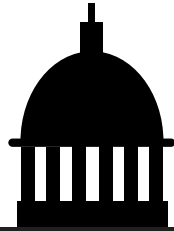


LEAGUE OF MINNESOTA CITIES



2019
Law
Summaries

Final Legislative Action

MINNESOTA SESSION LAWS 2019

INCLUDES REGULAR SESSION AND SPECIAL SESSION LAWS



Contents

Session 2019: Leaders Overcome Divided Government to Enact Biennial Budget.....	1
LMC 2019 Law Summaries.....	2
BONDING	3
Bonding bill releases legally challenged infrastructure funds and corrects 2018 language.....	3
BUILDING CODES	3
Public building accessibility	3
CIVIL AND CRIMINAL LAW	3
Light rail transit operators subject to reckless or careless driving law.....	3
Use of cell phones while driving prohibited under certain circumstances	3
“Marital rape exception” repealed	4
DATA PRACTICES.....	4
Rideshare and transit customer data.....	4
ECONOMIC DEVELOPMENT.....	4
Department of Employment and Economic Development (DEED) programs	4
Airport infrastructure renewal (AIR) grant program	4
One-time exception to restrictions on use of Minnesota investment fund (MIF) local government loan repayment funds.....	4
ELECTIONS	5
Election equipment grants.....	5
Help America Vote Act transfers and appropriations	5
Presidential nomination primary	5
EMERGENCY MEDICAL SERVICES.....	5
Emergency Medical Services Regulatory Board required to propose certain guidelines	5
Community emergency medical technician authorized to be a member of a basic life support ambulance service	5
Epinephrine auto-injectors use by certain individuals authorized.....	6
EMPLOYMENT.....	6
Wage theft	6
ENERGY	7
Commercial/industrial property assessed clean energy (PACE) program	7
ENVIRONMENT.....	7
Legacy funds	7
Omnibus environment and natural resources finance bill	8
Water connection fees for water testing increased	9
GENERAL GOVERNMENT	10
District court jurisdiction in public procurement actions	10
Written estimate of consultant fees.....	10
Military exception to Open Meeting Law	10
Retainage	10
Meetings by telephone or other electronic means	11
HOUSING.....	11
Minnesota Housing Finance Agency (MHFA) programs	11
Housing policy changes.....	12
Legislative commission on housing affordability	13
Housing infrastructure bond use for manufactured home park acquisition	13
Housing infrastructure bonds authorized	13
INSURANCE/ WORKERS’ COMPENSATION	13
Workers’ Compensation Advisory Council	13
LAND USE.....	14
Fencing, barrier, and sign requirements around closed mines changed for cities	14
LIQUOR AND TOBACCO	15
Vaping ordinance authority	15
LOCAL LAWS	15
Corrections Officer Joseph Gomm Memorial Highway designated	15
Captain Jeffrey Vollmer Memorial Highway designated....	15
Prairie Island Indian Community of the Mdewakanton Dakota tribe concurrent jurisdictional law enforcement authority with the local sheriff provided	15
“Portorama” use protection repealed	15
Richard J. Ames Memorial Highway designated.....	15
Ryane Clark Memorial Highway designated	15
Local provisions in the omnibus transportation act.....	15
City projects funded in Environment and Natural Resources Trust Fund.....	16
Local provisions in the omnibus tax bill.....	17
Local government grants	17
Local sales taxes.....	17
Resolution and public notice of specific projects funded with local sales tax.....	21
Tax Increment Financing (TIF)	21
MISCELLANEOUS	23
Census 2020	23
PENSIONS.....	23
Omnibus pension bill.....	23
PUBLIC SAFETY	26
MNLARS continued funding provided and report required	26
Peace officers authorized to issue citations based on report from work zone flagger	26
Use of certain flame-retardant chemicals prohibited.....	26
Public safety provisions in the omnibus transportation bill.....	27
Omnibus judiciary and public safety bill.....	29
TAXES.....	35
Omnibus tax bill	35

TELECOMMUNICATIONS	42	DNBL—LIQUOR AND TOBACCO	52
Telecommuter Forward! certification	42	Tobacco purchase age increased to 21	52
User acceptance testing required for software impacting		Electronic cigarettes added to the Minnesota Clean Indoor	
local units of government	42	Air Act	52
Broadband	42	Omnibus liquor bill.....	52
TRANSPORTATION	42	DNBL—MISCELLANEOUS	52
“Move Over Law” modified to include garbage and recy-		Americans with Disabilities Act notice to business	
cling vehicles.....	42	working group	52
Omnibus transportation budget and policy bill	42	Website Accessibility Grant Advisory Council.....	52
Bills That Did Not Become Law	48	DNBL—PUBLIC SAFETY	53
DNBL—BONDING	48	Public Safety Officers Benefit funding increase.....	53
Bonding bill.....	48	Law enforcement use of drones regulated	53
DNBL—DATA PRACTICES	48	Forfeiture reform	53
Data breach notification	48	Forfeiture reform task force.....	53
Omnibus data practices bill.....	48	DNBL—TAXES	53
Disclosure of sexual harassment investigation		Restricting local sales taxes to cities over	
data to complainant.....	48	1,000 population	53
Legislative Commission on Data Practices		Repeal of authority of cities to impose a	
allowed to sunset	48	local gambling tax	53
Population threshold of “public official”	48	Local lodging tax base	53
DNBL—ELECTIONS	48	LGA dedicated to housing.....	53
Elections technical bill.....	48	Five percent of LGA appropriation dedicated to water	
Omnibus elections bill	48	treatment loan program	53
DNBL—EMPLOYMENT	49	State-paid property tax reimbursement for state	
Paid family and medical leave benefit program.....	49	assessed property	53
Sexual harassment definition	49	Construction materials sales tax	
Earned sick and safe time	49	exemption simplification	53
Local government compensation cap repeal.....	49	Snowplow sales tax exemption	54
Public Employment Relations Board (PERB)		Stronger Communities Aid program.....	54
data modified	49	General authority to create fire protection districts	54
Settlement reporting and transparency.....	50	Reverse referendum requirement for franchise fees.....	54
Uniform state labor standards act.....	50	General authority for local option sales taxes	54
Employment suspension limit.....	50	LGA minimum distribution	54
DNBL—ENVIRONMENT	50	Extension of Public Employees Retirement Association	
Irrigation and groundwater management areas.....	50	employer aid	54
Private salt applicator liability	50	Prohibition on excise taxes or fees on containers	54
MPCA water permit fee increases	50	Small Cities LGA increase	54
Legislative approval of agency fee increases	50	DNBL—TELECOMMUNICATIONS	54
Legislative Water Commission allowed to sunset, but likely		Broadband grant policy changes	54
to continue in different form.....	51	DNBL—TRANSPORTATION	55
Long term base funding for soil and water		Local Road Improvement Program funding.....	55
conservation districts.....	51	Local cost share assistance	55
DNBL—HOUSING	51	Street improvement district authority	55
This Old House/This Old Shop.....	51	Funding for the Small Cities Assistance Account	55
Housing Tax Credit Contribution	51	Tab fee surcharge for city street funding	55
Local Housing Trust Fund state match funding.....	51	Gas tax increase.....	55
Class 4d property tax rate modification	51	Transportation network companies (TNC)	
DNBL—LAND USE	51	statewide regulation.....	55
Annexation.....	51	Local Road Wetland Replacement Program funding.....	55
Municipal street impact fee authorization.....	52	League of Minnesota Cities Intergovernmental Relations	
		Department	56

Session 2019:

Leaders Overcome Divided Government to Enact Biennial Budget

The 91st biennial session of the Minnesota Legislature began Jan. 8, 2019, with the swearing in of all 134 House members. It came one day after all five constitutional officers took oaths of office. The session, which marked the first year of the state's fiscal biennium, focused largely on setting the budget for the next two years.

Election outcomes bring changes

The 2018 election brought many changes to state government. The House DFL gained 18 seats, taking the majority from Republicans for the first time in four years. The House has 75 DFL members and 59 Republican members. Members of the Minnesota Senate were not up for reelection in 2018, and Senate Republicans continue to hold a majority that currently stands at 35 to 32.

The 2018 election also ushered in four new constitutional officers including Gov. Tim Walz (DFL), who was sworn in with his running mate, Lt. Gov. Peggy Flanagan (DFL) on Jan. 7, 2019.

Weakened budget outlook

Minnesota Management and Budget Commissioner Myron Frans released the state Budget and Economic Forecast on Feb. 28, revealing what many had expected—Minnesota's budget and economic outlook had weakened since November.

The projected positive general fund balance for the upcoming 2020–2021 biennium was reduced to \$1.052 billion from the \$1.544 billion projection in last December's budget forecast.

Gov. Walz's budget recommendations, announced on Feb. 19, which were based on the previous state budget forecast, left more than \$780 million on the state general fund bottom line. However, by law, budget forecasts do not include the likely impact of inflation on state programs, which could add as much as \$1.1 billion to the cost of existing state programs. As a result of the revised budget projections, the governor made slight modifications to his budget recommendations.

Gridlock not unexpected

Even with many new leaders and fresh perspectives, the partisan divide made it easy to predict that negotiating a budget would be daunting. Gov. Walz and DFL leaders in the House were mostly unified on policy and funding initiatives, but many of their ideas were unpopular with Republicans and were never considered by the Republican-led Senate.

The omnibus bills that emerged from each body were completely out of alignment with their companion bills, making the conference committee process intended to resolve differences between the bills unworkable. As conference committee chairs waited for direction from leaders about how to proceed, many held hearings to vet issues that had not been heard in one body or the other.

Orderly finish (sort of)

As the May 20 constitutional adjournment deadline approached, the stalemate in negotiations between the House and Senate continued. A budget agreement was announced by Gov. Walz, Senate Majority Leader Paul Gazelka (R–Nisswa), and House Speaker Melissa Hortman (DFL–Brooklyn Park) on Sunday evening, May 19, with only a little more than 24 hours remaining before the constitutional adjournment. Despite attempts to finish work on several bills before the deadline of midnight on May 20, the Legislature was only able to complete the higher education budget bill during the regular session.

Gov. Walz and legislative leaders continued to work on the details of the remaining 11 budget bills after adjournment, with the goal of completing all remaining work before Memorial Day weekend. As agreement on individual bills was reached, House and Senate committees held hearings on each of the budget bills. However, given that the Legislature was not in session and, therefore, had no formally introduced bills before them, the committee hearings were essentially informational, and no formal actions were taken.

On the evening of May 23, with an apparent agreement on all of the remaining budget bills and a tax bill, the governor issued the proclamation calling the Legislature into special session on May 24, at 10 a.m. The agreement between the governor and legislative leaders was to complete all budget work before 7 a.m. on May 25. The special session ended as planned and yielded a \$48.3 billion budget, an omnibus tax bill, and a small pension bill.

In the end, the leaders who announced the final agreement on the budget touted a strong finish under difficult circumstances. However, many rank and file legislators—particularly those in the Senate DFL minority and the House Republican minority—expressed resentment about being left out of the high-level negotiations. Many were dismayed about the Legislature's failure to vote on an omnibus capital investment bill, and some were left shocked that seemingly noncontroversial provisions, such as an insulin "safety net" measure for Minnesotans with diabetes, were left out of the agreement.

How did cities fare?

There was some good news—including an increase in local government aid, \$40 million in broadband grant funding, and money to help cities with water/wastewater infrastructure.

There were also disappointments. For example, the Legislature failed to pass a much-needed robust transportation funding bill. They also didn't enact a simplification in the process for the construction sales tax exemption, and the process for local sales tax authorization was made more cumbersome.

In the coming weeks and months, the League will make efforts to alert members to important changes and will be available to answer questions about outcomes.

When does the 2020 session start?

The next regular session of the Minnesota Legislature, the second half of the 91st biennial session, is scheduled to begin at noon on Feb. 11, 2020. The 2020 session is expected to yield a bonding bill and possibly a supplemental budget bill.

LMC 2019 Law Summaries

The League of Minnesota Cities (LMC) annually prepares this summary of new laws that impact city operations. This document is intended to highlight relevant new laws but is not intended to be comprehensive legal advice. Each law summary includes a reference to the session chapter and bill numbers. The number of the bill that was approved by the Legislature and sent to the governor is denoted with an asterisk (*). The chapter number can be used to locate the actual text of new laws on the state Revisor of Statutes website: www.revisor.leg.state.mn.us/laws.

