an enhanced federal match.

The federal Consolidated Appropriations Act of 2023 ended the requirement and allows states to begin MA eligibility redeterminations on April 1, 2023. Effective on that date, a new law has provisions to govern the transition from continuous coverage under the public health emergency.

Rep. Mohamud Noor (DFL-Mpls) and Sen. Melissa Wiklund (DFL-Bloomington) sponsor the law.

HF2286/SF2265*/CH22

**Health and Human Services
2023-2024 Regular Session**

New law establishes Minnesota as a safe haven for reproductive health care

Referred to as the “Reproductive Freedom Defense Act,” a new law protects patients and providers from legal or disciplinary action related to reproductive health care.

Effect on April 28, 2023, physicians, physician assistants, nurses, pharmacists, pharmacy technicians, and pharmacist interns cannot be punished for providing reproductive health care services that are legal in Minnesota, even if they are against the law elsewhere. This includes prohibiting the Board of Medical Practice from refusing to grant a medical license or registration to perform interstate telehealth services.

For costs, damages, and attorney fees, the law also permits individuals to sue someone who brought a case against them in another state for either using reproductive health care services or assisting another to do the same.

Minnesota courts will not enforce civil judgements, subpoenas, arrests, or certain extraditions to another state for acts committed or services received involving pregnancy, contraception, or termination of pregnancy and that are lawful in Minnesota.

Moreover, a subpoena or court order based on other states’ more restrictive reproductive health care laws will not grant access to a patient’s health records. Patient consent, or authorization from the patient’s representative, is required to release their health records.

Rep. Esther Agbaje (DFL-Mpls) and Sen. Kelly Morrison (DFL-Deephaven) sponsor the law.

HF366*/SF165/CH31

**Health and Human Services
2023-2024 Regular Session**

Conversion therapy banned for minors and vulnerable adults

No mental health practitioner or professional can, under a new law, seek to change an individual’s sexual orientation or gender identity if the client is younger than age 18 or classified as a vulnerable adult.

Conversion therapy includes any efforts to change either behaviors or gender expressions, as well as attempts to eliminate or reduce same-gender sexual and/or romantic attraction.

Sponsored by Rep. Athena Hollins (DFL-St. Paul) and Sen. D. Scott Dibble (DFL-Mpls), the law took effect April 28, 2023.

Moreover, the law prohibits misrepresentation of conversion therapy in advertisements and sales. It bars fraudulent and deceptive practices, such as promising to change someone's sexual orientation or gender identity, or implying homosexuality is a mental disease, disorder, or illness.

The new law also specifies that medical assistance does not cover conversion therapy.

HF16*/SF23/CH28

**Health and Human Services
2023-2024 Regular Session**

Modifications to substance use disorder treatment

Effective Aug. 1, 2023, a new law will allow the supervised practice of alcohol and drug counseling by former students for 90 days from the former student's degree conferral date or from the last date of last credit received. This practice will automatically expire after 90 days.

Amending HIV training requirements in substance use disorder treatment programs, the law will require the Department of Human Services to outline HIV minimum standards training content, instead of providing training. An obsolete date will also be removed.

Furthermore, the law will modify withdrawal management license requirements to allow supervised living facilities with a Class A license, no longer just those with Class B licenses, to operate withdrawal management programs.

Lastly, altering substance use disorder treatment client record documentation, the law will require documentation of significant events within 24 hours of said event, not "on the day" of the event.

Rep. Luke Frederick (DFL-Mankato) and Sen. Jim Abeler (R-Anoka) sponsor the law.

HF1486*/SF1862/CH49

**Health and Human Services
2023-2024 Regular Session**

Anti-violence protections, loan forgiveness expanded for health care workers

Termed the “Nurse and Patient Safety Act,” a new law aims to address working conditions of health care workers, especially direct care nurses. And many provisions are meant to tackle the acute shortage of nurses seen across the state.

Effective July 1, 2023, incident response action plans will be required at all hospitals to combat the rising violence against health care workers. The law lays out specific criteria for the implementation of these action plans.

Additionally, the health professional education loan forgiveness program will expand to include direct care nurses at nonprofit hospitals. Over \$10.6 million will be set aside to forgive loans for these newly eligible workers, per an appropriation that traveled in the health finance law.

The law also directs the Health Department to produce a report on the status of the state's nursing workforce. It must include information on reasons licensed nurses are leaving direct care positions at hospitals; information on retention by hospitals of licensed nurses; and information on reasons licensed nurses are choosing not to renew their licenses and leave the profession altogether.

Rep. Sandra Feist (DFL-New Brighton) and Sen. Erin Murphy (DFL-St. Paul) sponsor the law.

HF1522/SF1384*/CH75

**Health and Human Services
2023-2024 Regular Session**

Right to abortion chiseled into state law

The fundamental right to abortion is statutorily secured through the Protect Reproductive Options Act.

Sponsored by Rep. Carlie Kotyza-Witthuhn (DFL-Eden Prairie) and Sen. Jennifer McEwen (DFL-Duluth), a new law safeguards reproductive health care beyond the protections from the Minnesota Supreme Court's *Doe v. Gomez* decision.

Effective Feb. 1, 2023, the law ensures the right for a person to make autonomous decisions about their reproductive health care.

Per the law, reproductive health care "means health care offered, arranged, or furnished for the purpose of preventing pregnancy, terminating a pregnancy, managing pregnancy loss, or improving maternal health and birth outcomes. Reproductive health care includes, but is not limited to, contraception; sterilization; preconception care; maternity care; abortion care; family planning and fertility services; and counseling regarding reproductive health care."

Curbing local government, the law obstructs any additional, more restrictive regulations.

Furthermore, the law reiterates that the principles in the state constitution ensure this right to reproductive freedom.

HF1*/SF1/CH4

**Health and Human Services
2023-2024 Regular Session**

State gets oversight over health care mergers, power to stop those ‘contrary to the public interest’

A new law requires the Department of Health to analyze all proposed sales or mergers of two hospitals or health care systems to determine whether they are in the public interest and stop them if they aren’t.

The law requires a health care entity with an average revenue of at least \$80 million per year to notify the Health Department within 60 days of a proposed merger or sale and submit the details of the proposed transaction, which could not proceed without approval from the department.

The attorney general’s office is given expanded enforcement and supplemental authority and could bring an action in district court if the office determines a health care organization did not meet the notification requirements.

In addition, the attorney general, in consultation with the Health Department, can prohibit a transaction by a health care entity that is “contrary to the public interest,” would substantially lessen competition, or tend to create a monopoly or monopsony – a market structure in which a single buyer substantially controls the market.

Sponsored by Rep. Robert Bierman (DFL-Apple Valley) and Sen. Melissa Wiklund (DFL-Bloomington), the law took effect May 27, 2023, unless otherwise noted.

Public interest criteria

Factors for the attorney general and the Health Department to consider when determining whether a health care sale or merger is contrary to the public interest include whether the transaction will:

- harm public health;

- reduce the affected community’s continued access to affordable and quality care and to the range of services historically provided by the entities or will prevent members in the affected community from receiving a comparable or better patient experience;
- have a detrimental impact on competing health care options within primary and dispersed service areas;
- reduce delivery of health care to disadvantaged, uninsured, underinsured, and underserved populations and to populations enrolled in public health care programs;
- have a substantial negative impact on medical education and teaching programs, health care workforce training, or medical research;
- have a negative impact on the market for health care services, health insurance services, or skilled health care workers;
- increase health care costs for patients;
- adversely impact provider cost trends and containment of total health care spending;
- have a negative impact on wages paid by, or the number of employees employed by, a health care entity involved in a transaction; or
- have a negative impact on wages, collective bargaining units, and collective bargaining agreements of existing or future workers employed by a health care entity involved in a transaction.

Other provisions

The law prohibits University of Minnesota health care facilities from being owned or controlled, directly or indirectly, in whole or in part, by a for-profit entity or an out-of-state entity, unless the attorney general determines that ownership or control by a for-profit entity or out-of-state entity is in the public interest. This applies to transactions related to transferring ownership or control of the University of Minnesota health care facilities that are completed on or after May 27, 2023.

The expiration of the moratorium on nonprofit health service plan corporations (health maintenance organizations) converting to for-profit organizations via outright conversions or mergers is expanded from July 1, 2023, to July 1, 2026.

The Department of Health must study and develop recommendations on the regulation of conversions, mergers, transfers of assets, and other transactions affecting Minnesota-domiciled nonprofit health maintenance organizations and for-profit health maintenance organizations. Preliminary findings are due to the Legislature by Jan. 15, 2024, with a final report and recommendations due by June 30, 2024. This section takes effect Aug. 1, 2023.

Effective Jan. 1, 2024, health care entities with average revenue between \$10 million and \$80 million per year must notify the Health Department of any impending mergers or sales and submit details on them. The department will not have oversight over these smaller-scale proposed transactions, nor will the attorney general have power to stop them. The department will instead use the data “to analyze the number of health care transactions in Minnesota and the potential impact these

transactions may have on equitable access to or the cost and quality of health care services, and develop recommendations for the Legislature on improvements to the law.”

HF402*/SF1681/CH66

Higher Education
2023-2024 Regular Session

Funding grows for higher education institutions, financial aid programs

The higher education policy and finance law increases General Fund appropriations by \$650 million for the Minnesota State system of colleges and universities, the University of Minnesota, the Office of Higher Education and the Mayo Foundation’s medical education programs.

Sponsored by Rep. Gene Pelowski, Jr. (DFL-Winona) and Sen. Omar Fateh (DFL-Mpls), the law contains \$1.87 billion in the 2024-25 biennium for Minnesota State and \$1.51 billion for the University of Minnesota. That’s a \$292.9 million increase for Minnesota State and \$125.2 million for the U of M. Funding for the Office of Higher Education will increase \$231 million, while the Mayo Clinic will see an \$896,000 increase for its medical education programs.

The law also establishes an Inclusive Higher Education Technical Assistance Center, creates a direct admissions program, provides aid to postsecondary institutions for unemployment insurance, and establishes a student basic needs working group.

It takes effect July 1, 2023, unless otherwise noted.

HF2073*/SF2075/CH41

Appropriations (Article 1)

Office of Higher Education: The administrator of the state’s financial aid programs will receive a total appropriation for the 2024-25 biennium of \$776.4 million, an increase of \$231 million.

The largest portion of the increased funding is \$117.9 million for the “North Star Promise” program, which will provide free tuition to the state’s public colleges and universities for qualifying students from families making \$80,000 or less annually.

The state grant program will receive a \$38.8 million increase, including more for students’ living and miscellaneous expenses and simplification and federal conformity for the program. And a scholarship program that will provide free tuition for qualifying Indigenous students at the state’s public postsecondary institutions will receive \$17 million.

The Office of Higher Education will also receive increases of:

- \$8.7 million for dual training competency grants;
- \$6.6 million in emergency assistance for postsecondary students;
- \$6 million for tribal college grants;
- \$6 million for a student parent support initiative;
- \$4.2 million to maintain current service levels in agency administration;
- \$3.2 million for paramedic scholarships;
- \$3 million for a Next Generation nursing assistant training program;
- \$2.3 million for hunger-free campus grants;
- \$2 million for inclusive higher education programming;
- \$2 million for the Minnesota Independence College and Community;
- \$1.6 million for grants to student teachers in shortage areas;
- \$1.6 million for grants to underrepresented student teachers;
- \$1.6 million for teacher shortage loan repayment;
- \$1.5 million for the Statewide Longitudinal Education Data System;
- \$1.35 million for Minitex and MnLINK, a library network that facilitates resource sharing;
- \$1.1 million for Fostering Independence higher education grants;
- \$1.1 million for a direct admissions program;
- \$1 million for foster care grants;
- \$800,000 for the intervention for college attendance program;
- \$540,000 for an addiction medicine graduate medical fellowship;
- \$316,000 in unemployment insurance aid for tribal colleges;
- \$277,000 for a director of tribal relations, public engagement, and equal opportunity;
- \$250,000 to complete a report on Minnesota State course placement practices;
- \$75,000 for a higher education public service feasibility study;

- \$60,000 for the loan repayment assistance program; and
- \$44,000 for a postsecondary student basic needs working group.