We have also attempted to provide effective dates for each new law; however, occasionally the legislation may not specify an effective date. If no effective date is provided, Minn. Stat. § 645.02 specifies that each act (except one making appropriations) enacted finally at any session of the Legislature takes effect on Aug. 1, unless a different date is specified in the act. An act making appropriations enacted finally at any session of the Legislature takes effect on July 1, unless a different date is specified in the act. Each act takes effect at 12:01 a.m. on the day it becomes effective, unless a different time is specified in the act.

Special laws affecting individual cities must generally be approved by the city. The law then becomes effective the day after the certificate of approval is filed with the secretary of state (as specified by Minn. Stat. § 645.021), unless a different date is specified in the act. When approval of such a special law is required by two or more local government units, the law becomes effective the day after the last of the required certificates is filed, unless a different date is specified in the act. If you have questions about a new law, an effective date, or the legislative process, contact a member of the LMC Intergovernmental Relations Department. Contact information for each staff member is provided here.

Following each law summary are the initials of the League's Intergovernmental Relations (IGR) staff who worked on that legislative issue. For more information, please refer to the list on the right for contact information. An asterisk (*) next to a bill number denotes the version of the bill that was approved by the Legislature and sent to the governor.

GC=Gary Carlson, IGR Director
(651) 281-1255 or gcarlson@lmc.org

AF=Anne Finn, Assistant IGR Director
(651) 281-1263 or afinn@lmc.org

CJ=Craig Johnson, IGR Representative
(651) 281-1259 or cjohnson@lmc.org

IK=Irene Kao, IGR Counsel
(651) 281-1260 or ikao@lmc.org

DL=Daniel Lightfoot, IGR Representative
(651) 281-1295 or dlightfoot@lmc.org

AL=Ann Lindstrom, IGR Representative
(651) 281-1261 or alindstrom@lmc.org

 **BONDING****Bonding bill releases legally challenged infrastructure funds and corrects 2018 language**

Chapter 2 (HF 80*/SF 1836) provides over \$102 million in bonding for a list of projects and funds approved as part of the 2018 bonding bill, but whose funding had been legally challenged due the fact that it relied on use of the Environment and Natural Resources Trust Fund (ENRTF) to generate appropriation bonds. For the projects to go forward without waiting for a lengthy legal challenge, the state passed legislation changing the funding source from appropriation bonds to general obligation bonds.

Effective March 6, 2019.

Article 1: Appropriations

Article 1 repeals the authorization for appropriation bonds payable from ENRTF and amends the funding source (and amount in one case) of those prior appropriations.

- **From appropriation bonds to general obligation bonds.** Article 1, section 6 allows \$59 million of new funding to flow through Public Facilities Authority programs for city water and wastewater projects.
 - **State match for federal grants.** \$6 million to trigger five-to-one federal matching funds for state revolving low-interest loan programs for water and wastewater infrastructure.
 - **Water Infrastructure Fund (WIF) grants.** \$14.652 million for grants to eligible municipalities for projects in the fundable range on the Pollution Control Agency's Project Priority List.
 - **Point Source Implementation Grants (PSIG).** \$38.348 million for grants to eligible municipalities and projects for additional wastewater pollution control infrastructure required to meet pollutant load reduction requirements under an approved Total Maximum Daily Load (TMDL) pollutant load allocation.
- **Department of Natural Resources projects.** Article 1, section 2 funds local projects through the Department of Natural Resources.
 - **City of Elk River.** \$1.5 million grant to dredge Lake Orono.
 - **Redwood-Cottonwood Rivers Control Area.** \$7.3 million for reservoir reclamation and dredging of the Lake Redwood Reservoir.
 - **City of South St. Paul.** \$781,000 for a stormwater lift station to improve water quality and manage fluctuating lake levels on Seidl's Lake that can be jointly implemented by the cities of South St. Paul, Inver Grove Heights, and West St. Paul.

Article 2: Corrections to 2018 Act

Article 2 corrects language describing projects from the 2018 bonding bill and adjusts the bond authorization language to match the change in revenue source. Items of interest include:

- **Corridors of Commerce.** Section 1 allows the Minnesota Department of Transportation (MnDOT) to use up to 17 percent of the Corridors of Commerce program funding for program delivery, including property acquisition. Section 4 gives MnDOT flexibility to undertake projects with the FY 2017 and 2018 funding in a different order, depending on project readiness.
- **Trunk highway fund.** Section 8 corrects the bond sale expenses for the trunk highway fund bonding to clarify the time in which appropriations may be spent in order to match the schedule for issuing trunk highway bonds. (CJ/AF)

**BUILDING CODES****Public building accessibility**

First Special Session Chapter 7 (HF 2*/SF 2) is the omnibus jobs, economic development, energy, and commerce finance bill. Article 9, section 8 amends Minn. Stat. § 326B.106, subd. 9. It specifies that the state building code must require new public buildings and remodeled portions of existing public buildings be accessible and usable by persons with disabilities. This change is intended to clarify statutory language without imposing any new requirements beyond those already existing under state and federal law.

Effective July 1, 2019. (IK)

**CIVIL AND CRIMINAL LAW****Light rail transit operators subject to reckless or careless driving law**

Chapter 10 (HF 1568/SF 1339*) amends Minn. Stat. § 169.13. It subjects a driver of a light rail transit (LRT) vehicle to the reckless or careless driving law. Driving a LRT vehicle recklessly is a misdemeanor. This penalty is escalated to a gross misdemeanor if the driver caused great bodily harm or death to another. Driving a LRT vehicle carelessly is a misdemeanor. *Effective Aug. 1, 2019. (AF)*

Use of cell phones while driving prohibited under certain circumstances

Chapter 11 (HF 50*/SF 91) expands a limitation on using a wireless communications device while driving, so that it prohibits (with some exceptions) handheld cellular phone calls as well as handheld use of the device.

- **“Wireless communications device” definition amended.** Minn. Stat. § 169.475, subd. 1 is amended to establish that voice-activated or hands-free mode for a device allows an app or device functionality to be used without either hand, allowing for one-touch activation or deactivation. It broadens the term “use” to include holding a device regardless of interaction with it.

- **Use of wireless communications device limited.** Section 2 amends Minn. Stat. § 169.475 by prohibiting handheld use of a wireless communications device when operating a motor vehicle.
 - **Terms defined and clarified.** Minn. Stat. § 169.475, subd. 1 is amended to establish that voice-activated or hands-free mode for a device allows an app or device functionality to be used without either hand, allowing for one-touch activation or deactivation. It broadens the term “use” to include holding a device regardless of interaction with it.
 - **Prohibition of use provided.** Minn. Stat. § 169.475, subd. 2 is amended to prohibit a motor vehicle operator from using a wireless communications device when the vehicle is part of traffic, so that handheld cellular phone calls and other handheld activities with the device are prohibited.
 - **Exceptions provided.** Minn. Stat. § 169.475, subd. 3 is amended to clarify the prohibition on use of wireless communications devices while driving do not apply if a wireless communications device is used: (1) only in a voice-activated or hands-free mode to make or participate in a phone call or to initiate; compose, read, or send an electric message; (2) to view or operate a global positioning system; (3) to listen to audio-based content; (4) in emergency situations; or (5) for performing official duties in an emergency vehicle.

Effective Aug. 1, 2019. (AF)

“Marital rape exception” repealed

Chapter 16 (HF 15*/SF 235) repeals Minn. Stat. § 609.349, the shield to prosecution for certain criminal sexual conduct offenses extended to participants in designated voluntary relationships (commonly referred to as the marital rape exception). *Effective July 1, 2019 (AF)*



DATA PRACTICES

Rideshare and transit customer data

First Special Session Chapter 5 (HF 3/SF 8*) is the omnibus judiciary and public safety finance bill. Article 2, sections 2 and 3 amend Minn. Stat. §§ 13.201 and 13.72, subd. 19 to make consistent the data classification of rideshare and transit customer data for all government entities. The following additional rideshare data is classified as private: place of employment, photograph, and biographical information. *Effective May 31, 2019. (IK)*



ECONOMIC DEVELOPMENT

Department of Employment and Economic Development (DEED) programs

First Special Session Chapter 7 (HF 2*/SF 2) is the omni-

bus jobs, economic development, energy, and commerce finance bill. Article 1, section 2 relates to economic development program appropriations and includes several funding provisions in fiscal years 2020 and 2021:

- **Child care provider support.** \$750,000 in FY 2020 for grants to local communities to increase the supply of quality child care providers to support economic development.
- **Job creation fund.** \$8 million in FY 2020 and FY 2021 for the Minnesota job creation fund.
- **Minnesota investment fund.** \$11.970 million in FY 2020 and 2021 for the Minnesota investment fund and base funding of \$12.370 million in FY 2022 and beyond. Minnesota investment funds are allowed to be used for the redevelopment program under Minn. Stat. §§ 116J.575 and 116J.5761.
 - \$2 million appropriated in FY 2020 for the Duluth paper mill.
 - \$700,000 appropriated in FY 2020 for the airport infrastructure renewal grant program under Minn. Stat. § 116J.439.
 - \$5 million appropriated for the Waite Park quarry redevelopment.

Effective July 1, 2019. (DL)

Airport infrastructure renewal (AIR) grant program

First Special Session Chapter 7 (HF 2*/SF 2) is the omnibus jobs, economic development, energy, and commerce finance bill. Article 2, section 1 adds a new section, Minn. Stat. § 116J.439, creating a grant program for airport authorities or counties and cities outside the metropolitan area providing 50 percent of the capital costs of redeveloping existing airport facilities or constructing new ones and for infrastructure costs, including broadband. Grant recipients cannot receive more than \$250,000 for one or more projects over a two-year period. *Effective July 1, 2019. (DL)*

One-time exception to restrictions on use of Minnesota investment fund (MIF) local government loan repayment funds

First Special Session Chapter 7 (HF 2*/SF 2) is the omnibus jobs, economic development, energy, and commerce finance bill. Article 2, section 7 amends Minn. Stat. § 116J.8731 to create an exception allowing a city, county, or town to spend uncommitted money received from the repayment of MIF funds for any lawful purpose. In exchange for transferring 20 percent of the committed funds to the state general fund, local governments can spend the remainder for any lawful purpose. Local governments that utilize this option must submit an accounting and explanation of the use and distribution of the funds. *Effective retroactively from July 1, 2017. (DL)*



ELECTIONS

Election equipment grants

First Special Session Chapter 10 (HF 8/SF 10*) is the omnibus state government finance bill. Article 1, section 6 appropriates \$2 million for election equipment grants under existing state statute. Grants are available to political subdivisions and the process for application is outlined in Minn. Stat. § 206.95. This is a one-time appropriation and is available until June 30, 2022. *Effective July 1, 2019.* (AL)

Help America Vote Act transfers and appropriations

First Special Session Chapter 10 (HF 8/SF 10*) is the omnibus state government finance bill. Article 1, section 40 appropriates \$6,595,610 from the Help America Vote Act account, established in Minn. Stat. § 5.30, to the secretary of state for the purposes of improving the administration and security of elections as authorized by federal law. Use of the appropriation is limited to the following activities: modernizing, securing, and updating the statewide voter registration system and for cybersecurity upgrades as authorized by federal law; improving accessibility; preparing training materials and training local election officials; and implementing security improvements for election systems. Chapter 10 also includes the required \$163,000 state match from the general fund to the Help America Vote Act account. *Effective May 31, 2019.* (AL)

Presidential nomination primary

First Special Session Chapter 10 (HF 8/SF 10*) is the omnibus state government finance bill. Article 4, sections 1 and 2 amend Minn. Stat. § 201.091 by adding language requiring the secretary of state to maintain a list of the voters who voted in a presidential nomination primary and the political party each voter selected. Information maintained on the list is private data on individuals as defined in Minn. Stat. § 13.02, subd. 12, except that the secretary of state must provide the list to the chair of each major political party. There are additional conforming changes to the law to ensure voter privacy. Additionally, new language is added to Minn. Stat. § 207A.11 creating item (d) which limits the applicability of the chapter to a major political party that selects delegates at the presidential nomination primary to send to a national convention. A major political party that does not participate in a national convention is not eligible to participate in the presidential nomination primary. New language is also added to Minn. Stat. § 207A.15, subd. 2 regarding reimbursable local expenses. In addition to those items currently listed in statute, “other expenses as approved by the secretary of state” was added for those items that may be unanticipated. *Effective July 1, 2019.* (AL)



EMERGENCY MEDICAL SERVICES

Emergency Medical Services Regulatory Board required to propose certain guidelines

Chapter 25 (HF 85*/SF 153) is a session law requiring the Emergency Medical Services Regulatory Board (EMSRB) to propose guidelines authorizing patient-assisted medication administration in emergencies. The EMSRB must propose guidelines authorizing emergency medical technicians (EMTs), advanced emergency medical technicians (AEMTs), and paramedics certified under Minn. Stat. § 144E.28 to assist a patient in emergency situations with administering prescription medications that are all of the following:

- Carried by a patient.
- Intended to treat adrenal insufficiency or other rare conditions that require emergency treatment with a previously prescribed medication.
- Intended to treat a specific life-threatening condition.
- Administered via routes of delivery that are within the scope of training of the EMT, AEMT, or paramedic.

The EMSRB must submit the proposed guidelines and draft legislation as necessary to the chairs and ranking minority members of the legislative committees with jurisdiction over health care by Jan. 1, 2020. *Effective May 16, 2019.* (AF)

Community emergency medical technician authorized to be a member of a basic life support ambulance service

Chapter 42 (HF 148*/SF 1074) changes an occupational title from “community medical response emergency medical technician” to “community emergency medical technician.” It also expands the types of emergency units for which community emergency medical technicians may provide services, allowing them to be members of a basic life support ambulance service or a medical response unit.

- **Community emergency medical technician definition modified.** Section 1 amends Minn. Stat. § 144E.001, subd. 5h. It amends the definition of community emergency medical technician (CEMT), by changing the CEMT’s occupational title and allowing a CEMT to be a member of a basic life support ambulance service.
- **CEMT certification requirement modified.** Section 2 amends Minn. Stat. § 144E.275, subd. 7. It amends the certification and practice requirements for CEMTs, by specifying that a CEMT may be a member of a basic life support ambulance service and making conforming changes to practice requirements.

- **CEMT coverage of services modified.** Section 3 amends Minn. Stat. § 256B.0625, subd. 60a. It amends a subdivision governing medical assistance coverage of services provided by a CEMT, by changing the CEMT's occupational title.

Effective Aug. 1, 2019. (AF)

Epinephrine auto-injectors use by certain individuals authorized

Chapter 61 (HF 925/SF 1257*) amends Minn. Stat. § 144.999. It permits an individual who has completed the required training program to obtain and possess epinephrine auto-injectors and to administer an epinephrine injector if the individual believes that someone is experiencing anaphylaxis. It provides Good Samaritan protections to an authorized individual who possesses, makes available, and administers epinephrine auto injectors. *Effective Aug. 1, 2019. (AF)*



EMPLOYMENT

Wage theft

First Special Session Chapter 7 (HF 2*/SF 2) is the omnibus jobs, economic development, energy, and commerce finance bill. Article 3 contains several new provisions dealing with wage theft. *Effective July 1, 2019 unless otherwise noted.*

- **Enforcement.** Section 2 adds new language to Minn. Stat. § 175.20 giving the commissioner of the Department of Labor and Industry authority to enter, without unreasonable delay, and inspect places of employment. If an employer refuses to permit entry, the commissioner may apply for an inspection order in the district court in the county in which the place of employment is located.
- **Submission of records.** Section 3 adds new language to Minn. Stat. § 177.27, subd. 2, giving the commissioner the authority to fine an employer up to \$5,000 for each repeated failure to provide employment records to the commissioner upon request.
- **Providing data.** Section 4 adds a new subdivision to Minn. Stat. § 177.27 creating subd. 11. It details the information that the commissioner must provide should an order to comply be issued to an employer.
- **Keeping records; penalty.** Section 5 adds new language to Minn. Stat. § 177.30 creating new requirements for what employers must keep record of. Those include hours worked for each day and each workweek by an employee, including for all employees paid at piece rate, the number of pieces completed at each piece rate; a list of personnel policies provided to the employee, including the date the policies were given to the employee and a brief description of the policies, and a copy of notice provide to each employee. All records must be readily available for inspection by the commissioner and be

kept at a place where employees are working or in a manner that allows the employer to comply within 72 hours. New language allows the commissioner to fine an employer up to \$5,000 for each repeated failure to maintain records. If the records maintained do not provide sufficient information to determine the exact amount of back wages due to an employee, the commissioner may make a determination of wages due based on available evidence.

- **Enforcement.** Sections 7 and 8 provide the attorney general the authority to enforce the law and clarifies that nothing in the section shall be construed to limit the application of other state or federal laws.
- **Retaliation.** Section 10 adds subd. 6 to Minn. Stat. § 181.03 regarding retaliation. An employer must not retaliate against an employee for asserting rights or remedies under this section, including but not limited to, filing a complaint with the department or telling the employer of the employee's intention to file a complaint. An employer who violates this is liable for a civil penalty of not less than \$700 and not more than \$3,000 per violation.
- **Required statement of earnings by employer; notice to employee.** Section 11 adds new language to Minn. Stat. § 181.032 adding information that must be included in an earning statement including: the rates of pay and basis thereof, including whether the employee is paid by hour, shift, day, week, salary, piece, commission or other method; allowances, if any, claimed pursuant to permitted meals and lodging; the physical address of the employer's main office or principal place of business, and a mailing address if different, and the telephone number of the employer. At the start of employment, the employer shall provide a written notice to the employee containing several pieces of information including rate of pay, allowances, paid leave, employee's employment status, a list of deductions, days in the pay period, and the legal name, address and telephone number of the employer. The employer must keep a copy of the notice and provide the employee any written changes.
- **Wages; how often paid.** Section 12 amends Minn. Stat. § 181.101 to clarify that employers must pay all wages, including salary, earnings, and gratuities at least once every 31 days and all commissions earned by an employee at least once every three months. If an employer fails to do so, the commissioner may charge and collect wages. New language is added stating that this section provides a substantive right for employees to the payment of wages, including salary, earnings, and gratuities, as well as commissions, in addition to the right to be paid at certain times.

- **Definitions.** Section 14 adds language to Minn. Stat. § 609.52, subd. 1.
 - **Wage theft definition.** “Wage theft” is defined as occurring when an employer with intent to defraud:
 - Fails to pay an employee all wages, salary, gratuities, earnings, or commissions at the employee’s rate or rates of pay or at the rate or rates required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater.
 - Directly or indirectly causes any employee to give a receipt for wages for a greater amount than that actually paid to the employee for services rendered.
 - Directly or indirectly demands or receives from any employee any rebate or refund from the wages owed the employee under contract of employment with the employer.
 - Makes or attempts to make it appear in any manner that the wages paid to any employee were greater than the amount actually paid to the employee.
 - **Employer definition.** “Employer” is defined as any individual, partnership, association, corporation, business trust, or any person or group of persons acting directly or indirectly in the interest of an employer in relation to an employee.
 - **Employee definition.** “Employee” is defined as any individual employed by an employer.
Effective Aug. 1, 2019, and applies to crimes committed on or after that date.
- **Acts constituting theft.** Section 15 adds wage theft to Minn. Stat. § 609.52, subd. 2 which defines theft. *Effective Aug. 1, 2019, and applies to crimes committed on or after that date.*
- **Sentence.** Section 16 adds wage theft to Minn. Stat. § 609.52, subd. 3 outlining sentencing guidelines for various types of theft. *Effective Aug. 1, 2019, and applies to crimes committed on or after that date.*

(AL)



Commercial/industrial property assessed clean energy (PACE) program

First Special Session Chapter 7 (HF 2*/SF 2) is the jobs, economic development, energy, and commerce omnibus bill. Article 11, section 7 amends Minn. Stat. § 216C.435, subd. 3a to broaden the eligibility of the commercial/ industrial PACE program to encompass frequent situations. New construction, retrofits, and renovations are all now potentially eligible. Further, the current limit of financing at 20% of assessed property value is changed to be “the

greater of 20% of property’s assessed value or 20% the real property’s appraised value, accepted or approved by the mortgage lender.” *Effective July 1, 2019. (CJ)*



ENVIRONMENT

Legacy funds

First Special Session Chapter 2 (HF 7/SF 2*) is the legacy finance bill. It appropriates the sales tax revenue constitutionally dedicated to specific environment, natural resource, cultural, and park and trail purposes. The Clean Water Fund provides about \$115 million per year to a number of agency programs directly related to cities, as well as funding grant and loan programs for city water, stormwater, and wastewater projects. Article 2 includes the Clean Water Fund appropriations. *Effective July 1, 2019.*

- **Minnesota Department of Agriculture**—section 3
 - \$350,000 for each year in FY 2020 and 2021 for the monitoring of pesticides in surface and groundwater.
 - \$2.585 million for each year in FY 2020 and 2021 for monitoring and evaluating trends related to nitrates in groundwater and to develop and evaluate farming best management practices.
- **Public Facilities Authority**—section 4
 - \$10 million for FY 2020 and \$8 million for FY 2021 as grants through the Point Source Implementation Grants (PSIG) program for municipal treatment infrastructure required by completed and approved Total Maximum Daily Loads (TMDLs).
 - \$125,000 for each year in FY 2020 and 2021 for the small community wastewater treatment grant and loan program.
- **Minnesota Pollution Control Agency**—section 5
 - \$1.182 million for each year in FY 2020 and 2021 for groundwater assessment and reassessment where contamination has previously been documented.
 - \$900,000 for each year in FY 2020 and 2021 for the implementation of TMDLs through national pollutant discharge elimination system (NPDES) permits.
 - \$3.375 million for each year in FY 2020 and 2021 for grants to counties for SSTS (septic system) programs.
 - \$200,000 for each year in FY 2020 and 2021 for accelerated implementation of MS4 stormwater permits through additional assistance to cities having challenges understanding and implementing permit requirements.
 - \$250,000 for each year in FY 2020 and 2021 for chloride pollutant reduction efforts, including \$100,000 for grants to replace water softeners.

- **Minnesota Department of Natural Resources**—section 6
 - \$2.075 million for each year in FY 2020 and 2021 for water supply planning, monitoring, and aquifer protection.
- **Board of Water and Soil Resources**—section 7
 - \$12 million for each year in FY 2020 and 2021 for grants to soil and water conservation districts (SWCD). Each district is awarded an additional \$100,000 annually, with the balance allocated based on whether the county provides strong funding and the amount of private land and public water in the district. Many types of funding were proposed for SWCDs this session. Because SWCDs play an essential role in implementing water quality protection efforts on agricultural lands and have no direct state support, the League and a number of environmental and conservation groups supported using some funds from the Clean Water Fund as a temporary solution while general fund resources can be carved out to provide a long-term financing solution.
- **Minnesota Department of Health**—section 8
 - \$1.7 million for each year in FY 2020 and 2021 to assess and evaluate contaminants of emerging concern, meaning pollutants where no current health risk standard is in place.
 - \$2.747 million for each year in FY 2020 and 2021 for the protection of sources of public water supplies.
 - \$550,000 for each year in FY 2020 and 2021 to develop and deliver groundwater restoration and protection strategies for local water planning and to enhance local efforts to protect source water.
 - \$250,000 for each year in FY 2020 and 2021 for evaluating and addressing virus, bacteria, and protozoa risks to public water supplies and to evaluate land uses that may contribute to those risks.
 - \$250,000 for each year in FY 2020 and 2021 to develop health policies and a state action plan to address threats to drinking water.
 - \$250,000 for each year in FY 2020 and 2021 to implement water reuse practices and for research at the University of Minnesota to fill research gaps.
- **Metropolitan Council**—section 9
 - \$1 million for each year in FY 2020 and 2021 to provide water sustainability support for metropolitan area municipalities.
 - \$375,000 for each year in FY 2020 and 2021 for grants to metropolitan-area cities to reduce water demand.
- **University of Minnesota**—section 10
 - \$750,000 for each year in FY 2020 and 2021 to develop and disseminate best management practices for stormwater management.