The law also establishes annual base funding of:

- \$14.5 million for work-study grants;
- \$8.5 million in interstate tuition reciprocity;
- \$6.7 million for child care grants;
- \$3.5 million for American Indian scholarships;
- \$3 million for a spinal cord injury and traumatic brain injury research grant program;
- \$645,000 to Hennepin Healthcare for graduate family medical education programs;
- \$550,000 for the College Possible program for low-income students;
- \$501,000 for the United Family Medicine residency program;
- \$375,000 for a large animal veterinarian loan forgiveness program;
- \$340,000 for concurrent enrollment grants;
- \$250,000 for summer academic enrichment grants;
- \$250,000 for campus sexual assault reporting;
- \$200,000 for grants for students with intellectual and developmental disabilities;
- \$200,000 for student loan debt counseling;
- \$180,000 for the "Get Ready!" college and career readiness program;
- \$150,000 for a campus sexual violence prevention and response coordinator;
- \$122,000 for student-parent information;
- \$115,000 for member-state fees for the Midwest Higher Education Compact;
- \$100,000 for safety officers' survivor grants;
- \$50,000 for an agricultural educators loan forgiveness program;
- \$45,000 for the Minnesota Education Equity Partnership; and

- \$25,000 for an aviation degree loan forgiveness program.

Minnesota State: The system will receive \$1.87 billion during the 2024-25 biennium, an increase of \$331.4 million that includes \$289.9 million for operations and maintenance. Among the Minnesota State system's appropriations, changes include an additional:

- \$75 million for a tuition freeze for undergraduate degree-granting programs;
- \$50 million in onetime campus support;
- \$13.5 million for upgrades in equipment and learning environments;
- \$13.5 million to develop and expand industry sector programming and work-based learning experiences;
- \$6.3 million for high-need student support services;
- \$3 million for systemwide technology;
- \$3 million for the system's central office and shared services unit;
- \$2 million for open educational resources, including the Z-Degree textbook program;
- \$1.7 million to increase employer contribution rates for retirement accounts;
- \$1.6 million for unemployment insurance aid;
- \$764,000 for free menstrual products; and
- \$475,000 to help child development associates earn academic credit towards a related certificate, diploma or degree.

The law also dedicates an annual base-level amount of:

- \$5.7 million in supplemental aid to state colleges with campuses outside of a metropolitan county;
- \$4.5 million for workforce development scholarships;
- \$4.1 million for the Learning Network of Minnesota, a statewide telecommunications and technology network;
- \$300,000 to provide educational programming, workforce development, and academic support to remote regions in northeast Minnesota; and
- \$40,000 for implementing sexual assault policies.

The law also establishes a base amount of \$833.2 million for each fiscal year in the 2026-27 biennium for operations and maintenance.

University of Minnesota: The university's five-campus system receive \$1.51 billion in the fiscal 2024-25 biennium, a \$125.2 million increase over the prior biennium. Included are increases of:

- \$10 million for systemwide safety and security;
- \$10 million for University of Minnesota Medical School programs and scholarships on the CentraCare Health System Campus in St. Cloud;
- \$4 million for the Natural Resources Research Institute;
- \$732,000 for unemployment insurance aid; and
- \$484,000 for free menstrual products.

The law also establishes an annual base-level amount of:

- \$42.9 million for the agricultural and extension service;
- \$15 million to the medical school for research, attraction and retention of staff and students, and investing in physician training programs in rural and underserved areas;
- \$9.2 million for health sciences, including supporting resident physicians at the St. Cloud Hospital family practice residency program;
- \$8 million to the University of Minnesota and Mayo Foundation Partnership, \$7.5 million of it for a collaborative research partnership on biotechnology and medical genomics;
- \$7.8 million for health training restoration, supporting faculty physicians, the mobile dental clinic, and expansion of geriatric and family programs;
- \$4 million to MnDrive to advance cancer care research;
- \$2.2 million from the health care access fund for training primary care physicians;
- \$1.1 million to the College of Science and Engineering for the geological survey and the talented youth mathematics program; and
- \$500,000 to the Morris branch to cover the costs of tuition waivers for Native American students.

The law also specifies an operations and maintenance base of \$672.3 million for fiscal year 2026 and later. And the Academic Health Center is estimated to receive funding of \$22.2 million each year from the dedication of a portion of cigarette taxes.

Mayo Clinic: The Mayo Foundation's \$3.6 million appropriation is \$896,000 higher than the previous biennium. The additional funds will support the Mankato residency program recently acquired from the University of Minnesota and increase funding for its Rochester program.

The law also requires the financial review of nonprofit grant recipients.

Higher Education provisions (Article 2)

The law establishes several new programs, most prominently the North Star Promise financial aid program, making attendance at public postsecondary institutions free for students whose families make under \$80,000 per year. The scholarships are designed to cover the tuition and fees charged by an institution after deducting other grants and scholarships received. For the first three years of the program, surplus funds may be used to match students' Pell grants up to 50%.

The law places a pilot program into statute: providing qualifying Minnesota high school seniors automatic conditional admission to public colleges and universities. Also established is a new program providing grants to postsecondary institutions and other applicants to support expectant parents and parents of young children.

Clarifications are made concerning dual training competency grants, including the per-employee maximum grant amount, that a large employer must pay at least 25% of the cost of employee training, and that employers may use up to 10% of the grant to pay for employees' training supports. And transportation and child care are added to the list of occupations eligible for grants.

The law also:

- creates a new program to provide tuition- and fee-free undergraduate education to American Indian students at public postsecondary institutions;
- establishes a paramedic scholarship program within the Office of Higher Education;
- requires Minnesota State and requests that the University of Minnesota provide students access to free menstrual products;
- expands the competitive grant process for a hunger-free campus designation to nonprofit private postsecondary institutions and assigns responsibility for the program's oversight to the Student Advisory Council;
- creates an Inclusive Higher Education Technical Assistance Center to increase higher education access for students with intellectual disabilities, and creates a competitive grant program for postsecondary institutions to create or expand such programs;
- amends the definition of "assigned family responsibility" for the state grant program and the definition of "student" for state financial aid programs;
- increases the state grant program's living and miscellaneous expense allowance from 109% to 115% of the federal poverty guidelines for a one-person household in Minnesota for nine months;
- amends the cap on state grant awards from eight full-time semesters to 180 total credits, and extends the deadline for state grant applications;
- makes technical adjustments to conform to changes in federal student aid calculations for Fostering Independence grants, child care grants, and Indian scholarships;
- prioritizes applicants for teacher shortage loan repayment eligibility based on race or ethnicity;

- adds construction, education and public safety to program areas eligible for workforce development scholarships;
- provides state aid to support unemployment insurance payments for the University of Minnesota, Minnesota State and tribal colleges, and requires reports to the Legislature;
- increases the employer contribution rate for the individual retirement account plan to 8.75%; and
- requires the Office of Higher Education to analyze Minnesota State course placement policies and practices to determine whether they have adverse consequences for students or disparate impacts on certain groups, and to convene a working group to make recommendations on how to support postsecondary students experiencing homelessness or food insecurity.

**Higher Education
2023-2024 Regular Session**

State's college financial aid programs undergo alterations

The Office of Higher Education is responsible for administering Minnesota's grant and loan programs for postsecondary students. A new law makes some changes to the state's programs.

Rep. Gene Pelowski, Jr. (DFL-Winona) and Sen. Omar Fateh (DFL-Mpls) sponsor the law that takes effect Aug. 1, 2023.

One change is altering Minnesota's higher education attainment goal statute — which calls for 70% of Minnesotans aged 25 to 44 to have a postsecondary credential — to include workforce training credentials. The Department of Labor and Industry will assist in estimating the number of industry-recognized credentials in the state.

Two changes to the state grant program are in the law: To attain eligibility, students must not have been convicted of fraud in attaining Title IV funds, and an institution's data need only include student enrollment and state and financial aid if it is eligible to receive state financial aid or SELF Loans.

Private colleges that wish to opt out of the state's Fostering Independence grant program must continue providing benefits to enrolled students currently receiving them.

Tribal colleges will be defined in statute and added to the definition of "school," and they will be exempt from the requirements of the Private and Out-Of-State Public Postsecondary Education Act. The law also clarifies that schools exempt from that act's requirements are also exempt from those of the Private Career School Act.

Grant funds will be used to recruit, prepare, and support students currently underrepresented in the state's concurrent enrollment programs.

Eligibility for mineral research scholarships is altered to remove Mesabi Range Community and Technical College and add University of Minnesota programs at the university's Duluth campus and Minnesota North College – a cooperative of six community colleges. Allowable grant amounts are also increased and students from Minnesota Economic Development Region 3 are given priority to receive them.

And rules are repealed regarding application deadlines for the state grant program, as well as the licensure of private career schools.

HF1126*/SF1011/CH44

Housing
2023-2024 Regular Session

Housing budget funds support programs for a host of housing hardships

From state rental assistance to homelessness prevention to homeownership opportunities, a new law will fund assistance to challenges across the housing continuum.

Effective July 1, 2023, unless otherwise noted, Rep. Michael Howard (DFL-Richfield) and Sen. Lindsey Port (DFL-Burnsville) are the sponsors.

HF2335*/SF2566/CH37

Money, money, money

Beginning Oct. 1, 2023, 0.25% Twin Cities metropolitan area sales tax increase will be imposed for housing purposes. Half of the revenue will be dedicated to a metropolitan city aid account, 25% to the state rent assistance account, and 25% to the metropolitan city aid account.

The law will appropriate \$1.07 billion to the Minnesota Housing Finance Agency over the 2024-25 biennium, split to assist homeless people, struggling renters, and aspiring homeowners. Additionally, the state's housing agency will have expanded bonding authority and may issue up to \$30 million of housing infrastructure bonds. (Art. 3; Art. 5, Secs. 1-2)

Funding for homelessness prevention and assistance includes:

- \$65.54 million for the Family Homeless Prevention and Assistance Program, which received an additional \$50 million in a different 2023 law;
- \$25 million onetime to establish the supportive housing program; and
- \$5.5 million for the Homework Starts with Home program.