(CJ)

Omnibus environment and natural resources finance bill

First Special Session Chapter 4 (HF 4/SF 7*) is the omnibus environment and natural resources finance bill, which includes appropriations for the Minnesota Pollution Control Agency (MPCA), the Department of Natural Resources (DNR), the Board of Water and Soil Resources (BWSR), and others. The bill generally includes the budgets for those agencies from all revenue sources except the dedicated sales tax revenues appropriated in the legacy bill. It also contains changes to environmental statutes and policies. In an unusual move triggered by how funds were initially proposed to be diverted from various accounts by the Senate, this omnibus bill also contains the appropriation of funds from the Environment and Natural Resources Trust Fund. That package of proposed projects is developed through the Legislative-Citizen Commission on Minnesota Resources (LCCMR) process, then typically travels as a stand-alone bill at the legislature.

Article 1: Environmental and natural resources appropriations

Article 1 includes agency budgets and has several items of city interest. *Effective July 1, 2019.*

- **Municipal liaison.** \$253,000 for each year in FY 2020 and 2021 for the MPCA municipal liaison program to provide technical support for cities during the NPDES permit and water quality standard process for wastewater treatment.
- **Recycling grants.** \$1 million for each year in FY 2020 and 2021 for competitive recycling grants for local governments through the MPCA.
- **Food waste grants.** \$750,000 for each year in FY 2020 and 2021 to the MPCA to promote reduction of food waste, with \$500,000 of the total available as grants each year.
- **Federal 404 program assumption.** \$200,000 for the Environmental Quality Board to complete requirements and documentation or Minnesota to request assumption of state delegation for the federal 404 wetlands program.
- **Emerald Ash Borer.** \$700,000 of one-time funding to the DNR for grants to local governments to develop plans to manage emerald ash borer, to identify and convert ash stands to more appropriate non-ash species, and to replace removed trees. The maximum grant award is \$500,000 and the DNR will establish criteria and determine eligible expenses and qualifying matching expenses.

Article 2: Environment and Natural Resources Trust Fund

Article 2 is the appropriations from the Environment and Natural Resources Trust Fund. *Effective May 31, 2019.*

- **Aggregate resource maps.** \$700,000 to DNR to complete aggregate resource maps for four counties and make them available to local governments in both print and electronic formats.
- **Wastewater research.** Five separate research projects through the University of Minnesota related to developing treatment options for problem pollutants or improving the efficiency of wastewater treatment facilities.
- **Mercury reduction.** \$250,000 to the MPCA to evaluate and summarize current technology that could be implemented to reduce wastewater treatment discharges of mercury in the Lake Superior basin.
- **Salt research.** \$522,000 for two research projects related to reducing salt impacts and use as a deicer.
- **Noxious weeds.** \$650,000 for local government grants to manage noxious weeds.
- **Emerald Ash Borer.** \$300,000 to DNR for grants to local governments to replace trees removed due to emerald ash borer.
- **Infrastructure loans.** Up to \$5 million that the State Board of Investment could invest in the state revolving loan programs through the Public Facilities Authority, with repayments and interest returning to trust fund. The interest rate on these loans may not be as low as the normal revolving fund loans.
- **Wastewater facility optimization.** \$500,000 to the MPCA for work with the Minnesota Rural Water Association and the University of Minnesota Technical Assistance Program to optimize smaller wastewater pond and mechanical systems to avoid the need for costly new upgrades.

Article 3: Environment and natural resources

Article 3 includes policy provisions and statutory changes. *Effective July 1, 2019, unless otherwise noted.*

- **Lake Minnetonka Conservation District authority.** Section 75 amends Minn. Stat. §103B.611, subd. 3 to restrict the Lake Minnetonka Conservation District's authority to apply only to areas below the ordinary high-water mark and to not apply to land-based marina activities, including storage facilities. This change moves responsibility for setting and enforcing restrictions on those activities and structures to the local governments that border Lake Minnetonka.
- **Peer review procedures.** Section 97 amends Minn. Stat. §115.035 to place into statute the internal letter that the previous commissioner of the MPCA issued related to peer review of agency water quality standards.
- **Solid waste grant requirements.** Section 98 amends Minn. Stat. §115.51 to clarify and specify requirements for information about private market ability to meet waste management needs that a local government must gather before qualifying for state financial assistance for a waste management facility. *Effective May 31, 2019.*
- **Environmental assessment worksheet (EAW) final comment period.** Section 105 amends Minn. Stat. §116D.04, subd. 2a to specify that a responsible governmental unit may only extend the 30-day public comment period on the final adequacy of an EAW and need for an Environmental Impact Statement (EIS) by another 30 days, once. To extend the comment period beyond that requires the approval of the project proposer.
- **Silica sand mine reclamation.** Section 108 amends Laws 2013, chapter 114, article 4, section 105 as amended by Laws 2017, chapter 93, section 148 to instruct DNR to develop and publish a model local ordinance related to the reclamation of silica sand mines.
- **Rural area stormwater.** Section 109 clarifies that, until the MPCA completes new rules on the matter, MS4 stormwater permit requirements apply only to the portions of a city or township that are included as urbanized in the previous federal census and other areas within their jurisdiction that are platted.

Article 5: Clean water modifications

Article 5 is a section making changes to the Clean Water Legacy Act, the section of state law that establishes the state programs and processes for completing Total Maximum Daily Load (TMDL) reports and implementing efforts to address water impairments. Most of the changes included relate to two tools that did not exist when the law was written: Watershed Restoration and Protection Plans (WRAPs) and consolidated local water plans under the One Watershed One Plan program. *Effective July 1, 2019.*

- **Alternate forms of TMDL.** Section 15 amends Minn. Stat. §114.20 to allow qualified comprehensive local water plans to be submitted in place of a standard TMDL. Language was added at the request of the League and the Coalition of Greater Minnesota Cities that, since cities are often not involved in detailed work on county and SWCD plans, that submission cannot occur until all affected holders of a NPDES water discharge permit have been consulted.
- **Cities getting credit for work of other entities.** Section 16 amends Minn. Stat. §114.20 to allow a qualified water quality protection project done in a city to be credited to the stormwater permit requirements of a city if it was not already applied towards the requirements of a different stormwater permit.

(CJ)

Water connection fees for water testing increased

First Special Session Chapter 9 (HF 14/SF 12*) is the health and human services omnibus finance bill. Article 11, section 9 amends Minn. Stat. §148.3831, subd. 1 to change the annual water connection fee cities are required to collect on behalf of the Department of Health from \$6.36 to \$9.72. The money is used to perform water testing

of public water supplies and to provide other technical support to city water systems. The enactment date was moved out to allow time for city billing to be changed and for cities with longer billing cycles to have time to implement the change. *Effective Jan. 1, 2020. (CJ)*



GENERAL GOVERNMENT

District court jurisdiction in public procurement actions

Chapter 21 (HF 300/SF 558*) amends Minn. Stat. § 471.345, subd. 21, and creates a new statute, Minn. Stat. § 16C.281. It gives state district courts original jurisdiction in actions involving procurement contracts with the state or local governments. District courts have jurisdiction regardless of whether a public entity involved is alleged to have acted in a judicial or quasi-judicial capacity. This grant of original jurisdiction does not alter the standard of review to be applied by the courts, remedies available under current law, or required procedural steps. A party must file an action before the contract is fully executed unless there is fraud, misrepresentation, or other improper or illegal acts prior to contract execution. Public entities must provide reasonable access to information necessary for filing an action at least 15 days prior to full execution of the procurement contract. Minn. Stat. § 471.345, subd. 14, is amended to prohibit awarding attorney fees to an unsuccessful bidder. This new law is in response to *Rochester City Lines, Co. v. City of Rochester*, 868 N.W.2d 655 (Minn. 2015), where the Court found quasi-judicial actions could only be challenged by a writ of certiorari to the Court of Appeals. *Effective May 10, 2019, and applies to any actions filed with the district court on or after that date. (IK)*

Written estimate of consultant fees

Chapter 27 (HF 823/SF 998*) creates a new law, Minn. Stat. § 471.462, to require that, upon request by an applicant for a permit, license, or other approval relating to real estate development or construction, cities must provide a written non-binding estimate of consulting fees to be charged to the applicant based on the information available at that time. The application is not deemed complete until the city has (1) provided an estimate to the applicant, (2) received required application fees, (3) received the applicant's signed acceptance of the fee estimate, and (4) received the applicant's signed statement that the applicant has not relied on the fee estimate in its decision to proceed with the final application. *Effective Aug. 1, 2019. (IK)*

Military exception to Open Meeting Law

Chapter 33 (HF 281*/SF 1246) amends Minn. Stat. § 13D.02 to allow a member of a public body to participate by interactive television from a location that is not open

and accessible to the public if the member is in the military and at a required drill, deployed, or on active duty. A member may participate under this exception up to three times a year. The meeting minutes must state the name of each member participating by interactive television and the reasons for appearance by interactive television. *Effective Aug. 1, 2019. (IK)*

Retainage

First Special Session Chapter 7 (HF 2*/SF 2) is the omnibus jobs, economic development, energy, and commerce finance bill. Article 9, sections 1 and 13 modify Minn. Stat. §§ 15.72, subd. 2, and 337.10, subd. 4.

- **Retainage released within 60 days after substantial completion.** Retainage must be released no later than 60 days after substantial completion of a construction project, but some funds may be withheld. The contractor must pay retainage to its subcontractors within 10 days after receiving retainage payment, unless there is a dispute about the work. The contractor must pay retainage to any subcontractor whose work is not involved in the dispute and must provide a written statement detailing the amount and reason for the withholding to the affected subcontractor.
- **Allowable withholding.** After substantial completion, what can be withheld is (1) 250% of the cost to correct or complete work known at the time of substantial completion, and (2) the greater of \$500 or 1 percent of the value of the contract for "final paperwork." "Final paperwork" is defined as documents required to fulfill contractual obligations including, but not limited to, operation manuals, payroll documents for projects subject to prevailing wage requirements, and the withholding exemption certificate required by Minn. Stat. § 270C.66. If any payment is withheld for these reasons, a written statement must be promptly provided to the contractor, including the amount and basis of withholding. Withheld funds must be paid within 60 days after completion of the work or submission of final paperwork.
- **Retainage reduction must be passed onto subcontractors.** If the amount of retainage is reduced, the contractor must reduce retainage at the same rate for subcontractors.
- **"Substantial completion" definition.** For this statute, "substantial completion" is defined consistently with Minn. Stat. §541.051, subd. 1(a), which is the date when construction is sufficiently completed so that the owner can occupy or use the improvement for the intended purpose. For streets, highways, and bridges, "substantial completion" is defined as the date when construction-related traffic devices and ongoing inspections are no longer required.

- **Retainage cannot be held for warranty work.** Withholding retainage for warranty work is prohibited. This provision does not waive any rights to warranty claims.
- **Certain requirements before payment must be paid.** The portion of a construction project funded with federal or state aid is only required to be paid when the federal or state aid has been received. Nothing in this section requires payment for a portion of a contract that is not complete or for which an invoice has not been submitted.

Effective Aug. 1, 2019, and applies to agreements entered into on or after this date. (IK)

Meetings by telephone or other electronic means

First Special Session Chapter 7 (HF 2*/SF 2) is the omnibus jobs, economic development, energy, and commerce finance bill. Article 2, sections 3 to 5 amend Minn. Stat. § 469.081 allowing the Duluth Port Authority, Red Wing Port Authority, and Winona Port Authority to conduct meetings by telephone or electronic means as allowed under Minn. Stat. § 13D.015. *May 31, 2019. (IK)*



HOUSING

Minnesota Housing Finance Agency (MHFA) programs

First Special Session Chapter 1 (HF 7/SF 1*) is the omnibus agriculture department, rural development, and housing finance bill. Article 5 relates to Housing Finance Agency program appropriations. *Effective July 1, 2019.*

- **Economic development and housing challenge program.** Article 5, section 2, subd. 2(a) provides \$5 million in additional one-time funding for FY 2020 over the base funding level of \$12.925 million for challenge grants or loans for construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of affordable housing to support economic development. Of this amount, \$1.208 million each year is set aside for the first 11 months for housing projects for American Indians.
- **Workforce housing development program.** Article 5, section 2, subd. 3 provides \$2 million per year for funding to assist in the building of market-rate residential rental properties in small to mid-size cities in greater Minnesota with proven job growth and demand for workforce rental housing. Article 5, section 2, subd. 3 amends Minn. Stat. § 462A.39 to allow for an applicant to request agency approval for funded properties to include a portion of income- and rent-restricted units, and owner-occupied homes.
- **Manufactured home park infrastructure grants.** Article 5, section 2, subd. 4 provides \$2 million in FY

2020 and \$1 million in ongoing base funding beginning in FY 2022 for grants to make manufactured home park improvements to infrastructure, including storm shelters and community facilities.

- **Workforce homeownership program.** Article 5, section 2, subd. 5 provides \$500,000 in FY 2020 and \$250,000 in ongoing base funding beginning in FY 2022 for homeownership development grants for developing workforce and affordable homeownership projects.
- **Affordable rental investment fund.** Article 5, section 2, subd. 11(a) continues base funding level of \$4.218 million for acquisition, rehabilitation, and debt restructuring of federally assisted rental property. Article 5, section 2, subd. 11(b) requires the owner of federally assisted property to agree to extend low-income affordability restrictions for the maximum term permitted and allow local units of government, housing redevelopment authorities, and nonprofits the right of first refusal if property is offered for sale. Article 5, section 2, subd. 11(c) allows appropriations to be used for acquisition, rehabilitation, and debt restructuring of existing supportive housing and naturally occurring affordable housing.
- **Owner-occupied housing rehabilitation.** Article 5, section 2, subd. 12(a) provides base funding of \$2.772 million for FY 2020 and FY 2021 for rehabilitation grants or loans to assist in rehabilitating existing eligible owner-occupied housing. Article 5, section 2, subd. 12(b) allows grants or loans to be made without rent or income restrictions and requires to the extent practicable that grants or loans must be made available statewide.
- **Rental housing rehabilitation.** Article 5, section 2, subd. 13(a) provides base funding of \$3.743 million in FY 2020 and 2021 for rehabilitation grants or loans to assist in rehabilitating existing eligible rental housing. Article 5, section 2, subd. 13(b) allows grants or loans to be made without rent or income restrictions and requires to the extent practicable that grants or loans must be made available statewide.
- **Homeownership education, counseling, and training.** Article 5, section 2, subd. 14 provides base funding of \$857,000 for FY 2020 and 2021 for funding to community-based nonprofit organizations and political subdivisions to provide homeownership services to low- and moderate-income home buyers and homeowners, including seniors.
- **Availability and transfer of funds.** Article 5, section 2, subd. 17 allows any money appropriated for FY 2020 to be rolled over to FY 2021. The transfer availability is allowed for the challenge program, workforce housing development, manufactured home park infrastructure grants, workforce homeownership program, and owner-occupied and rental housing rehabilitation assistance programs.

(DL)

Housing policy changes

First Special Session Chapter 1 (HF 7/SF 1*) is the omnibus agriculture department, rural development, and housing finance bill. Article 6 makes several changes to housing policy. *Effective July 1, 2019, unless otherwise noted.*

- **Placement of modular homes.** Article 6, section 3 amends Minn. Stat. § 327.31 by adding subd. 23 to include a definition of “modular home.” Section 4 creates new language, Minn. Stat. § 327.335, allowing for the placement of modular homes in manufactured home parks with written approval of the park owner. Any modular home placed in a manufactured home park must be assessed and taxed as manufactured home and must adhere to zoning, subdivision, architectural, or esthetic requirements pursuant to Minn. chs. 394 and 462 that otherwise apply to manufactured homes.
- **Public hearing requirements in a manufactured home park closure.** Article 6, section 10, subd. 4 amends Minn. Stat. § 327C.095, subd. 4 contains several provisions outlining local government public hearing requirements when a manufactured home park closes.
- **Public hearing within 90 days.** Article 6, section 10, subd. 4 requires the governing body of the affected local government authority to convene a public hearing within 90 days after receiving notice of a closure statement to review the park closure statement and the impact that the park closure has on residents and the park owner.
- **Qualified neutral third-party determination.** Article 6, section 10, subd. 4(c) requires the local government authority at the public hearing to determine the qualified neutral third party to act as paymaster and arbitrator to resolve any questions or disputes regarding payment to and from the Minnesota manufactured relocation trust fund.
- **Information to determine compensation to displaced residents.** Article 6, section 10, subd. 4(e) requires the governing body of the local government authority at the public hearing to determine if any ordinance was in effect on May 26, 2007, that provided compensation to displaced residents and provide that information to the qualified neutral third party to determine amount of payment to residents from the Minnesota manufactured relocation trust fund.
- **Manufactured home park eligibility for housing improvement areas.** Article 6, section 18 amends Minn. Stat. § 428A.11, subd. 4 adding manufactured home parks to the definitions in statute to allow owners of manufactured homes in a manufactured home park to petition the city to establish a housing improvement area.
- **Tax-exempt bond allocation.** Article 6, section 24 amends Minn. Stat. § 462A.222, subd. 3 removing language in the 2018 bonding act that directed Minnesota Housing Finance Agency to give residential rental housing projects financed with an allocation of tax-exempt bonds the highest strategic priority for an allocation of low-income tax credits. *Effective May 31, 2019.*
- **Geographic distribution of MHFA grants and loans.** Article 6, section 25 amends Minn. Stat. § 462A.24 directing MHFA, to the extent practicable, to award grant and loan amounts with a reasonable balance between metropolitan and nonmetropolitan areas. Results of any quantitative scoring used to rank applications in response to requests for proposals issued after July 1, 2020, must be posted on the MHFA website.
- **City and tribal government eligibility for workforce and affordable homeownership development program.** Article 6, section 28 amends Minn. Stat. § 462A.38, subd. 1 making cities and tribal governments eligible for grants under the workforce and affordable homeownership development program.
- **Definitions added for low-income housing tax credit (LIHTC) projects.** Article 6, sections 29 to 36 amends Minn. Stat. § 474A.02 to include additional definitions regarding LIHTC projects and bond allocations. *Effective Jan. 1, 2020.*
 - **Aggregate bond limitation definition.** “Aggregate bond limitation” is defined as up to 55 percent of the reasonably expected aggregate basis of a residential rental project and land which project is or will be located.
 - **Area median income (AMI) definition.** “Area median income” is defined as area median income for the applicable county or metropolitan area as adjusted for household size.
 - **Preservation project definition.** “Preservation project” is defined as a project expected to generate LIHTC and that receives federal project-based rental assistance or a loan guarantee from the USDA Rural Development Program. Application must not exceed the aggregate bond limitation.
 - **Thirty percent AMI residential rental project definition.** “Thirty percent AMI residential rental project” defined as a project in greater Minnesota that is expected to generate LIHTC from 100 percent of the rental units, is not a preservation project, and in which, on average, tenants are at 30 percent of AMI or less. Units are subject to rent restrictions for at least 30 years. Application must not exceed the aggregate bond limitation.
 - **Fifty percent AMI residential rental project definition.** “Fifty percent AMI residential rental project” defined as a project that is expected to generate LIHTC from 100 percent of the rental units, is not a preservation project or 30 percent AMI project, and in which, on average, tenants are at 50 percent AMI or less. Units are subject to rent restrictions for at least 30 years. Application must not exceed the aggregate bond limitation.

- **One hundred percent LIHTC project definition.** “One hundred percent LIHTC project” defined as all units are expected to generate LIHTC and the project does not qualify under the other project definitions. Application must not exceed the aggregate bond limitation.
- **Twenty percent LIHTC project definition.** “Twenty percent LIHTC project” defined as at least 20 percent of the units are expected to generate LIHTC and the project does not qualify under the other project definitions. Application must not exceed the aggregate bond limitation.
- **Housing pool allocation.** Article 6, section 37 amends Minn. Stat. § 474A.03, subd. 1 to change the single-family set-aside from 31 percent to 27 percent for the first half of the year and returns to 31 percent after 2021. *Effective Jan. 1, 2020.*
- **Allocation application for housing pool.** Article 6, section 40 amends Minn. Stat. § 474A.061 to add procedures for allocation of the housing pool. The application must specify project type, provide for an application fee of two percent of requested allocation, and prohibit an entitlement issuer from applying unless it has either permanently issued bonds equal to any amount of bonding authority carried forward or has returned for reallocation any unused bonding authority carried forward. *Effective Jan. 1, 2020.*
- **Housing pool allocation priorities.** Article 6, section 41 amends Minn. Stat. § 474A.061, subdivision 2a to establish priority for project types and how to allocate among projects of the same priority. Allocations for senior housing projects are no longer limited. *Effective Jan. 1, 2020.*
- **Written lease required.** Article 6, section 56 amends Minn. Stat. § 504B.111 to require that a written lease must identify the specific unit that will be rented if the building has 12 or more units. A landlord that fails to follow this provision is guilty of a petty misdemeanor. *Effective May 31, 2019, and applies to leases signed on or after this date.*
- **Lease duration notice.** Article 6, section 57 adds a new section, Minn. Stat. § 504B.146, creating new lease requirements that require the date a tenant will move in and move out of the unit be printed on the first page of the lease and requires the terms of the lease to indicate the rent is prorated if move-in or move-out dates are not on the first or last day of the month. *Effective May 31, 2019 and applies to leases signed on or after this date.*
- **Time period for notice to quit or rent increase.** Article 6, section 58 adds a new section, Minn. Stat. § 504B.147, providing the tenant in a residential lease the option to choose the notice period when notifying the landlord of an intention to quit the premises using either the time period provided in the lease for notice to quit,

the time period provided in the lease for the landlord to give a notice to quit the premises, or the time provided in the lease for notice of a rent increase. A landlord is prohibited from giving a tenant notice to quit the premises or notice of a rent increase that is shorter than the time period the lease provides for the tenant to give notice to quit the premises. Requirements in the new section cannot be waived by a verbal or written agreement. The section only applies to residential leases when the lease requires different periods of time for landlords and tenants to provide notice related to renewing the lease, moving out, or changing the rent. *Effective May 31, 2019 and applies to leases signed on or after this date.*

(DL)

Legislative commission on housing affordability

First Special Session Chapter 10 (HF 8/SF 10*) is the omnibus state government finance bill. Article 2, section 2 adds a new section, Minn. Stat. § 3.8845 creating a legislative commission on housing affordability consisting of eight members of the legislature, two members appointed by party leadership in each legislative body and outlining the scope and duties of the commission. Article 2, section 23 requires appointing authorities for the legislative commission on housing affordability to make initial appointments by June 1, 2019 and convene the first meeting by June 15, 2019. *Effective May 31, 2019 and expires Jun. 30, 2023.* (DL)

Housing infrastructure bond use for manufactured home park acquisition

First Special Session Chapter 13 (HF 12*/no SF) is the special session housing infrastructure bonding bill. Section 1, subd. 2(4) amends Minn. Stat. § 462A.37, subd. 2 to add the acquisition of manufactured home parks as an eligible use for housing infrastructure bonds. *Effective May 31, 2019.* (DL)

Housing infrastructure bonds authorized

First Special Session Chapter 13 (HF 12*/no SF) is the special session housing infrastructure bonding bill. Section 2, subd. 2f amends Minn. Stat. § 462A.37 to authorize an additional \$60 million in housing infrastructure bonds. *Effective May 31, 2019.* (DL)



INSURANCE/ WORKERS' COMPENSATION

Workers' Compensation Advisory Council

First Special Session Chapter 7 (HF 2*/SF 2) is the omnibus jobs, economic development, energy, and commerce finance bill. Article 12 reflects the recommendations of the Workers' Compensation Advisory Council. Most of the

new and modified provisions are related to the implementation of the new “Claims Access and Management Platform User System” (CAMPUS) electronic records system.