The law will dedicate millions of dollars to rental-related aide and rental construction projects, such as:

- \$200 million onetime for the housing infrastructure program, some of which may go toward supportive housing for people without permanent residence;
- \$120.85 million for the Economic Development and Housing Challenge Program to fund the development of affordable rental housing;
- \$90 million onetime to establish the community stabilization program to preserve naturally occurring affordable housing;
- \$46 million to establish a rent assistance program;
- \$39 million for the Greater Minnesota Workforce Housing Development Program;
- \$23.29 million for the housing trust fund account;
- \$10.68 million for the rental housing assistance program for persons with a mental illness or families that consist of at least one adult with a mental illness;
- \$8.44 million for the affordable rental investment fund program;
- \$7.49 million for rental housing rehabilitation; and
- \$6.29 million in capacity-building grants. (Art. 1, Sec. 2)

For homeownership prospects, the law will spend:

- \$100 million to establish the community-based first-generation homebuyers down payment assistance program as a pilot project;
- \$51.77 million for the homeownership assistance program;
- \$50 million onetime to establish the first-generation homebuyers down payment assistance fund;
- \$40 million onetime to establish the homeownership investment grants program;
- \$20.5 million for the Workforce Homeownership Program;
- \$10 million onetime to establish the first-time homebuyer, fee-based home purchasing financing program as a pilot project;
- \$6 million for a grant to Build Wealth Minnesota to provide a family stabilization plan program;
- \$5.54 million for owner-occupied housing rehabilitation;
- \$3.71 million for the Homeownership Education, Counseling, and Training Program; and

- \$3 million onetime for stable housing mediation. (Art. 1, Sec. 2)

Miscellaneous appropriations – like manufactured home park funding – include:

- \$50 million onetime to establish the stable housing organization relief grant program to support nonprofits experiencing significant detrimental financial impacts;
- \$15 million onetime for public housing rehabilitation;
- \$17 million for manufactured home park infrastructure loans and grants, some of which may go to cooperative-owned parks;
- \$10 million onetime to establish a manufactured home lending grant program;
- \$10 million onetime grant to Northcountry Cooperative Foundation for the conversion of manufactured home parks to cooperative ownership;
- \$10 million onetime for the high-rise sprinkler system grant program;
- \$5 million onetime to establish the Greater Minnesota Housing Infrastructure Grant program;
- \$4.8 million onetime for local housing trust fund grants;
- \$4 million onetime to establish the lead safe homes grant program;
- \$1 million to the Northland Foundation to assist local governments to establish local or regional housing trust funds; and
- \$200,000 onetime to Minnesota Management and Budget for a study on expediting rental assistance payments. (Art. 1, Secs. 2-3)

Policy changes

The Minnesota Housing Finance Agency, instead of Minnesota Management and Budget, will be the recipient of certain deposits for the housing trust fund and the manufactured home relocation trust fund. This will take effect July 1, 2024.

Cities with populations over 20,000 will be required to report to the state fire marshal a list of buildings with housing units at least 75 feet above fire department vehicle access that lack sprinkler systems by June 20, 2024. Updated lists are to be provided by June 30, 2027, and June 30, 2032.

The list of exceptions to the 30-year duration limit on housing covenants will expand to include affordability covenants required by a government entity, effective Aug. 1, 2023. (Art. 6, Secs. 1-3, 10, 13)

Housing
2023-2024 Regular Session

Additional \$50 million secured for homeless prevention program

To support households that are either homeless or at risk of homelessness, the Minnesota Housing Finance Agency will receive a one-time \$50 million appropriation in fiscal year 2023 for the Family Homeless Prevention and Assistance Program that provides support services and financial assistance.

Effective April 1, 2023, the law also specifies that qualified families may receive more than 24 months of rental assistance.

Additionally, the agency must “make best efforts” to spend the appropriation by June 30, 2024, and may award grants to existing grantees without further requests for proposals.

Rep. Michael Howard (DFL-Richfield) and Sen. Lindsey Port (DFL-Burnsville) are the sponsors.

HF1440*/SF1367/CH20

Local Government
2023-2024 Regular Session

Redistricted Metropolitan Council map is official

At the state level, House and Senate districts are redrawn after each decennial federal census to create districts of equal population size.

The same is true for districts of the Twin Cities metropolitan area regional policymaking body with changes to be effective in a year ending in “3.” The Legislature is statutorily charged with the redrawing task.

Effective May 20, 2023, a new law contains a redistricting map of the Metropolitan Council’s 16 districts on file with the Geographic Information Systems Office of the Legislative Coordinating Commission and published on its website March 21, 2023.

The seven-county metropolitan area population grew by 11% from the previous census, and each new district has a bit more than 197,000 people.

Rep. Mike Freiberg (DFL-Golden Valley) and Sen. Ann Rest (DFL-New Hope) are the sponsors.

HF2204*/SF2171/CH42

**Military and Veterans Affairs
2023-2024 Regular Session**

New deferred prosecution assessment process for current and former military members

Current and former military members charged with certain crimes will be able to learn whether they're eligible for deferred sentencing before a finding of guilt or innocence.

The Veterans Restorative Justice Act increases access to programs and treatment for veterans with a service-related condition that led or contributed to a conviction for criminal offenses. It helps create post-plea sentencing options to avoid jail time while providing eligible veterans the resources and assistance they need to successfully reintegrate into society.

Sponsored by Rep. Sandra Feist (DFL-New Brighton) and Sen. Nicole Mitchell (DFL-Woodbury), a new law allows for deferred prosecution if the court finds clear and convincing evidence the defendant suffers from an applicable condition that stems from their service and caused them to commit the offense. Conditions such as substance abuse, trauma and traumatic brain injuries will qualify.

Defendants could request an eligibility assessment before a finding of guilt or entering a guilty plea and the court could make its finding based on information in the citation or complaint, and any accompanying police reports. If the court determines a defendant is eligible, and that person is subsequently found or pleads guilty, the court shall defer prosecution.

The law is effective Aug. 1, 2023.

HF45*/SF292/CH19

**Military and Veterans Affairs
2023-2024 Regular Session**

New law funds veterans and military affairs departments

New veterans' homes in Bemidji, Montevideo and Preston that are due to open in 2023 will receive a combined \$20 million, under one provision of a new law that provides funding for the Veterans Affairs and Military Affairs departments.

Sponsored by Rep. Jerry Newton (DFL-Coon Rapids) and Sen. Nicole Mitchell (DFL-Woodbury), the law includes \$378.68 million in net General Fund spending from fiscal years 2023-25 – an increase of \$132.15 million.

That new spending includes \$90.06 million for the Department of Veterans Affairs and \$39.14 million for the Department of Military Affairs.

The VA will receive \$20.06 million in operational funding for startup costs at the new veterans homes for expenses such as hiring and training new staff.

Other major new spending appropriations in the law include:

- \$33.23 million to the VA for an operating adjustment;
- \$17.6 million to build an Army Combat Fitness Test Field House in Arden Hills for soldiers to train for the tests they must pass to maintain physical readiness;
- \$15 million for service bonuses to post-9/11 veterans;
- \$14.06 million to design and build the Minnesota Military Museum at Camp Ripley;
- \$7 million to increase supportive housing grants for the Minnesota Assistance Council for Veterans;
- \$3.56 million for a funding increase to state veterans cemeteries; and
- \$3 million for enlistment and retention bonuses.

The Minnesota National Guard will receive \$1.53 million to staff Holistic Health and Fitness initiatives the U.S. Army has adopted and invested heavily in as a core part of its physical training program, and there is \$1.11 million for the Guard to create a Cyber Coordination Cell to staff its cyber initiatives and work with other state and federal agencies to plan for and respond to cyber incidents.

The law, which has various effective dates, also establishes a Veteran Domiciliary Resident Quality of Care Working Group consisting of several state agencies, medical professionals, people with expertise in boarding care and interested members of the public.

The group is to analyze the acuity of domiciliary residents and their current care model to provide recommendations on issues such as training, staffing levels, management structure and whether the resident care being offered is “appropriate and adequate.” A report is due to the Legislature by Jan. 15, 2024.

Attorney general's office gets \$4.3 million bump to help assist county attorneys

State statute specifies the attorney general's office as the backup prosecutor for all county attorneys upon request.

While demand is high, the number of available office staff to assist is low.

A new law provides funding for seven full-time equivalent attorneys and two full-time equivalent legal assistants in the Office of the Attorney General, who will provide needed legal services to rural county attorneys to prosecute serious violent crimes.

Effective Feb. 8, 2023, the law provides \$269,000 in fiscal year 2023 to the office "for enhanced criminal enforcement and related initiatives." The base for this appropriation is \$2.02 million beginning in fiscal year 2024.

Supporters said about half of the state's 87 counties have three or fewer county attorneys, who, in addition to their regular duties, are expected to handle cases across the legal spectrum, including complex, high-level crimes such as murder, sexual misconduct, arson, human trafficking, drug operations and financial crimes. Unlike the larger county offices, these smaller offices may not have lawyers who regularly practice in such specific areas.

Rep. John Huot (DFL-Rosemount) and Sen. Erin Murphy (DFL-St. Paul) sponsor the law.

HF29/SF33*/CH8

New law aims to curb catalytic converter thefts

Beginning Aug. 1, 2023, it'll be more difficult to sell stolen catalytic converters to scrap metal dealers, and a new law will also hold those dealers more accountable for accepting stolen goods.

Sponsored by Rep. Ruth Richardson (DFL-Mendota Heights) and Sen. John Marty (DFL-Roseville), the law prohibits the possession of a detached catalytic converter with a few narrow exceptions and

provides that individuals found with illegally acquired detached catalytic converters could be charged up to a felony.

A provision in the law requiring dealers to submit details of each catalytic converter purchase to a Department of Public Safety database is Aug. 1, 2024. The law also appropriates \$298,000 in fiscal year 2024 and \$298,000 in fiscal year 2025 from the General fund for the Department of Public Safety to perform auditing and registration requirements relating to a scrap metal dealer's recordkeeping of each acquisition of scrap metal. This takes effect July 1, 2023.

HF30*/SF5/CH15

Public Safety
2023-2024 Regular Session

Crime of labor trafficking resulting in death encoded in statute

A new law creates a new crime of labor trafficking that results in death with a maximum penalty of 25 years in prison and a \$40,000 fine.

It also creates enhanced penalties for labor trafficking a person over an extended period of time or when a labor trafficking victim suffers great bodily harm as a result of the trafficking. This crime could be punished by up to 20 years in prison and a \$40,000 fine if the:

- victim is under age 18;
- labor trafficking occurs over an extended period of time; or
- victim suffers great bodily harm and the harm was proximately caused by the labor trafficking conduct of the offender.

Some terminology is also updated to add clarity around what sort of acts rise to the level of force or coercion. Prior law focused more on physical harm and the threat of such harm; the new law adds more specificity to that type of harm and clarifies that psychological harm can be considered.

Sponsored by Rep. Sandra Feist (DFL-New Brighton) and Sen. Clare Oumou Verbeten (DFL-St. Paul), the law takes effect Aug. 1, 2023.

HF42*/SF133/CH27

Omnibus law funds public safety and judiciary, sets gun-control measures

The state's public safety, judiciary, and corrections departments and agencies will receive \$3.56 billion in the 2024-25 biennium. The same budget law also contains dozens of policy updates and changes, including two high-profile gun-control measures.

Rep. Kelly Moller (DFL-Shoreview) and Sen. Ron Latz (DFL-St. Louis Park) sponsor the law that takes effect July 1, 2023, unless otherwise noted.

HF2890/SF2909*/CH52

Money

The public safety and judiciary finance and policy law includes funding for the Department of Public Safety, Department of Corrections, Minnesota courts, civil legal services, Guardian ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Department of Human Rights, and Peace Officers Standards and Training Board. (Art. 1-2)

The funding includes \$880 million in net General Fund increases during the 2024-25 biennium. Total appropriations by department, agency, commission, or board are:

- \$1.62 billion for the Department of Corrections;
- \$882.4 million for the Supreme Court, Court of Appeals, district courts, and tax court;
- \$625.7 million for the Department of Public Safety;
- \$319.2 million for the Public Defense Board, including 95.7 million for raises to public defenders and to hire 206 more of them;
- \$67.1 million for Civil Legal Services, including \$30.7 million for raises to its lawyers who represent low-income clients in civil cases;
- \$49.9 million for the Guardian ad Litem Board;
- \$16.5 million for the Department of Human Rights;
- \$14.4 million for the State Competency Attainment Board;
- \$3 million for the Sentencing Guidelines Commission;
- \$2.2 million for the Board of Appellate Counsel for Parents;

- \$1.3 million for the Board of Judicial Standards; and
- \$230,000 for the Uniform Laws Commission.