- **Workers’ compensation; additional definitions.**

Sections 1 to 4 amend Minn. Stat. § 176.011 by adding subds. 1c, 1d, 8d, and 8e to add definitions related to the new electronic claims filing and management system, “Claims Access and Management Platform User System” (CAMPUS). *Effective Aug. 31, 2020.*

- **Collective bargaining agreements; filing and review.**

Section 5 amends Minn. Stat. § 176.1812, subd. 2 to provide that the Department of Labor and Industry (DLI) is not required to approve entry of a new employer into the Union Construction Workers’ Compensation Program (UCWCP). The employer need only notify the department within 30 days of joining or leaving the UCWCP. *Effective June 1, 2019.* This section also further requires the UCWCP to submit claim-specific dispute resolution data, rather than aggregate group data, to the department. *Effective Aug. 31, 2020.*

- **Report of death or injury to commissioner.**

Section 6 amends Minn. Stat. § 176.231 to modify numerous provisions within this statute related to reports to DLI of workplace injuries and deaths, including privacy provisions and access to related electronic files under the CAMPUS system. *Effective Aug. 31, 2020.*

- **Insurer, employer, and third-party administrator; performance of acts.**

Section 7 amends Minn. Stat. § 176.253 to provide for access of licensed, third-party administrators to CAMPUS. *Effective Aug. 31, 2020.*

- **Applicability; when documents filed; access to dispute-related documents and data.**

Section 8 amends Minn. Stat. § 176.2611, subd. 2 to clarify existing law related to coordination of the Office of Administrative Hearings (OAH) and DLI to reflect changes in sections 9 and 10 below. *Effective Aug. 31, 2020.*

- **Form revision and access to documents and data.**

Section 9 amends Minn. Stat. § 176.2611, subd. 5 to change terminology related to the replacement of the current system with CAMPUS and describes inter-agency read-only access to the OAH and DLI case management systems and requires electronic transmission of documents and data between the OAH and DLI beginning Aug. 31, 2020. *Effective May 31, 2019.*

- **Data privacy.**

Section 10 amends Minn. Stat. § 176.2611, subd. 6 to include changes related to data privacy to reflect the implementation of the new CAMPUS system. This section clarifies that an employee’s name is identifying information and must not be included in posted notices. *Effective Aug. 31, 2020, except that the provision related to names in posted notices is effective May 31, 2019.*

- **Workers’ compensation claims access and management platform user system (CAMPUS).** Section 11 adds a new subdivision Minn. Stat. § 176.2612, that adds requirements for the Commissioner to create and maintain CAMPUS including the requirement that the system provide a single filing system for users to electronically file worker compensation documents. This new subdivision also includes provisions related to creating and maintaining accounts for employers, insurers, and third-party administrators. *Effective Aug. 31, 2020.*
- **Filing of papers; proof of service.** Section 12 amends Minn. Stat. § 176.275 to clarify an agency’s authority to accept or reject a filing and requires filers to use the worker identification number (WID) instead of the social security number (SSN) if a WID has been assigned. This section also provides that a document inadvertently filed at the wrong agency is deemed filed with the correct agency only if it is filed by an unrepresented employee. *Effective Aug. 31, 2020.*
- **Orders, decisions, and awards; filing; service.** Section 13 amends Minn. Stat. § 176.281 to require immediate electronic transmission of data, documents, and dispute outcomes between the OAH case management system and CAMPUS. *Effective Aug. 31, 2020.*
- **Service of papers and notices; electronic filing.** Section 14 amends Minn. Stat. § 176.285 to make changes to provisions related to service, notice, and filing to accommodate CAMPUS. *Effective Aug. 31, 2020.*
- **Affidavits of prejudice and petitions for reassignment.** Section 15 amends Minn. Stat. § 176.312 to extend the time from 10 to 20 days for a party to petition for reassignment of a workers’ compensation judge. *Effective July 1, 2019.*

(GC)



LAND USE

Fencing, barrier, and sign requirements around closed mines changed for cities

Chapter 154 (HF 3089*/SF 2741) deals with fencing, barrier, and signage requirements for property with a closed or abandoned mine if the site is being used for recreational or economic development purposes. In particular, if the property is owned, leased, or administrated by a municipality, there are exemptions to some of the fencing and barrier requirements and new signage requirements, both of which are specified in new language added to Minn. Stat. § 180.03, subd. 4. Also, those changed requirements are linked to Minn. Stat. § 180.10, which provides for criminal penalties for anyone, including workers, employees, or members of the public that cause the requirements to not be met. *Effective Aug. 1, 2018.* (CJ)



LIQUOR AND TOBACCO

Vaping ordinance authority

First Special Session Chapter 9 (HF 14/SF 12*) is the omnibus health and human services finance bill. Article 11, section 31 allows cities to enact and enforce more stringent measures than in the Minnesota Clean Indoor Air Act to protect individuals from involuntary exposure to aerosol or vapor from electronic delivery devices. *Effective July 1, 2019. (AL)*



LOCAL LAWS

Corrections Officer Joseph Gomm Memorial Highway designated

Chapter 15 (HF 58*/SF 417) adds a subdivision to Minn. Stat. § 161.14. It designates the segment of marked Trunk Highway 95 in West Lakeland Township, Bayport, and Oak Park Heights from the intersection with signed Interstate Highway 94 to the intersection with marked Trunk Highway 36 as “Corrections Officer Joseph Gomm Memorial Highway.” *Effective Aug. 1, 2019. (AF)*

Captain Jeffrey Vollmer Memorial Highway designated

Chapter 37 (HF 1171/SF 1618*) adds a subdivision to Minn. Stat. § 161.14. It designates the segment of marked Trunk Highway 25 from marked Trunk Highway 7 to Carver County State-Aid Highway 30 as “Captain Jeffrey Vollmer Memorial Highway.” *Effective Aug. 1, 2019. (AF)*

Prairie Island Indian Community of the Mdewakanton Dakota tribe concurrent jurisdictional law enforcement authority with the local sheriff provided

Chapter 40 (HF 719/SF 1100*) adds a subdivision to Minn. Stat. § 626.93. It provides that Prairie Island Indian Community of the Mdewakanton Dakota tribe has concurrent jurisdictional authority under this section with the local county sheriff within the geographical boundaries of the community’s reservation to enforce state criminal law, provided it meets the requirements in Minn. Stat. § 626.93, subd. 2, regardless of whether a cooperative agreement is entered into. *Effective Aug. 1, 2019. (IK)*

“Portorama” use protection repealed

Chapter 43 (HF 873*/SF 1202) repeals a series of sections of law that protect the use of the word “Portorama” against its use for profit by any person or entity that is not authorized to do so by the Duluth Jaycees. “Portorama” refers to a major annual community festival held in Duluth many decades ago, sponsored by the Duluth Jaycees. The height

of the festival’s popularity was in the 1960s. The Legislature enacted a law protecting use of the festival’s name in 1967. *Effective May 23, 2019. (AF)*

Richard J. Ames Memorial Highway designated

Chapter 55 (HF 836/SF 1003*) adds a subdivision to Minn. Stat. § 161.14. It designates a route between the city of Jordan and marked U.S. Highway 61 as the “Richard J. Ames Memorial Highway.” *Effective Aug. 1, 2019. (AF)*

Ryane Clark Memorial Highway designated

Chapter 56 (HF 1127/SF 1261*) adds a subdivision to Minn. Stat. § 161.14. It designates a segment of marked Trunk Highway 23 in Kandiyohi County between New London and Spicer as “Ryane Clark Memorial Highway.” *Effective Aug. 1, 2019. (AF)*

Local provisions in the omnibus transportation act

First Special Session Chapter 3 (HF 6*/SF 5) is the omnibus transportation budget and policy act. Below are local provisions included in the bill. *Effective Aug. 1, 2019, unless otherwise noted.*

- **South St. Paul turnback authorized.** Article 3, sections 7 and 120 amend Minn. Stat. § 161.115, subd. 46, and repeal Minn. Stat. § 161.115, subd. 43, respectively, to authorize a turnback of a trunk highway in South St. Paul.
- **Eisenhower Memorial Bridge in Red Wing renamed.** Article 3, section 9 amends Minn. Stat. § 161.14, subd. 16. It renames the Eisenhower Memorial Bridge, the U.S. Highway 63 bridge over the Mississippi River in Red Wing. The bridge is now designated the “Eisenhower Bridge of Valor.”
- **Tom Rukavina Memorial Bridge designated.** Article 3, section 10 adds a subdivision to Minn. Stat. § 161.14. It designates a bridge on U.S. Highway 53 in Virginia as “Tom Rukavina Memorial Bridge.”
- **Captain Jeffrey Vollmer Memorial Highway designated.** Article 3, section 11 adds a subdivision to Minn. Stat. § 161.14. It designates the segment of marked Trunk Highway 25 from marked Trunk Highway 7 to Carver County State-Aid Highway 30 as “Captain Jeffrey Vollmer Memorial Highway.” (*Note: This provision was also enacted as a standalone measure, Chapter 37.*)
- **Richard J. Ames Memorial Highway designated.** Article 3, section 12 adds a subdivision to Minn. Stat. § 161.14. It designates a route between the city of Jordan and marked U.S. Highway 61 as the “Richard J. Ames Memorial Highway.” (*Note: This provision was also enacted as a standalone measure, Chapter 55.*)

- **Kenneth E. Sellon and Eugene B. Schlotfeldt Memorial Highway designated.** Article 3, section 13 adds a subdivision to Minn. Stat. § 161.14. It designates a portion of Interstate Highway 94 from Sauk Centre to Alexandria as the “Kenneth E. Sellon and Eugene B. Schlotfeldt Memorial Highway.”
 - **Ryane Clark Memorial Highway designated.** Article 3, section 14 adds a subdivision to Minn. Stat. § 161.14. It designates a portion of Trunk Highway 23, in Kandiyohi County between New London and Spicer, as the “Ryane Clark Memorial Highway.” (*Note: This provision was also enacted as a standalone measure, Chapter 56.*)
 - **Specialist Noah Pierce Bridge designated.** Article 3, section 15 adds a subdivision to Minn. Stat. § 161.14. It designates a bridge in Eveleth as “Specialist Noah Pierce Bridge.”
 - **State Trooper Ray Krueger Memorial Highway designated.** Article 3, section 16 adds a subdivision to Minn. Stat. § 161.14. It designates a portion of Trunk Highway 210 in Cass County as “State Trooper Ray Krueger Memorial Highway.”
 - **Warrant Officer Dennis A. Groth Memorial Bridge designated.** Article 3, section 17 adds a subdivision to Minn. Stat. § 161.14. It designates a bridge on U.S. Highway 52 in Rosemount as “Warrant Officer Dennis A. Groth Memorial Bridge.”
 - **Interstate 35 overweight vehicle permit authorized.** Article 3, section 64 adds a provision to Minn. Stat. § 169.8261, subd. 2. It permits a vehicle operating under an overweight permit for hauling raw or unfinished forest products to operate on Interstate 35 between Carlton County and St. Louis County.
 - **Trunk Highway 53 overweight vehicle permit expanded.** Article 3, section 66 amends Minn. Stat. § 169.864. It modifies special permits for overweight vehicles so that the vehicles may operate anywhere on Trunk Highway 53. The permits may be issued for hauling paper products, finished forest products, or iron ore tailings.
 - **Floodwood highway rest area requirement repealed.** Article 3, section 117 amends a 1994 Session Law, Chapter 643, section 15, subd. 8. It eliminates a requirement that the city of Floodwood operate and maintain a trunk highway rest area.
 - **Two Harbors pilot program extended.** Article 3, sections 118 and 119 amend a 2014 Session Law, Chapter 312, article 11, section 38, subds. 5 and 6. The sections modify and extend a pilot program that allows for community destination signs in Two Harbors.
 - **Stearns County land conveyance authorized.** Article 3, section 121 is a 2019 Session Law. It authorizes the commissioner of the Department of Transportation to convey land in Stearns County with the proceeds to be deposited in the rail bank maintenance account. *Effective May 31, 2019.*
 - **Southwest Light Rail Transit dispute resolution required.** Article 3, section 122 is a session law. It requires the Office of Collaboration and Dispute Resolution (an office within the Bureau of Mediation Services) to facilitate discussions between the Metropolitan Council and the Calhoun Isles Condominium Association regarding Southwest light rail transit project impacts.
 - **Minneapolis and Burnsville engine breaking ordinances authorized.** Article 3, sections 124 and 125 are session laws. They allow the cities of Minneapolis and Burnsville to adopt ordinances to prohibit engine braking (also called “Jake braking”) on a specified highway in each city. *Effective May 31, 2019.*
 - **Regional railroad authority contributions from Anoka County prohibited.** Article 3, section 128 is a session law. It states that the law prohibiting a county regional railroad authority from contributing funds to pay for operations and maintenance of commuter rail is not applicable to the Anoka County Regional Railroad Authority reserve funds that are used to pay operating and maintenance of the Northstar Commuter Rail. This section expires on Jan. 1, 2022.
 - **Certain signs on I-35 required and removal on Trunk Highway 60 prohibited.** Article 3, section 129 is a session law. It requires signs to be erected on Interstate I-35 for Minnesota State Academy for the Deaf and Minnesota State Academy for the Blind and prevents removal of directional signs on Trunk Highway 60. *Effective May 31, 2019.*
 - **Minneapolis rail safety meetings required.** Article 3, section 130 is a session law. It requires the City of Minneapolis to host rail safety meetings at least annually during Southwest light rail transit project construction.
- (AF)**

City projects funded in Environment and Natural Resources Trust Fund

First Special Session Chapter 4 (HF 4/SF 7★) is the omnibus environment and natural resources finance bill. Article 2 includes appropriation of the portion of state lottery proceeds dedicated to environmental purposes. A number of city projects were successful in receiving funds through that channel this session.

- City of Fairmont: \$175,000 for nitrate removal.
- City of Morris: \$150,000 for the completion of a community resilience plan.
- City of Melrose: \$2.768 million for the removal of the Sauk River Dam and replacement of rapids.

- City of Babbitt: \$350,000 for work on the Birch Lake Recreation Area campground.
- City of Virginia: \$550,000 for work on the Bailey Lake Trail and Fishing Pier.
- City of Vergas: \$290,000 for work on the Vergas Long Lake Trail.
- City of Fergus Falls: \$600,000 for work on the Glacial Edge Trail and for a downtown pedestrian bridge.

(CJ)

Local provisions in the omnibus tax bill

First Special Session Chapter 6 (HF 5*/ SF 11) is the omnibus tax bill. Following are local provisions included in the omnibus tax bill.

- **Northwest Minnesota Multicounty Housing and Redevelopment Authority.** Article 4, section 31 amends Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by Laws 2013, chapter 143, article 4, section 35 to extend the levy authority of the Northwest Minnesota Multicounty Housing and Redevelopment Authority to taxes payable in 2024. *Effective beginning with taxes payable in 2019.*
- **Cloquet Area Fire and Ambulance Special Taxing District.** Article 4, sections 32 to 36 amend Laws 2009, chapter 88, article 2, section 46, subd. 1, as amended by Laws 2013, chapter 143, article 4, section 36 to change the name of the Cloquet Area Fire and Ambulance Taxing District to the Cloquet Area Fire and Ambulance Special Taxing District. The district may levy within its area for fire services or ambulance services or both. The district is able to incur debt by designating the district as a municipality, for purposes of applying Minn. ch. 475 (municipal debt) and by allowing the district to issue equipment bonds under Minn. Stat. § 412.301. A debt levy in a municipality that wishes to withdraw from the district remains in effect until the obligations outstanding on the date of withdrawal are satisfied. *Effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with approval and filing requirements in Minn. Stat. § 645.021, subd. 3.*
- **City of Austin; allocation of fire state aid for firefighters.** Article 5, section 8 amends Laws 2018, chapter 211, article 14, section 26 to allow the city of Austin to continue to allocate fire pension aid between its volunteer firefighter relief association and the employer contributions on behalf of full-time firefighters to the Public Employees Retirement Association (PERA) Police and Fire plan. *(Note: This provision was also enacted in the omnibus pension bill, First Special Session Chapter 8, article 4, section 12). Effective until a similar general law is enacted.*
- **City of Waubun; LGA penalty forgiveness.** Article 5, section 9 is a session law that allows the commissioner of revenue to pay the second 2018 LGA and small city assistance aid payments to the city of Waubun by June

30, 2019, provided its 2017 financial reports are filed with the state auditor by May 31, 2019. The city lost half of its aid payments last year because it had not filed the necessary reports. *Effective May 31, 2019.*

(GC)

Local government grants

First Special Session Chapter 6 (HF 5*/ SF 11) is the omnibus tax bill. Article 5, section 10 is a session law that appropriates \$4,447,400 in FY 2020 from the general fund to the commissioner of revenue for one-time grants to be paid by Aug. 1, 2019, and allocated as follows:

- \$3,000,000 to Beltrami County to be used by the county for out-of-home placement costs.
- \$500,000 to Mahnommen County, half of which must be used by the county for the Mahnommen Health Center and half of which must be paid to the White Earth Band of Ojibwe to reimburse for costs of delivering child welfare services.
- \$500,000 to Ottertail County to be used for debt service on a building located in the city of Fergus Falls and formerly leased by the state to provide residential treatment services.
- \$275,000 to the city of Lilydale to be used for infrastructure upgrades and associated bond payments related to the Highway 13 construction.
- \$129,000 to the city of Austin to reimburse the city for calendar year 2016 state fire aid and calendar year 2016 supplemental police and fire retirement aid.
- \$38,400 to the city of Flensburg to compensate for lost aid under the local government aid and small cities assistance programs.
- \$2,600 to the city of Mazeppa and \$2,400 to Wabasha County to be used for property tax abatements and other costs incurred by public and private entities as a result of a fire in the city of Mazeppa on March 11, 2018.
- \$600,000 in fiscal year 2020 and \$600,000 in fiscal year 2021 for a grant to Wadena County paid on Aug. 1, 2019, and Aug. 1, 2020, and used by the county for costs related to providing human services.
- \$5,400,000 in FY 2022 for a grant to the city of Virginia paid by Aug. 1, 2021, and used by the city to repay loans incurred by the city for costs related to utility relocation for the U.S. Highway 53 project.

Effective May 31, 2019. (GC)

Local sales taxes

First Special Session Chapter 6 (HF 5*/ SF 11) is the omnibus tax bill. Below are local sales tax provisions included in the omnibus tax bill.

- **Minneapolis lodging tax cap adjustment.** Article 6, section 5 amends Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, and Laws 2012, chapter 299,

article 3, section 3 to change the statutory cap on the tax applied to lodging establishments of 50 or more rooms in the city of Minneapolis to 6.5 percent. Previously, the cap was based on the total state and local taxes that applied within the city which resulted in situation where an automatic reduction in the city's tax rate would occur when the state or county increased their tax rate. *Effective for sales and purchases made after June 30, 2019.*

- **St. Paul lodging tax rate increase.** Article 6, section 6 amends Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article 8, section 24, and Laws 2011, chapter 112, article 4, section 6 to allow the city of St. Paul to increase the extra local lodging tax that applies to places with 50 or more rooms from 3 percent to 4 percent. Ninety-five percent of revenues from this lodging tax must be used to fund the convention bureau and to promote tourism and the city convention center. The total lodging tax rate for larger hotels in the city would be 7 percent in addition to all general state and local sales taxes. *Effective the first day of the calendar quarter beginning at least 30 days after the governing body of the city of St. Paul and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **Two Harbors lodging tax.** Article 6, section 7 amends Laws 1994, chapter 587, article 9, section 11 to adjust the cap on the lodging tax imposed in the city of Two Harbors from 3 percent to 5 percent to account for the new county lodging tax in section 20. Currently the city may impose a one percent lodging tax under special law but this tax combined with a tax imposed under the general lodging tax law cannot exceed 3 percent. This change will allow the city to retain the tax under special law but not impose the tax under general law if the county imposes its 4 percent tax. *Effective the day after the governing body of the city of Two Harbors and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **Two Harbors adjustment to local sales and use tax.** Article 6, section 8 amends Laws 1998, chapter 389, article 8, section 45, subd. 1 to allow the city of Two Harbors to impose an additional 0.5 percent sales tax based on voter approval at the 2018 general election. This is in addition to its existing 0.5 percent sales tax. The city must comply with section 34 (see requirements below) before imposing the tax increase. *Effective the day after the governing body of the city of Two Harbors and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **Two Harbors use of sales tax revenues.** Article 6, section 9 amends Laws 1998, chapter 389, article 8, section 45, subd. 3, as amended by Laws 2008, chapter 366, article 7, section 11 to allow the city of Two Harbors to use the revenues from the new additional sales tax rate for capital and administrative costs of water and sewer infrastructure projects, including associated street patching, property acquisition, and related construction expenses. Revenues from the current tax may be used for similar purposes (water, wastewater, and sewer projects) plus harbor refuge development projects. *Effective the day after the governing body of the city of Two Harbors and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **Two Harbors bonding authority supported by sales tax.** Article 6, section 10 amends Laws 1998, chapter 389, article 8, section 45, subd. 4 to allow the city to issue up to \$30 million in bonds for the new projects without having an additional referendum. *Effective the day after the governing body of the city of Two Harbors and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **Two Harbors termination of local sales tax.** Article 6, section 11 amends Laws 1998, chapter 389, article 8, section 45, subd. 5 to provide a separate termination date for the additional local sales tax equal to the earlier of 25 years or when revenues are raised to pay for \$30 million plus associated bond costs of the projects. The city may choose to terminate the extra tax earlier. *Effective the day after the governing body of the city of Two Harbors and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **Cloquet use of sales tax revenues.** Article 6, section 12 amends Laws 2011, First Special Session chapter 7, article 4, section 10, subd. 3 to allow the city of Cloquet to reallocate some of the \$5.8 million of local sales tax revenue currently earmarked for property development along Highway 33 and Interstate Highway 35 to the other projects that the city may already fund with its sales tax revenue (various park improvements, or other sewer and water infrastructure improvements identified in the city comprehensive land use plan.) The total amount the city may raise from its local sales tax does not change. *Effective the day after the governing body of the city of Cloquet and its chief clerical officer comply with the provisions of Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Avon; local sales and use tax authorized.** Article 6, section 13 is a session law that authorizes the city of Avon to impose a local sales tax of up to 0.5 percent to raise \$1.5 million plus associated bond costs for transportation improvement projects in the city, based on approval by the voters in the 2018 general election. The city must comply with section 34 (see requirements below) before imposing the tax. This section also authorizes the city to issue up to \$1.5 million in bonds for the projects without additional voter approval. The tax expires at the earlier of Dec. 31, 2045, or when allowed revenues are raised. *Effective the day after the governing body of the city of Avon and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*