District court judges will get 8% pay raises in fiscal year 2024 and 4% in fiscal year 2025. The compensation pool is increased so judicial employees could receive performance-based raises of 9% in fiscal year 2024 and 6% in fiscal year 2025.

Appropriations for divisions, offices, and boards within the Department of Public Safety are:

- \$229.9 million for the Bureau of Criminal Apprehension;
- \$175.2 million for the Office of Justice Programs;
- \$147.9 million for the Emergency Communication Networks Division;
- \$34.3 million for the state fire marshal;
- \$25.6 million for the Peace Officers Standards and Training Board;
- \$14.4 million for the Firefighter Training and Education Board;
- \$11.7 million for the Division of Homeland Security and Emergency Management;
- \$7.9 million for alcohol and gambling enforcement;
- \$4.3 million for administrative services; and
- \$1.4 million for the Private Detective Board.

Budgets for several Department of Public Safety divisions are funded in the transportation finance and policy law, including \$370.1 million for the state patrol, \$148.9 million for driver and vehicle services, and \$13.8 million for the Office of Traffic Safety.

The Office of Justice Programs will receive \$175.2 million in the biennium, including:

- \$22 million for crime victim/witness advocates in county and city prosecutorial offices;
- \$10 million for crime victim services focused on underserved communities most impacted by violence;
- \$8 million for youth restorative practice programs;
- \$7.7 million for the state, instead of counties, to pay medical examination costs for criminal sexual conduct victims;
- \$7.1 million for youth intervention grants;
- \$5 million for Ramsey County juvenile placement homes;

- \$5 million for Ramsey County violence prevention/wellness grants; and
- \$5 million for recruiting and retaining peace officers.

Specific Department of Corrections appropriations include \$1.09 billion for incarceration and prerelease services, \$380.9 million for community supervision and post-release services, \$147.9 million for operations, and \$2.2 million for the Ombudsperson for Corrections. (Art. 1-2)

Guns

Effective Aug. 1, 2023, the law prohibits private transfers of pistols and semiautomatic military-style assault weapons without a firearms eligibility background check of the person receiving the firearm.

Requires chief law enforcement officers to deny an application for a transferee permit or report of transfer if there exists a substantial likelihood that the proposed transferee is a danger to self or the public when in possession of a firearm. The BCA is to receive \$70,000 in fiscal year 2024 to purchase and integrate information technology hardware and software necessary to process additional firearms eligibility background checks.

The second gun-control provision is a so-called “red flag” law, which, effective Jan. 1, 2024, provides a way for family or household members, a chief law enforcement officer, a city or county attorney, or a guardian to petition a court for an “extreme risk protection order,” including on an emergency basis, that will prohibit the respondent from possessing firearms for up to one year.

A criminal penalty is established for “knowing any information in the petition to be materially false or with the intent to harass, abuse, or threaten.” Law enforcement officers and county attorneys who decide, in good faith, to not petition for a protective order are immune from criminal or civil liability. (Art. 1, Sec. 3; Art. 13, Secs. 1-3; Art. 14, Secs. 1-12)

No-knock warrants

The new law significantly curtails when a judge can issue a no-knock search warrant. It allows no-knock warrants only when the search cannot be executed while the premises is unoccupied and “the occupant or occupants of the dwelling will present an immediate threat of death or injury to the officers executing the warrant if the officers announce their presence or purpose prior to entering the dwelling.”

Before the change, judges could approve no-knock warrants under certain conditions, such as when the police can demonstrate they are unable to detain a suspect or collect evidence through a knock-and-announce warrant. (Art. 9, Secs. 5-7)

New offices

Funded at nearly \$1.25 million each year, an Office for Missing and Murdered Black Women and Girls is established within the Minnesota Office of Justice Programs. It is “dedicated to preventing and ending the targeting of Black women and girls.”

An Office of Restorative Practices is established to, in part, promote the use of restorative practices across multiple disciplines, including pretrial diversion programs and community violence prevention

practices, and award grants to establish and support restorative practices initiatives. For establishment, \$500,000 is allotted each year.

A Clemency Review Commission, funded at \$986,000 each year, is created to screen petitions submitted to the Board of Pardons and make disposition recommendations on the petitions to the board.

The Statewide Office of Appellate Counsel and Training is established to provide training to all parent attorneys practicing in the state on topics relevant to their practice and establishing practice standards and training requirements for parent attorneys practicing in the state. It also includes hiring or contracting with attorneys to represent the parents in cases where a person appeals a district court's decision on a child protection case.

A Supervised Release Board to review eligible cases and make release and final discharge decisions for inmates serving life sentences with the possibility of parole or supervised release, among other sentencing conditions. The board is to receive \$40,000 per year in funding. (Art. 2, Secs. 3, 6; Art. 5, Secs. 26-27; Art. 8, Sec. 5; Art. 18, Sec. 1)

Policy provisions

Effective Aug. 1, 2023, the law establishes the Minnesota Rehabilitation and Reinvestment Act, which will require the Department of Corrections to develop a personalized rehabilitation plan for every inmate with at least a year left to serve, including substance abuse treatment programs, sexual offender treatment programming, medical and mental health services, and vocational, employment and career, educational, and other rehabilitative programs. If a program enrollee makes sufficient progress toward rehabilitation, their sentence could be reduced by up to 17%. Inmates serving life sentences will be ineligible for the program. (Art. 12, Secs. 1-15)

Also effective Aug. 1, 2023, a new process is created to simplify operation and payment of post-release community supervision (i.e., probation, parole) based on an agreement reached among all 87 Minnesota counties and the three entities providing such services: the Department of Corrections, county probation officers, and counties participating in the Community Corrections Act. (Art. 17, Secs. 1-xx)

Other policy provisions, effective Aug. 1, 2023, unless noted, include:

- simplifying how victims of identity theft or mistaken identity can expunge court records to clear their names;
- expanding who is authorized to perform civil marriages;
- requiring peace officers responding to emergency calls to carry at least two opiate antagonists (i.e., naloxone, naltrexone) to counteract a narcotics overdose;
- prohibiting peace officers from joining or supporting hate or extremist groups;
- allowing lawsuits seeking damages to continue after the person suing has died;
- creating a carjacking crime and establishing penalties;

- prohibiting law enforcement agencies from retaliating against, or penalizing a peace officer who intercedes against or reports another officer's or employee's use of excessive force;
- creating a crime of organized retail theft and establishing penalties;
- effective May 25, 2023, prohibiting the state from using private prisons;
- effective Jan. 1, 2024, restricting strip searches of detained juveniles and prohibiting the use of isolation to punish them;
- allowing people who receive government benefits, are homeless, or eligible for legal aid services to retrieve their possessions from an impounded vehicle free of charge;
- effective July 1, 2023, providing free phone calls for prisoners;
- expanding the definition of "killed in the line of duty" to include a public safety worker's death by suicide following a PTSD diagnosis or within 45 days of witnessing a traumatic event such as a mass shooting;
- permitting a person filing a name change after a divorce to go back to their pre-divorce name without a criminal history check;
- establishing and funding the Gaagige-Mikwendaagoziwag reward account for information on missing and murdered indigenous relatives;
- granting people convicted of aiding and abetting felony murder the right to petition a court to vacate their conviction;
- expanding the type of public safety workers eligible to be reimbursed for purchasing soft body armor to include firefighters and EMTs;
- strengthening laws prohibiting surreptitious observation or photographing that invades a person's privacy;
- effective Jan. 1, 2025, establishing an automatic expungement process for certain non-violent offenses, removing the requirement for a court process;
- permitting the prosecutor responsible for the prosecution of an individual convicted of a crime to commence a proceeding to lower that person's sentence;
- expanding the crime of an assault motivated by bias to include bias against a person due to the person's gender, gender identity, or gender expression;
- changing the first-degree possession offense to equate the possession of fentanyl with the possession of heroin;
- expanding by two the number of members on the Sentencing Guidelines Commission;

- beginning July 1, 2023, requiring the state, instead of counties, to pay for medical examination costs for criminal sexual conduct victims;
- establishing a mental health unit pilot program in county jails;
- requiring landlords to disclose all non-optional fees in lease agreements;
- encoding into statute the Interstate Compact for Juveniles;
- effective Aug. 1, 2024, requiring carbon monoxide alarms in hotel rooms;
- effective May 25, 2023, classifying as private data a tax return or a bank account statement of a person seeking to obtain a license from a city, municipality, or other political subdivision;
- effective Jan. 1, 2024, prohibiting employers from asking job applicants about their past pay history;
- prohibiting sentences of life without the possibility of parole for individuals who commit homicide before turning 18 and providing a possibility of release after 15, 20, or 30 years for all individuals who committed offenses as juveniles; and
- limiting the length of probation to five years for most felony offenses and making that change apply retroactively.

**Public Safety
2023-2024 Regular Session**

New law criminalizes creating sex-related deep fake activity

A deep fake is audio or video of a person digitally altered so they appear to be saying or doing something that in actuality did not happen. This is typically done with a negative intent, such as spreading false information.

The victim is often unaware of what happened and only finds out after their reputation has been damaged or life seemingly turned upside down.

Effective Aug. 1, 2023, a new law aims to fight the misuse of artificial-intelligence-generated video, images, and sound.

Sponsored by Rep. Zack Stephenson (DFL-Coon Rapids) and Sen. Erin Maye Quade (DFL-Apple Valley), the law will:

- establish a cause of action against someone for the intentional dissemination of a deep fake done without consent of the depicted individual and the deep fake realistically depicts intimate parts of

another individual, artificially generated intimate parts presented as the intimate parts of the depicted individual, or the depicted individual engaging in a sexual act; and

- make it a crime to disseminate or enter into an agreement to disseminate a deep fake if the disseminator knows, or should know, it is a deep fake and dissemination occurs within 90 days of an election, is made without consent of the depicted person, and is made with the intent to hurt a candidate or influence the result of an election.

Consent to the deep fake's creation will not be a defense for unauthorized dissemination. Immunity is established for internet service and similar providers.

HF1370*/SF1394/CH58

State Government
2023-2024 Regular Session

Juneteenth now a state holiday

The newest state holiday is June 19 – Juneteenth.

It marks the date in 1865 when federal troops arrived in Galveston, Texas to ensure the last enslaved people in the United States be set free, more than two years after President Lincoln signed the Emancipation Proclamation.

The law also ensures the holiday is observed June 19, no matter the day of the week. Prior law designated the third Saturday in June as an official state observance.

Rep. Ruth Richardson (DFL-Mendota Heights) and Sen. Bobby Joe Champion (DFL-Mpls) sponsor the law that takes effect Aug. 1, 2023.

Juneteenth became a federal holiday on June 17, 2021.

HF48/SF13*/CH5

State Government
2023-2024 Regular Session

Annual revisor's law makes needed technical changes

The annual revisor's law makes miscellaneous and technical corrections to laws and statutes, corrects erroneous, obsolete, and omitted text and references, corrects poor grammar, and removes redundant, conflicting, and superseded provisions.

Sponsored by Rep. Jamie Becker-Finn (DFL-Roseville) and Sen. Warren Limmer (R-Maple Grove), the effective dates are dependent on provisions needing clarification.

HF1581*/SF1497/CH25

State Government
2023-2024 Regular Session

Annual revisor's law makes needed technical changes

The annual revisor's law makes miscellaneous technical corrections to laws and statutes, such as correcting erroneous, obsolete, and omitted text and references, and removing redundant, conflicting and superseded provisions in law.

Sponsored by Rep. Jamie Becker-Finn (DFL-St. Paul) and Sen. Ron Latz (DFL-St. Louis Park), the effective dates are dependent on provisions needing clarification.

HF3280/SF3307*/CH69

State Government
2023-2024 Regular Session

One-time funds will help overworked Office of Administrative Hearings

Per its website, "The Office of Administrative Hearings renders justice through fair, timely, and impartial administrative hearings and high-quality dispute resolution services." That includes fair campaign practice complaints and some data practice matters.

However, its original biennial funding was used up by the first quarter of this year. Effective April 6, 2023, a new law provides a one-time \$196,000 General Fund appropriation to help the office maintain timely hearings in campaign and data practice cases for the remainder of the current fiscal year that ends June 30, 2023.

Traditionally the office receives about 25 new filings annually; however, the office expects to quadruple that in fiscal year 2023. The hours expended are on pace to expand from 600 in fiscal year 2022 to 2,000 in fiscal year 2023.

In November 2022, \$125,000 was transferred to the office from the General Fund Contingent Account to maintain services, but that funding was quickly depleted.

Rep. Ginny Klevorn (DFL-Plymouth) and Sen. Erin Murphy (DFL-St. Paul) are the sponsors.

HF2033/SF1816*/CH23

State Government
2023-2024 Regular Session

Disaster Assistance Contingency Account replenished with \$40 million

To replenish the Disaster Assistance Contingency Account, a new law transfers \$40 million from the General Fund in fiscal year 2023.

The account was created in 2014 to provide immediate disaster response funding without further legislative action. Prior to its creation, the Legislature would need to convene, often in a special session, every time a disaster was declared to appropriate money toward response efforts.

Sponsored by Rep. Gene Pelowski, Jr. (DFL-Winona) and Sen. Aric Putnam (DFL-St. Cloud), the law took effect April 18, 2023.

HF1278*/SF2307/CH26

State Government
2023-2024 Regular Session

Sizable omnibus pension and retirement funding investment

A large state investment aims to help ensure state pensions remain healthy and strong, in part, by buying down unfunded liabilities.

Sponsored by Rep. Kaohly Vang Her (DFL-St. Paul) and Sen. Nick Frentz (DFL-North Mankato), a new law, checks in at \$600 million in one-time funding, including \$485.9 million in fiscal year 2024 for the state pension plans and \$100 million associated with a duty disability law enacted in 2023.

It mostly takes effect July 1, 2023.

A onetime non-compounded cost of living adjustment will be a benefit to all members of the statewide pension plans and the St. Paul Teachers Retirement Fund Association in a lump sum by March 31, 2024. To be eligible, retirees must've received at least 12 months of pension payments as of June 30, 2023; for Police and Fire PERA plan enrollees the threshold is 12 months of a COLA.

Additionally, \$5 million will go to the PERA Statewide Volunteer Firefighter Plan to start an incentive program for volunteer firefighter relief associations to join the statewide plan, and \$100,000 in fiscal year 2024 is directed to the Legislative Commission on Pensions and Retirement to provide funding for additional independent actuarial cost assessments for the commission to make informed decisions on pension policy and legislation.

Other bill provisions include:

- reducing the rate of actuarial assumption for investment return from 7.5% to 7% for all state pension plans;
- reducing employee contributions to the Minnesota State Retirement System General and Unclassified plans from 6% of pay to 5.5% of pay during the 2024-25 biennium;
- reducing from five to three the years of service required for full vesting for members of the MSRS and PERA general plans to put them on the same vesting schedule as the teacher plans;
- revising the expiration date for supplemental employer contributions to the MSRS Correctional Plan and the State Patrol Plan and the annual state aid of \$6 million to the Judges Plan, essentially extending each for three years;
- revising the COLA for PERA correctional plans to restore the 2.5% cap if the funded status improves; and
- increasing the employee contribution rate by 1% beginning July 1, 2025, for St. Paul Teachers Retirement Fund Association members to help fund a new benefit that kicks in July 1, 2023. It'll allow a member at least age 62 with 30 or more years of service to receive an unreduced retirement annuity.

HF3100*/SF3162/CH45

State Government
2023-2024 Regular Session

Program aims to help more Minnesotans retire with greater financial cushion

Establishment of a Minnesota Secure Choice Retirement Program is the genesis of a new law aiming to benefit private-sector employees who have no opportunity to save for their retirement through an employer-sponsored retirement plan, such as a 401(k).

Sponsored by Rep. Jamie Becker-Finn (DFL-Roseville) and Sen. Sandy Pappas (DFL-St. Paul), a law effective May 20, 2023, calls for an employer of at least five employees that does not sponsor a retirement plan to transmit a percentage of the employee pay on an after-tax or pre-tax basis to a state-sponsored individual retirement account. An employee must be at least age 18 but will not be required to participate.

Employees will direct their dollars toward various investment funds offered through the State Board of Investment. Annual minimum and maximum contribution rates and an escalation schedule will be set by a seven-member board of directors created by the law. The state will have no liability for the payment of, the amount of, or losses to any benefit to any program participant. Covered employees will always be 100 percent vested in their accounts.

The board must file an annual report including “plan outcomes, progress toward savings goals established by the board, statistics on the number of participants and participating employers and covered employees who have opted out of participation, plan expenses, estimated impact of the program on social safety net programs, and penalties and violations and disciplinary actions for enforcement.”

One-time funding of \$5 million from the General Fund is provided to establish and administer the program that must begin by Jan. 1, 2025.

HF782*/SF413/CH46

State Government
2023-2024 Regular Session

Pension policy modifications enacted under new law

More than a dozen largely non-controversial provisions put forth by the Legislative Commission on Pensions and Retirement have been rolled into a new law.

The finished product includes, among others, changes to the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association.

Rep. Kaohly Vang Her (DFL-St. Paul) and Sen. Nick Frentz (DFL-North Mankato) sponsor the largely technical law with updates and corrections. It also addresses a handful of one-off cases. It took effect May 20, 2023, unless otherwise noted.

Three changes to the PERA Statewide Volunteer Firefighter Plan are included: counting years of service with any prior relief association in determining a volunteer firefighter's vested percentage with the plan; eliminating requirements imposed on relief associations after the affiliated fire department joins the plan; and allowing the Hamel Volunteer Fire Department and the Loretto Firefighters relief associations to join the plan mid-year and have the executive director of PERA merge assets and liabilities of the departments, formerly the assets and liabilities of the two relief associations.

Effective July 1, 2023, definitions used to determine eligibility for PERA pension plans for "included employee" and "excluded employee" will replace the 12-month and school-year thresholds – \$5,100 and \$3,800 respectively – with a monthly threshold of \$425; allow a person to be classified as a dependent child in all cases until age 23; and provisions regarding salary credit purchase for periods of reduced salary are amended largely to conform to how PERA administers them.

Other changes in the law include:

- effective Dec. 31, 2023, increasing the threshold for requiring relief associations to file audited financial statements from \$500,000 to \$750,000 in assets or liabilities in any prior year;
- altering the monetary threshold required for a governmental subdivision employee to participate in PERA-administered pension;
- permitting local appointed government officials to participate in the PERA Defined Contribution Plan;
- allowing employees in the State Patrol Plan to apply to begin their annuity no more than 60 days, rather than 90, in advance of the employee's annuity starting date;
- establishing an expanded right for judges to purchase service credit for a period of military leave;
- extending to three years the minimum time for purchasing service credit for periods of military leave under the Teachers Retirement and St. Paul Teachers Retirement Fund associations;
- upping the limit on employer contributions to supplemental plans that are in addition to the primary pension plans provided to public employees for two construction trade unions;
- allowing two Metropolitan Airports Commission employees to transfer service credit for several months of service in 2005 from the PERA General Plan to the PERA Police and Fire Plan upon payment of the missed employee contributions plus interest;
- letting former members of the St. Paul Teachers Retirement Fund Association who receive a retirement annuity to change it to a joint and survivor annuity and designate a same-sex spouse as the survivor if the retiree could not to do so when same-sex marriage was not recognized under state law; and

- authorize four Fond Du Lac Tribal and Community College employees and a Minnesota State employee to transfer from the Minnesota State Higher Education Individual Retirement Account Plan to the Teachers Retirement Association. The quintet did not receive the opportunity to transfer when they first became eligible. Additionally, a working group will be established to recommend legislation to eliminate the need for special legislation in similar cases.

HF2950*/SF3016/CH47

State Government
2023-2024 Regular Session

Collective bargaining agreements between executive branch, state employees

Two collective bargaining agreements ratified as part of a new law will affect more than 5,000 state employees across the Minnesota State College Faculty and Minnesota Government Engineers Council.

Each agreement is for the 2022-23 biennium.

Under the law, the 3,961 full-time equivalent faculty at Minnesota State community and technical colleges will, in part, have two steps added to most of the salary ranges through June 30, 2025. Faculty with 15-plus years of experience will receive a step increase equivalent to a 3.2% salary increase, retroactive to July 1, 2021, and faculty with 20-plus years of experience will receive a one-step increase equivalent to a 3.2% salary increase, retroactive to July 1, 2022. Faculty at the top of their salary range will receive a lump sum equivalent.

For the 1,123 engineering employees, primarily at the Department of Transportation, the agreement calls for a 2.5% across the board increase on July 1 of both 2021 and 2022, step increases of approximately 3.9% for eligible employees, and establishes a pilot program providing recruiting and employee referral incentives, like what is in other contracts.

The law also ratifies memorandums of understanding to amend existing labor contracts previously negotiated with the state, including incentives to retain employees in certain areas.

Rep. Leon Lillie (DFL-North St. Paul) and Sen. Nick Frentz (DFL-North Mankato) sponsor the law that took effect May 16, 2023.

HF800*/SF1431/CH36

State Government
2023-2024 Regular Session

Revisor's law makes technical corrections of miscellaneous errors in statutes

A new law makes several technical changes that correct miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors discovered by the Office of the Revisor of Statutes in existing statutes or in bills of the 2023 legislative session.

Effective May 27, 2023, the law changes a date the Department of Employment and Economic Development must submit a report to the Legislature and clarifies the recipient of a fiscal year 2022 targeted community capital project grant.

The law also corrects errors in several line-item appropriations in SF2995, including deleting an unintended base level adjustment in fiscal year 2026 and fiscal year 2027 to the Department of Labor and Industry. It also repeals Laws 2023, chapter 52, article 1, section 15. Both provisions took effect retroactive to the time the provision being corrected took effect.

Rep. Jamie Becker-Finn (DFL-Roseville) and Sen. Ron Latz (DFL-St. Louis Park) sponsor the law.

HF447*/SF200/CH73

State Government
2023-2024 Regular Session

Revisor's law makes technical corrections of miscellaneous errors in statutes

A new law makes several technical changes that correct miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors discovered by the Office of the Revisor of Statutes in existing statutes or in bills of the 2023 legislative session.

The law makes these changes:

- changing a date the Department of Employment and Economic Development must submit a report to the Legislature (Sec. 1);
- clarifying the recipient of a fiscal year 2022 targeted community capital project grant (Sec. 2);
- correcting errors in several line-item appropriations in SF2995, including deleting an unintended base level adjustment in fiscal year 2026 and fiscal year 2027 to the Department of Labor and Industry (Secs. 3-6); and
- repealing Laws 2023, chapter 52, article 1, section 15. (Sec. 7)

Sponsored by Rep. Jamie Becker-Finn (DFL-Roseville) and Sen. Ron Latz (DFL-St. Louis Park), all sections of the law become effective at the time the provision being corrected is effective, with the exceptions of Secs. 1 and 2, which became effective May 27, 2023.

HF447*/SF200/CH73

Taxes

2023-2024 Regular Session

Cuts and credits, hikes and aids fill tax finance and policy law

The tax finance and policy law makes changes to the financial framework that funds state and local government. It modifies provisions governing individual income and corporate franchise taxes, federal income tax conformity, property taxes, certain state aid and credit programs, sales and use taxes, minerals taxes, tax increment financing, certain local taxes and other tax-related provisions. It also modifies and establishes various income tax credits, adds a one-time refundable rebate credit, and creates new additions and subtractions.

Sponsored by Rep. Aisha Gomez (DFL-Mpls) and Sen. Ann Rest (DFL-New Hope), the law also contains changes related to the taxation of pass-through entities and the reporting of corporate income. Property tax changes include modified exemptions, classifications and refunds. Several aid programs are either created, modified or see increased funding, including local government aid, county program aid, soil and water conservation district aid, electric generation transition aid, tribal nation aid, statewide local housing aid, and public safety aid.

The law also converts the renter's property tax refund into a refundable individual income tax credit, modifies sales tax exemptions and local taxes and authorizes new ones, and modifies taconite taxes and certain retirement plans. It provides for a process to refund the state stadium bonds, modifies electronic bingo and electronic pull-tab devices, and establishes tourism improvement districts.

HF1938*/SF1811/CH64

Individual Income and Corporate Franchise Taxes (Article 1)

All are effective May 26, 2023, and pertain to tax years 2023 and beyond, except where indicated.

Beginning farmer tax credit: The law increases the credit rate for land sales from 5% to 8% (of the lesser of the sale price or fair market value of the asset) and the maximum credit for sales from \$32,000 to \$50,000. It also allows the sale of land to a spouse or family member (brother, sister, ancestor or lineal descendant) to qualify for the credit (Sec. 2). It allocates \$6.5 million for tax year 2023 and \$4 million for tax year 2024 and beyond for the credit (Sec. 3). It requires a report to the Legislature that includes the number of beginning farmers who are members of a socially disadvantaged group (effective May 26, 2023; Sec. 4), and allows the commissioner of the

Department of Employment and Economic Development to release data to the revenue department on individuals to the extent required to administer the credit (Sec. 6).

Angel investment tax credit: The law allocates \$5 million annually for the angel investment credit for taxable years 2023 and 2024 (Sec. 7).

Film production tax credit: It specifies that the minimum \$1 million expenditure must be made in the consecutive 12-month period beginning when expenditures are first paid in Minnesota (Sec. 8), increases the total annual amount available for credits from \$4.95 million to \$24.95 million (Sec. 9), and extends its availability through tax year 2030 (Secs. 10 and 33).

Pass-through entity tax: The law allows tiered pass-through entities to elect to file and pay the pass-through entity tax and allows 100 percent of the income of a resident pass-through owner to be used when determining the amount of PTE tax. It excludes from the election requirements any owner of a pass-through entity who is not a qualifying owner and clarifies that the election must be made by the owners who collectively hold a majority of the total ownership interests of qualifying owners (Sec. 14).

Reporting and payment requirements: The law requires that a partnership subject to a federal partnership level audit must report adjustments and file a new pass-through entity tax return to account for the changes (retroactive to tax year 2021; Sec. 15).

Limited deductions: The standard deduction or itemized deductions of a taxpayer with adjusted gross income over \$220,650 are reduced by the lesser of: 3% of the excess of the taxpayer's adjusted gross income over that amount plus 10% of adjusted gross income over \$304,970, or 80% of the amount of the taxpayer's standard deduction or itemized deductions. The itemized deductions of a taxpayer with adjusted gross income over \$1 million are reduced by 80%. Married individuals filing separate returns must be calculated using one-half of adjusted gross income amounts (Secs. 18 and 19).

Inflation adjustments: The revenue commissioner must adjust standard deduction amounts and adjusted gross income amounts for inflation and set the statutory year to 2023 for the purposes of the brackets for inflation (Sec. 20).

Student loan discharges: A taxpayer's qualified student loan discharge is now a subtraction (Sec. 23).

Social security benefits: Minnesota's Social Security subtraction is expanded to allow taxpayers with adjusted gross income below \$100,000 (for married joint returns) or \$78,000 (for single or head of household returns) to subtract the full amount of the taxpayer's taxable Social Security benefits. The subtraction is phased down by 10% for each \$4,000 of adjusted gross income in excess of the phaseouts for most filers, or 10% for each \$2,000 of adjusted gross income for those married filing separately. The phaseout thresholds will be indexed for inflation (Sec. 24).

Qualified retirement benefits: A subtraction is established for a portion of public pension benefits, which would apply to pension benefits from state or federal plans that were earned based on service for which the member or survivor did not earn Social Security benefits. The subtraction is limited to \$25,000 for married joint filers, and \$12,500 for other filers. The subtraction is phased out beginning at \$100,000 of adjusted gross income for married joint filers and \$78,000 for single and head of

household filers. The subtraction is reduced by 10% for each \$2,000 of adjusted gross income above those thresholds.

Net investment income tax: A tax is imposed on the net investment income of individuals, estates and trusts in excess of \$1 million at a rate of 1%, effective for tax year 2024 (Sec. 30).

Campaign contributions: Individuals who contribute to political parties and candidates will see their maximum refund grow to \$75, or \$150 for those married filing jointly, effective for contributions made in calendar year 2024 or after (Sec. 31).

Pass-through entity taxes paid elsewhere: A credit is provided for pass-through entity taxes paid to another state claimed by a qualifying owner of a pass-through entity (Sec. 32).

Minnesota child tax credit: The Minnesota working family credit is restructured into a combined credit based on the taxpayer's earned income and number of qualifying children. Newly eligible for the credit are those who file with an individual taxpayer identification number, childless taxpayers who are 18 or are 65 and older, and taxpayers who have insufficient earned income to qualify for the federal earned income credit but can claim the child credit. The credit amount is \$1,750 per qualifying child and begins phasing out at incomes of \$35,000 for married joint filers or \$29,500 for other filers. The phaseout thresholds will be adjusted for inflation each year, beginning in 2024. The revenue department may also create options for advance payment of credits (Sec. 34).

Dependent care credit: Unmarried taxpayers with a newborn child who do not have dependent care expenses are allowed to claim the "newborn credit" (Sec. 35).

Working family credit: This credit is revised to equal 4% of the first \$8,750 of earned income. It is increased by \$925 for a taxpayer with one qualifying older child, \$2,100 for a taxpayer with two qualifying older children, or \$2,500 for a taxpayer with three or more qualifying older children. It is phased out jointly with the Minnesota child tax credit (Sec. 36).

Education credit: The credit to defer some education-related expenses is now available to those with adjusted gross incomes up to \$70,000, the maximum credit being \$1,500 multiplied by the number of children from kindergarten through 12th grade in the family. Beyond that income level, the credit phases out, reduced by \$2 for each \$4 over that income level. It will now be annually adjusted for inflation (Sec. 37).

Current military service credit: The credit for military service is now available per calendar year, not taxable year (Sec. 38).

Historic structure rehabilitation credit: The sunset for the credit now expires after fiscal year 2030. The change is effective retroactively from July 1, 2022 (Sec. 39). Projects that have started rehabilitation work after June 30, 2022, and before July 1, 2023, may be eligible for the credit if the application is received on or before Aug. 30, 2023 (Sec. 50).

Credit for sales of manufactured home parks to cooperatives: A qualified seller is allowed a credit of 5% of the amount of the sale price of a qualifying property with a five-year carry-forward (Sec. 40).

Short line railroad infrastructure modernization credit: An eligible taxpayer is allowed a credit against tax due equal to 50% of eligible expenses, not to exceed \$3,000 per mile, multiplied by the number of

miles of railroad track owned or leased within the state for which they had reconstruction or replacement expenditures (Secs. 41 and 48).

Net operating loss limitation: The allowable deduction for a corporate net operating loss must now not exceed 70% of taxable net income in a single taxable year (Sec. 44).

Dividends received from another corporation: The percentage of dividends received by corporations that are deductible is reduced. (Sec. 45).

Global intangible low-taxed income: This category of income is earned abroad by U.S.-controlled foreign corporations and is subject to special treatment under the U.S. tax code. The law changes Minnesota statute to conform to federal law, classifying it as dividend income (Sec. 47).

One-time refundable tax credit payment: For tax year 2021, a taxpayer is allowed a credit against the individual income tax equal to \$520 for a married couple filing a joint return (for those with adjusted gross incomes of \$150,000 or less) and \$260 for a single filer, head of household, or married taxpayer filing a separate return (for those with adjusted gross incomes of \$75,000 or less). For taxpayers with dependents, the credit will be increased by \$260 per dependent up to an additional maximum credit of \$780 (Sec. 49).

Certain unemployment compensation: A subtraction may be available for unemployment compensation received by some individuals in tax year 2021 under the federal Pandemic Unemployment Assistance program (Sec. 52).

Sexual harassment: The law also states that, when a financial settlement is provided in a sexual harassment or abuse settlement between an employer and an employee, it cannot be provided as wages or severance pay to the employee, regardless of whether the settlement includes a nondisclosure agreement. And a subtraction is created for the amount of damages received under a sexual harassment or abuse claim that are not excluded from gross income because of personal physical injuries or sickness (Secs. 11, 27).

In several provisions, the law also makes conforming changes to federal definitions of "income," "net income," "deferred foreign income" and "net operating loss."

Federal Conformity (Article 2)

The law conforms the language in statute to that of the federal tax code for several types of tax, as of May 1, 2023. All these changes are effective May 26, 2023, except in the case of retroactive provisions that apply to tax years 2020 and later (Sec. 7).

With this update, the state conforms with federal tax policy on:

- deferral of tax for sales of employer stock to an employee stock ownership plan sponsored by an S corporation;
- retirement account withdrawals for emergency expenses;
- allowing additional nonelective contributions to simple retirement accounts;

- distributions from 529 plans to Roth IRAs;
- one-time election for qualified charitable distribution to a split-interest entity;
- increases in qualified charitable distribution limitation;
- exclusion of disability-related first responder retirement payments;
- distributions from an IRA for federal disasters; and
- limitation on deduction for charitable conservation easements.

In addition to updating references to the Internal Revenue Code for purposes of calculating several taxes, the law amends the residency percentage formula to include additions and subtractions related to certain business interest and net operating losses (Sec. 4), and repeals the excess business loss subtraction enacted in the federal conformity bill signed into law by the governor on Jan. 12, 2023 (Sec. 8).

Property Tax (Article 3)

This article makes several changes related to property taxes. They include:

- increasing the maximum General Fund levy authority for watershed districts (effective 2024; Sec. 1);
- requiring real property to be classified as class 3a (commercial) if the property contains more than one solar energy generating system (effective 2024; Sec. 2);
- extending an exemption for property owned by the Minnesota Chippewa Tribe (effective 2023; Sec. 3);
- establishing an exemption for an elderly living facility in Duluth (effective 2023; Sec. 4);
- allowing certain community land trust property to receive the 4d classification (effective 2024; Sec. 5);
- raising the first-tier valuation limit for agricultural homestead property (effective 2024; Sec. 6);
- allowing property owners to provide an individual taxpayer identification number for homestead applications (effective 2023; Secs. 8-14 and 21);
- requiring property owners receiving class 4d(1) status to put savings toward certain improvements and receive certain approvals from the town or city (effective 2024; Sec. 15-17);
- setting the classification rates for class 4d(1) property at 0.25% and class 4d(2) property at 0.75% (effective 2024; Sec. 18);
- allowing certain surviving spouses to apply for the market value exclusion for veterans with a disability (effective 2023; Sec. 19);

- increasing the value thresholds and the maximum exclusion amount for the homestead market value exclusion (effective 2024; Sec. 20);
- modifying the proposed property tax statement (effective 2024; Secs. 22-24);
- modifying the senior deferral program (effective 2024; Secs. 26-29);
- instituting bonding and tax levy authority for Anoka County public safety improvements and equipment (effective when acted upon by the governing body of Anoka County; Sec. 30); and
- extending the property tax levy authority for the Northwest Minnesota Multi-County Housing and Redevelopment Authority (effective when acted upon by the authority; Sec. 33) and the property tax exemption for Independent School District No. 745 in Albany (effective March 26, 2023; Sec. 34).

Property Tax Aids (Article 4)

This article makes several changes related to state aids, credits and refunds, all effective in 2024, except where indicated. They include:

- requiring electric generation transition aid to be paid to school districts at the same time as other property tax-related reimbursements (Sec. 1);
- reducing homestead credit refund co-pay percentages for all income ranges by 3%, and annually adjusting the thresholds and maximum amounts for inflation (Secs. 2 and 3);
- modifying the distribution formulas for local government aid (Secs. 4-8, 11 and 12) and county program aid (Secs. 9, 10, 17 and 18);
- increasing appropriations by \$80 million for local government aid (Sec. 15) and county program aid (Sec. 16);
- increasing certain Payment in Lieu of Taxes payments (Secs. 17-19);
- establishing soil and water conservation district aid and appropriating \$15 million annually (Sec. 20);
- establishing electric generation transition aid (Sec. 21);
- modifying local homelessness prevention aid (Sec. 22);
- appropriating property tax reimbursement aid for the county and city of Mahnommen and school district (Secs. 23 and 26);
- establishing statewide local housing aid and appropriating \$22.5 million (Sec. 24);
- establishing tribal nation aid and appropriating \$35 million annually (Sec. 25);
- establishing a onetime public safety aid for local, county and tribal governments and appropriating \$300 million (Sec. 27);

- providing aid penalty forgiveness to the cities of Echo and Morton (Sec. 28);
- commissioning a study of valuation methods for state-owned lakeshore (Sec. 29);
- providing one-time increases in the renter's credit and homestead credit state refunds (Sec. 30);
- increasing the targeted property tax refund and adding a temporary increase for property taxes paid in 2023 (Sec. 31); and
- modifying class 4d(1) low-income rental property transition aid (Sec. 32).

Sales and Use Taxes (Article 5)

This article makes several changes related to sales tax. All are effective July 1, 2023, except where noted. They include:

- modifying uses for a portion of county fair revenues (effective March 26, 2023; Sec. 1);
- instituting sales tax language for suite licenses and rights to purchase season tickets to collegiate events (effective for sales and purchases made after June 30, 2022; Secs. 2-4);
- making secure firearm storage units tax-exempt (Sec. 5);
- allowing a sales tax exemption for some sales between limited liability companies and disregarded entities (Sec. 6);
- making tax exempt some amenities that come with admission to major league professional sports events (effective July 1, 2022; Sec. 7);
- adding blood centers to the list of medical providers whose purchases are exempt from sales taxes (effective Jan. 1, 2020; Sec. 8);
- providing an exemption for fees paid on natural gas purchased during the "polar vortex" of February 2021 (Sec. 11); and
- providing exemption of construction materials for certain cities, school districts, and the Minneapolis-St. Paul International Airport (effective on various dates; Secs. 10 and 12-32).

Minerals Taxes (Article 6)

This article makes several changes related to minerals taxation. All are effective for tax year, assessment year, production year and distribution year 2023, and took effect on May 26, 2023. The changes include:

- converting the net proceeds tax into a gross proceeds tax (Secs. 1, 3 and 6);
- expanding the definition of the taconite assistance area (Sec. 2);
- modifying the distribution of the gross proceeds tax (Secs. 4 and 5);

- changing the production tax distribution amounts to certain accounts (Secs. 7-9 and 12);
- providing a one-time transfer from the property tax relief account to the Iron Range resources and rehabilitation account (Sec. 11); and
- authorizing the commissioner of the Iron Range Resources and Rehabilitation Board to have temporary loan authority (Sec. 10) and to issue bonds (Sec. 13).

Renter's Credit (Article 7)

This article converts the Minnesota renter's credit into a refundable income tax credit and changes the income measure used to calculate the credit from "household income" to adjusted gross income. Rather than filing for a renter's credit on a separate form and receiving a credit payment in August or September, a claimant will file for and receive the credit during the normal income tax filing period.

The credit is available to households earning \$75,389 or less. The law also appropriates \$1 million each in fiscal years 2024 and 2025 to the revenue department to make grants to nonprofit organizations or federally recognized Indian tribes to publicize credits targeting low-income taxpayers and assist taxpayers in applying for such credits.

The change is effective for taxable years beginning after Dec. 31, 2023.

Tax Increment Financing (Article 8)

This article makes several changes related to tax increment financing districts within various municipalities. All are effective after the approval of local authorities. The changes include:

- changing the definition of a "small city" (Sec. 1);
- modifying preexisting special legislation for the cities of Hopkins (Sec. 2), Bloomington (Sec. 3), Savage (Sec. 6) and Ramsey (Sec. 8);
- identifying authorized expenditures for St. Paul's TIF district (Sec. 4); and
- granting special TIF authorization to the cities of Duluth (Secs. 7 and 10), Chatfield (Sec. 9), Fridley (Sec. 11), Plymouth (Sec. 12), Shakopee (Sec. 13), West St. Paul (Sec. 14) and Woodbury (Sec. 15).

Tax Increment Financing General Law Modifications (Article 9)

For the purposes of clarifying the oversight responsibilities of the Office of the State Auditor pertaining to tax increment financing districts, changes have been made to language in statute. Effective May 26, 2023, they include:

- redefining and modifying treatment of administrative expenses (Sec. 1);
- defining a "pay-as-you-go" contract and note (Sec. 2);

- establishing limitations on administrative expenses, expenditures and uses of revenues, including for decertification (Secs. 4-8);
- modifying pooling restrictions (Sec. 9); and
- modifying treatment of violations of TIF law (Secs. 11 and 12).

Local Sales and Use Taxes (Article 10)

While the law does allow several municipalities and counties to seek approval from voters for local sales taxes with specific allocations outlined on ballots, it also includes a temporary moratorium on adopting any new resolutions or seeking voter approval for such taxes through May 31, 2025 (Sec. 1).

Among the municipalities and counties that will be allowed to place new local option sales tax measures and bonding proposals on city ballots this fall are St. Paul (Secs. 2-5), Rochester (Secs. 6-9), Marshall (Sec. 11), Beltrami County (Sec. 25), Blackduck (Sec. 26), Bloomington (Sec. 27), Brooklyn Center (Sec. 28), Chanhassen (Sec. 29), Cottage Grove (Sec. 30), Detroit Lakes (Sec. 31), Dilworth (Sec. 32), East Grand Forks (Sec. 33), Fairmont (Sec. 34), Henderson (Sec. 35), Hibbing (Sec. 36), Golden Valley (Sec. 37), Jackson (Sec. 38), Jackson County (Sec. 39), Monticello (Sec. 40), Mounds View (Sec. 41), Proctor (Sec. 42), Rice County (Sec. 43), Richfield (Sec. 44), Roseville (Sec. 45), St. Joseph (Sec. 46), Stearns County (Sec. 47), Stillwater (Sec. 48), Winona County (Sec. 49), and Woodbury (Sec. 50).

Cities that will be asking voters to extend or expand the purview of their current local sales taxes or bonding authority include North Mankato (Sec. 10), Avon (Secs. 12-14), Excelsior (Sec. 15), Rogers (Sec. 16), Edina (Sec. 17), and Oakdale (Secs. 20-23).

Fergus Falls is planning to increase its sales tax and bonding authority without voter approval (Secs. 18 and 19).

The law also establishes a local taxes advisory task force to examine the use of local taxes as a funding mechanism for cities and counties to fund capital projects and other improvement projects (effective May 26, 2023; Sec. 51).

Local Special Taxes (Article 11)

Duluth received approval to expand both its bonding authority and its lodging tax threefold to fund capital improvements to park-based public athletic facilities (Secs. 1 and 2); Cook County will eliminate its admissions and recreation tax and terminate its lodging tax after 30 years (effective May 26, 2023; Sec. 3); and Lake of the Woods County is authorized to institute a lodging tax (Sec. 4). Except where noted, all are pending the approval of local authorities.

Public Finance (Article 12)

This article makes several changes to the law governing public finance, including:

- allowing local governments to invest public funds in time deposits insured by credit units (Sec. 1);

- extending from 10 to 20 years the period during which the notes, certificates of indebtedness, and general obligation certificates of certain political subdivisions must be payable (Secs. 2-7);
- allowing local governments to issue debt to pay to eliminate ice-making systems in public facilities that use R-22 (Secs. 3-7);
- clarifying levy certification requirements for housing and redevelopment authorities, port authorities, and economic development authorities (Secs. 8-11);
- eliminating the requirement that public facilities funded by tax-exempt bonds be publicly owned, or a facility used for district heating or cooling (Sec. 12);
- eliminating specific projects that can be financed with public facility bonds so that federal tax rules apply (Sec. 13);
- setting installment schedules and annual bonding limits for municipal water and wastewater treatment systems (Sec. 14);
- extending St. Paul's bonding authority through 2035 and increasing its aggregate principal amount to \$30 million for each year (Sec. 15); and
- determining that Virginia's loan from the U.S. Department of Agriculture to finance a public safety building should not be computed into the city's net debt (Sec. 16).

All are effective May 26, 2023, save the provisions in Secs. 15 and 16, which are pending the approval of local authorities.

Stadium Payoff, Electronic Pull-tabs and Gambling Taxes (Article 13)

U.S. Bank Stadium: Effective July 1, 2023, the law repeals the requirement that the commissioner of revenue retain sales tax revenue generated in Minneapolis for the purpose of repaying state payments made to the Minnesota Sports Facilities Authority from 2016 through 2020 for operating and capital expenses related to U.S. Bank Stadium.

It also makes three Minneapolis-related changes: the city does not have to repay the state advance for operating and capital expenses; the amount of tax retained for the benefit of the MSFA is limited to 3 percent of the taxes collected in the preceding year; and if stadium bonds are paid off, the city's debt service support payments are reduced essentially by the amount of interest payments on the city's share of the bonds.

It requires that certain tax revenues remitted to the authority be used for capital improvements (Secs. 2, 13-14).

A General Fund appropriation of \$15.7 million in fiscal year 2023 to Minnesota Management and Budget is designed to provide a secure perimeter around the stadium. And the commissioner will have the option of paying off the debt for the stadium, including any accrued interest and associated financing costs, in fiscal year 2023, if general reserve account dollars are available to prepay the entire debt (Secs. 16-17).

Electronic pull-tabs: The law reduces the combined net receipts tax rate for charitable gambling revenues (Sec. 3), and stipulates that “gross receipts” do not include a licensed organization’s receipts from electronic pull-tabs, provided the electronic pull-tab manufacturer has completed an annual system and organization controls audit (Sec. 4). This is effective for audits conducted after June 30, 2024.

It clarifies that neither electronic bingo devices nor electronic pull-tab devices can contain spinning reels or other representations that mimic the display or user interface of a video slot machine (Secs. 5-7), and that electronic pull-tab games must contain a mechanism requiring a player to manually activate each electronic pull-tab ticket to be opened, and to manually activate the reveal of each single row of symbols with a separate and distinct action (Secs. 8 and 9). These changes are effective for games approved after Aug. 1, 2023.

The state’s gambling control board is authorized to remove games that violate these rules from the inventories of distributors and organizations by Dec. 31, 2024 (Secs. 10 and 15). Distributors may not charge a licensed organization more than 25% of gross profits derived from electronic pull-tab games supplied by the distributor (Sec. 11). And manufacturers of such devices are required to submit an annual systems and controls audit (Sec. 12).

Teachers Retirement Association (Article 14)

Adjustments are made to the pension adjustment rate for members of the Teachers Retirement Association and the St. Paul Teachers’ Retirement Fund Association. “Normal retirement age” is defined and policy on employee contributions extended through June 30, 2025. Both employer and employee contributions are revised. For the Teachers Retirement Association, the date for full funding is moved to June 30, 2053. And base amounts are increased for employer pension contributions to the Teachers Retirement Association for employees of the Minnesota State system of colleges and universities, the Minnesota State Academies and the Perpich Center for Arts Education (Secs. 1-99).

Miscellaneous (Article 15)

All of these changes are effective May 26, 2023, except where indicated.

Rules are revised for the Tax Expenditure Commission (Secs. 1 and 2), and the revenue commissioner is tasked with developing an interactive “taxpayer receipt” function on the department’s website that calculates a taxpayer’s share of state General Fund expenditures in multiple categories in the most recent fiscal year (effective for tax year 2023; Secs. 3 and 10).

The law provides that the population used to compute refunds and payments under tax agreements between the commissioner of revenue and tribal governments is the number of enrolled members of the tribe who live on or adjacent to the reservation as reported by the tribe (Sec. 5).

The commissioner will no longer charge fees for entering into payment agreements (effective June 24, 2023; Sec. 6), a county auditor’s responsibilities in determining validity of a claim are laid out (Sec. 7), and county boards are given guidelines on establishing interest rates (effective Jan. 1, 2024; Secs. 8 and 9). And some allocations are delineated for the Environmental Trust Fund (Sec. 11).

Upon petition by business owners, a municipality or county may establish a tourism improvement district with some taxing authority (Secs. 12-21). The revenue department is commissioned to perform a study on free electronic filing options for filers (Sec. 23). All grant and business subsidy recipients will be subject to financial review (Sec. 26). And redemption periods of targeted properties in Ramsey County are extended upon approval by local governing bodies (Sec. 25).

The law also appropriates funds for:

- a workforce and affordable homeownership development account (effective July 1, 2023);
- a tax filing modernization account;
- the taxpayer receipt;
- debt relief for the Crane Lake water and sanitary district;
- Minneapolis for business development on the Lake Street corridor;
- Northfield for infrastructure for a manufactured home park;
- Spring Grove to remediate the effects of a fire (effective July 1, 2023);
- Windom for relief related to the closure of a pork production plant;
- the Windom school district; and
- administrative support for the revenue department (Secs. 22, 24, 27-35).

Revenue Department Policy (Article 16)

This article mostly deals with technical aspects of state tax policy and outlines the responsibilities of the revenue department to make changes.

Among the topics addressed are nonresident withholding tax refunds, credit for taxes paid to another state, miscellaneous withholding arrangements, withholding of payments to out-of-state contractors, and property taxes payable for tax year 2022 and later.

Save the last one, all changes are effective May 26, 2023.

Fire and Police State Aids (Article 17)

This article makes a number of policy and technical changes related to the fire state aid and police state aid programs, effective for aids payable in calendar year 2024 and thereafter.

The state auditor is required to file to the revenue commissioner a financial compliance report for each relief organization. Much of the article clarifies definitions. Also clarified are filing requirements and certification for apportion agreements, the Public Employees Retirement Association and fire departments. It also lays out penalties for failure to correct a certification, apportionment,

allocations and corrections of fire state aid, and use of the most recent population estimates. Similarly, apportionment, allocations and corrections of police state aid are clarified (Secs. 1-24).

Data Practices (Article 18)

This article makes clear that data on individuals collected, maintained, used or disseminated by the welfare system are private data and shall not be disclosed, with some exceptions that are explained. It clarifies that the revenue commissioner may request information from any state officer or agency in order to file their biennial report to the Legislature. It also clarifies requirements for tax preparers, owners or managing agents who provide rent certificates, and who can perform criminal history record information checks (Secs. 1-4, 6-76). All changes are effective May 26, 2023.

Miscellaneous Revenue Department matters (Article 19)

The law's final article clarifies that the population used to compute refunds and payments under tax agreements between the commissioner of revenue and tribal governments is the number of enrolled members of the tribe who live on or adjacent to the reservation as reported to the commissioner by the tribe (effective for agreements entered into after Dec. 31, 2022).

It also clarifies that a health care provider, for MinnesotaCare tax purposes, does not include a person or entity that receives all their payments for patient services from a source of funds that is excluded from tax. The law also moves the annual deadline for publication of the debt service surcharge from April 1 to May 1 and amends the definition of "state," effective for sales and purchases made after June 30, 2023.

Each of the changes is effective May 26, 2023, unless noted otherwise.

Taxes 2023-2024 Regular Session

State tax policy brought into conformity with federal code

Minnesota's tax code has been updated to conform with most of the federal Internal Revenue Code that'd been updated by seven federal acts enacted between Dec. 20, 2019, and Dec. 15, 2022.

With the changes, Minnesota's tax code is updated to reflect changes in the definitions of federal adjusted gross income or federal taxable income. The acts that inspired the conformity changes (with their date of enactment) are:

- Further Consolidated Appropriations Act (Dec. 20, 2019);
- Families First Coronavirus Response Act (March 18, 2020);
- Coronavirus Aid, Relief, and Economic Security Act (March 27, 2020);

- Consolidated Appropriations Act (Dec. 27, 2020);
- American Rescue Plan Act (March 11, 2021);
- Infrastructure Investment and Jobs Act (Nov. 15, 2021); and
- Inflation Reduction Act (Aug. 16, 2022).

The law largely conforms to the changes retroactively, meaning taxpayers affected by changes in previous tax years may file amended returns to account for the changes adopted.

The law does not conform state tax code to the Internal Revenue Code regarding 12 changes to federal policy in the areas of businesses losses and interest, payroll credits, changes in the dependent care credit and disaster-related casualty losses, and deductions for some tuition, charitable contributions and business meals.

Sponsored by Rep. Aisha Gomez (DFL-Mpls) and Sen. Ann Rest (DFL-New Hope), the law's provisions are mostly effective Jan. 13, 2023, or whenever effective for federal purposes. Some retroactive provisions are instituted for tax years 2018 through 2021, and one change in net operating loss deduction becomes effective in tax year 2026.

HF31*/SF25/CH1

Transportation
2023-2024 Regular Session

State road construction gets \$315 million federal funding boost

A new law appropriates \$315 million from the Trunk Highway Fund in 2023 for state road construction.

Effective Feb. 8, 2023, the law allows the Department of Transportation to spend additional formula and discretionary grant dollars offered through the federal Infrastructure Investment and Jobs Act. The one-time appropriation is available until June 30, 2025.

Money may be used for construction, reconstruction and improvement of trunk highways, including payments for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

Rep. Erin Koegel (DFL-Spring Lake Park) and Sen. D. Scott Dibble (DFL-Mpls) sponsor the law.

HF26*/SF24/CH6

Driver's licenses will be accessible regardless of immigration status

Proof of legal residence in the country will no longer be required to drive legally on state roads.

Mostly effective Oct. 1, 2023, the so-called "driver's license for all" law will no longer require people seeking noncompliant driver's licenses and identification cards – cards that do not conform to federal REAL ID standards – to show proof of citizenship or lawful presence in the United States.

Nothing in the design of noncompliant licenses can indicate the immigration or citizenship status of the holder. Nor can state agencies and other political subdivisions use the license as evidence of lawful residency in the country or as the primary basis for investigation, detention or arrest. The law also sets various data protections and restrictions related to identifying a person's immigration status or citizenship.

Before 2003, Minnesota residents did not have to provide proof of legal presence to get a driver's license.

Under the law, foreign passports, consular identification cards, certified foreign birth certificates and certified foreign adoption certificates will be acceptable primary documents to be used as proof of identity. The types of secondary documents that may be accepted are expanded to include, in part, applications for asylum, student visas, Deferred Action for Childhood Arrival approval notice and mortgage papers.

The law includes a nearly \$2.87 million appropriation in the 2024-25 biennium for the Public Safety Department's Driver and Vehicle Services Division for implementation.

Rep. Aisha Gomez (DFL-Mpls) and Sen. Zaynab Mohamed (DFL-Mpls) sponsor the law.

HF4*/SF27/CH13

Purple signs to mark Prince Rogers Nelson Highway

With a stroke of purple pen, the “Prince Rogers Nelson Memorial Highway” became a reality.

Effective May 10, 2023, a seven-mile stretch of Trunk Highway 5 between Mitchell Road in Eden Prairie and Trunk Highway 41 in Chanhassen is named in honor of the Minnesota music icon. Purple signs will mark the stretch, deviating from the usual brown.

The highway runs past Prince’s former home and studio, Paisley Park, which is now open to the public.

The law also shortens the Augie Mueller Memorial Highway honoring the former legislator by moving its eastern endpoint to Trunk Highway 41 rather than its current terminus at Trunk Highway 101.

Rep. Lucy Rehm (DFL-Chanhassen) and Sen. Julia Coleman (R-Waconia) sponsor the law.

HF717*/SF279/CH35

Vetoes
2023-2024 Regular Session

Walz vetoes rideshare regulations bill

Proposed job protections for Uber and Lyft drivers will not go into effect, following a veto by Gov. Tim Walz.

Sponsored by Rep. Hodan Hassan (DFL-Mpls) and Sen. Omar Fateh (DFL-Mpls), the bill would have created a novel regulatory framework for rideshare companies.

The bill would have mandated minimum compensation rates for drivers on a per-mile and per-minute basis, and granted drivers the right to appeal a deactivation, providing an avenue to possibly reactivate their accounts on a rideshare app.

Other provisions would have empowered a local unit of government to revoke a rideshare company’s operational license and affirmed a driver’s right to sue for alleged violations of the proposed labor standards.

While Walz concurred with the aim of achieving better working conditions and wages for rideshare drivers, “House File 2369 is not the right bill to achieve these goals,” he wrote in a veto message.

He echoed arguments made during legislative debate, namely that the measure “could make Minnesota one of the most expensive states in the country for rideshare.” His statement also cited concerns raised by disability advocates and anti-violence organizations that “increased rideshare rates will limit, and potentially eliminate, needed transportation options for vulnerable communities.”

Walz affirmed his desire to take action by issuing an executive order convening a working group. Stakeholders are being asked to meet and make recommendations for the next legislative session.

This was Walz's only veto during the 2023 legislative session, and first during his tenure as governor.

HF2369*/SF2319/CH65