- **New: City of Blue Earth; sales and use tax authorized.** Article 6, section 14 is a session law that authorizes the city of Blue Earth to impose a local sales tax of 0.5 percent to finance \$5 million plus associated bond costs for sewer plant improvements, street reconstruction projects, and recreational amenities. Requires the city to comply with section 34 (see requirements below) before imposing the tax. This section also authorizes the city to issue up to \$5 million in bonds for the projects without additional voter approval. The tax expires at the earlier of 25 years or when allowed revenues are raised. *Effective the day after the governing body of the city of Blue Earth and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Cambridge; local sales and use tax authorized.** Article 6, section 15 is a session law that authorizes the city of Cambridge to impose a local sales tax of up to 0.5 percent to finance \$8 million plus associated bond costs, for a new library facility, and \$14 million for street improvements. The city must comply with section 34 (see requirements below) as it relates to the street improvements before imposing the tax. This section also authorizes the city to issue up to \$22 million in bonds for the project without additional voter approval. The tax expires at the earlier of Dec. 31, 2043, or when allowed revenues are raised. *Effective the day after the governing body of the city of Cambridge and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Detroit Lakes; local sales and use tax authorized.** Article 6, section 16 is a session law that authorizes the city of Detroit Lakes to impose a local sales tax of 0.5 percent to finance \$6.7 million plus associated bond costs for a new police department facility. This section also authorizes the city to issue up to \$6.7 million in bonds for the project without additional voter approval. The tax expires at the earlier of ten years or when allowed revenues are raised. *Effective the day after the governing body of the city of Detroit Lakes and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Elk River; local sales and use tax authorized.** Article 6, section 17 is a session law that authorizes the city of Elk River to impose a local sales tax of 0.5 percent to finance \$35 million plus associated bond costs for specified park and recreational facilities and dredging of Lake Orono. This section also authorizes the city to issue up to \$35 million in bonds for the project without additional voter approval. The tax expires at the earlier of 25 years or when allowed revenues are raised. *Effective the day after the governing body of the city of Elk River and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Excelsior; local sales and use tax authorized.** Article 6, section 18 is a session law that authorizes the city of Excelsior to impose a local sales tax of 0.5 percent. The tax may be used to finance \$7 million plus associated bond costs for capital and administrative costs of improvements to the city commons as indicated in the Commons Master Plan adopted Nov. 20, 2017. The tax expires at the earlier of 25 years after being imposed or when allowed revenues are raised. *Effective the day after the governing body of the city of Excelsior and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Glenwood; local sales and use tax authorized.** Article 6, section 19 is a session law that authorizes the city of Glenwood to impose a local sales tax of up to 0.5 percent to finance \$2.8 million plus associated bond costs for streets, park and recreational facility and trail improvements, and city municipal building. The city must comply with section 34 (see requirements below) before imposing the tax. This section also authorizes the city to issue up to \$2.8 million in bonds for the projects without additional voter approval. The tax expires at the earlier of 20 years or when allowed revenues are raised. *Effective the day after the governing body of the city of Glenwood and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of International Falls; local sales and use tax authorized.** Article 6, section 20 is a session law that authorizes the city of International Falls to impose a local sales tax of up to 0.5 percent to raise \$30 million plus associated bond costs for transportation and other public infrastructure projects in the city. The city must comply with section 34 (see requirements below) before imposing the tax. This section also authorizes the city to issue up to \$30 million in bonds for the projects without additional voter approval. The tax expires at the earlier of 30 years or when allowed revenues are raised. *Effective the day after the governing body of the city of International Falls and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: La Crescent; local lodging tax authorized.** Article 6, section 21 is a session law that authorizes the city of La Crescent to impose an extra 2 percent local lodging tax in addition to the 3 percent lodging tax allowed under general law. The total tax under this law and general law is limited to 5 percent. The city currently does not impose the three percent lodging tax under current law because it has no lodging within the city limits. *Effective the day after the governing body of the city of La Crescent and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: Lake County; local lodging tax authorized.** Article 6, section 22 is a session law that authorizes Lake County to impose up to a 4 percent lodging tax in the county with 75 percent of the revenue required to be used for county-wide marketing and 25 percent to be used for promoting community events and festivals.

The tax is in addition to any existing lodging tax imposed by a city, town, or the county in an unorganized territory under the general lodging tax statute; however no city or town may impose a new local lodging tax under the general authority while the county tax is in effect. *Effective the day after the governing body of Lake County and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*

- **New: City of North Mankato; local food and beverage tax authorized.** Article 6, section 23 is a session law that authorizes the city of North Mankato to impose a food and beverage tax of up to 1 percent in the city. The tax also applies to retail on-sale of alcoholic beverages. Revenues from the tax must be used for operation, maintenance, and capital expenses for the Casewell Regional Sporting Complex, including paying associated bonds; and for costs related to regional tourism events. This section also authorizes the city to enter into an agreement with the commissioner of revenue to collect the tax on the city's behalf. *Effective the day after the governing body of the city of North Mankato and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Perham; local sales and use tax authorized.** Article 6, section 24 is a session law that authorizes the city of Perham to impose a local sales tax of up to 0.5 percent to raise \$5.2 million plus associated bond costs for capital costs related to the Perham Area Community Center project. This section also authorizes the city to issue up to \$5.2 million in bonds for the project without a separate referendum. The tax expires at the earlier of 20 years or when allowed revenues are raised. *Effective the day after the governing body of the city of Perham and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Plymouth; local lodging tax authorized.** Article 6, section 25 is a session law that authorizes the city of Plymouth to impose an extra 3 percent local lodging tax for ten years, in addition to the 3 percent lodging tax allowed under general law. Two-thirds of the revenues from this special tax must be used for capital improvements to public recreational facilities and for marketing and promotion and the remaining one-third must be used as required under general law—to fund a local convention or tourism bureau. *Effective the day after the governing body of the city of Plymouth and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Rogers; local taxes authorized.** Article 6, section 26 is a session law that authorizes the city to impose an up to 0.25 percent tax and a \$20 motor vehicle excise tax and issue up to \$16.5 million in bonds for trail and pedestrian facilities including I-94 crossing, County Road 144 pedestrian tunnel, and other new

trails and trail connections; various aquatics facilities; and various community athletic facilities. The tax would terminate at the earlier of 20 years or when sufficient revenue to pay the bonds has been raised. *Effective the day after the governing body of the city of Rogers and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*

- **New: City of Sartell; local taxes authorized.** Article 6, section 27 is a session law that authorizes the city to impose a food and beverage tax of up to 1.5 percent for capital or operational costs for new and existing recreational facilities and amenities in the city if approved by the voters at a general or special election held by the Nov. 3, 2020, general election. *Effective the day after the governing body of the city of Sartell and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Sauk Centre; local sales and use tax and excise tax authorized.** Article 6, section 28 is a session law that authorizes the city of Sauk Centre to impose a local sales tax of up to 0.5 percent and an excise tax of \$20 per motor vehicle sold commercially in the city. The city may use \$10 million in revenues plus associated bond costs from the taxes to fund city infrastructure projects, related to the reconstruction of Trunk Highway 71. This section also authorizes the city to issue up to \$10 million in bonds for the project without a separate referendum. The tax expires at the earlier of Dec. 31, 2045, or when allowed revenues are raised. *Effective the day after the governing body of the city of Sauk Centre and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Scanlon; taxes authorized.** Article 6, section 29 is a session law that authorizes the city to impose an up to 0.5 percent tax and issue up to \$400,000 in bonds for city street improvements and utility infrastructure, including storm sewer and sanitary sewer improvements. The tax would terminate at the earlier of ten years or when sufficient revenue to pay the bonds has been raised. *Effective the day after the governing body of the city of Scanlon and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Virginia; local sales and use tax authorized.** Article 6, section 30 is a session law that authorizes the city of Virginia to impose a local sales tax of up to 1 percent to fund \$30 million plus associated bond costs for renovation, reconstruction, expansion, and improvements of the Miner's Memorial recreation complex and convention center. This section also authorizes the city to issue up to \$200,000 in bonds for the project without a separate referendum. The tax expires at the earlier of 20 years or when allowed revenues are raised. *Effective the day after the governing body of the city of Virginia and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*

- **New: City of West St. Paul; local tax authorized.** Article 6, section 31 is a session law that authorizes the city to impose a 0.5 percent tax and issue up to \$28 million in bonds for rebuilding and repair of transportation corridors and related ancillary roads in the city. The tax would terminate at the earlier of 20 years or when sufficient revenue to pay the bonds has been raised. *Effective the day after the governing body of the city of West St. Paul and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Willmar; local sales and use tax authorized.** Article 6, section 32 is a session law that authorizes the city of Willmar to impose a local sales tax of up to 0.5 percent and up to a \$20 excise tax on commercial sales of motor vehicles to finance \$30 million plus associated bond costs, for replacement of a community center, specified recreational facilities, and a storm water management project. This section also authorizes the city to issue up to \$30 million in bonds for the projects without a separate referendum. The tax expires at the earlier of 13 years or when allowed revenues are raised. *Effective the day after the governing body of the city of Willmar and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **New: City of Worthington; local sales and use and excise taxes authorized.** Article 6, section 33 is a session law that authorizes the city of Worthington to impose a local sales tax of 0.5 percent to finance \$25 million plus associated bond costs for various park and recreational facility improvements, lake quality improvements, and a street plaza. The city must comply with section 34 (see requirements below) before imposing the tax. This section also authorizes the city to issue up to \$25 million in bonds for the projects without a separate referendum. The tax expires at the earlier of 15 years or when allowed revenues are raised. *Effective the day after the governing body of the city of Worthington and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*

(GC)

Resolution and public notice of specific projects funded with local sales tax

First Special Session Chapter 6 (HF 5*/ SF 11) is the omnibus tax bill. Article 6, section 34 is a session law that applies to the cities of Avon, Blue Earth, Cambridge, Duluth, Glenwood, International Falls, Two Harbors, and Worthington.

- **Requirements.** These cities must comply with this section by:
 - Passing a new resolution before imposing or increasing a local sales tax. The resolution must list each specific project and dollar amount of each project to be funded with the sales tax revenue.

- Filing an affidavit of compliance along with the required resolution with the commissioner of revenue before the tax is imposed.
- Posting the resolution on the city website for the duration of the tax.
- **“Specific project” definition.** “Specific project” is defined as:
 - A single building or structure including associated infrastructure needed to safely access or use the building or structure;
 - Improvements within a single park or named recreation area;
 - A contiguous trail;
 - A contiguous segment of roadway, or two or more contiguous segments of roadway provided that all segments of the roadway are listed, and including city infrastructure beneath;
 - The roadway provided the infrastructure is explicitly listed; and
 - A sanitary sewer, storm sewer, or water project in a contiguous geographic area served by the project that is specifically described in the resolution.
- **Resolution needed.** Only projects listed in the new resolution may be funded with the sales tax revenues. The local sales tax authority granted to these cities expires Jan. 1, 2021, if the city has not complied with the requirements of this section by the last business day before Dec. 31, 2020. *Effective May 31, 2019.*

(GC)

Tax Increment Financing (TIF)

First Special Session Chapter 6 (HF 5*/ SF 11) is the omnibus tax bill. Below are the TIF provisions included in the omnibus tax bill.

- **Hopkins TIF District extension.** Article 7, section 1 amends Laws 2003, chapter 127, article 10, section 31, subd. 1, as amended by Laws 2008, chapter 366, article 5, section 21 to modify pooling authority granted under a 2003 special law for the city of Hopkins by authorizing the city to pool increment for redevelopment (blight) activities, in addition to current law administrative expenses and housing activities. This section limits the total amount of pooling authorized for the district to 25 percent. *Effective the day after the governing body of the city of Hopkins and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **Bloomington tax increment financing; five-year rule extension.** Article 7, section 2 amends Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter 143, article 9, section 11 to modify a 2008 special law for the city of Bloomington, which provided special rules for the city’s Bloomington Central Station TIF district. This provision extends the five-year rule

an additional six years to 21 years total. *Effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*

- **Edina authority to create districts.** Article 7, section 3 amends Laws 2014, chapter 308, article 6, section 8, subd. 1, as amended by Laws 2017, First Special Session chapter 1, article 6, section 11 to modify a special law previously granting special TIF authority for the Southeast Edina Redevelopment Project Area. This section provides authorization to create TIF districts within the project area until Dec. 31, 2021. *Effective the day after the governing body of the city of Edina and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **City of Alexandria; five-year rule extension.** Article 7, section 4 is a session law granting a three-year extension of the five-year rule for the TIF District No. 50 in the city of Alexandria. *Effective the day after the governing body of the city of Alexandria and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **City of Anoka; five-year rule extension.** Article 7, section 5 is a session law that grants a three-year extension of the five-year rule for the Commuter Rail Transit Village TIF district. *Effective the day after the governing body of the city of Anoka and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **City of Champlin; five-year rule extension; duration extension.** Article 7, section 6 is a session law that authorizes the extension of the five-year rule to ten years and an extension to the district's duration by an additional five years for the city of Champlin's Mississippi Crossings TIF district. *Effective upon compliance by the governing bodies of the city of Champlin, Hennepin County, and Independent School District No. 11 (Anoka-Hennepin), with the requirements of Minn. Stat. § 469.1782, subd. 2, and Minn. Stat. § 645.021, subs. 2 and 3.*
- **City of Duluth; tax increment financing district; special rules authorization.** Article 7, section 7 is a session law that authorizes the city of Duluth to create one redevelopment TIF district within a project area in downtown Duluth. The established redevelopment district does not have to meet the statutorily required blight findings for establishing a redevelopment district and increments from the established districts would not be required to be spent on correction of blight conditions, as required by statute for redevelopment districts. *Effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3.*
- **City of Minneapolis; upper harbor terminal redevelopment project.** Article 7, section 8 is a session law that authorizes the city of Minneapolis to create redevelopment TIF districts in a project area in North Minneapolis (generally referred to as the Upper Harbor

Terminal). Under this authorization, the following special rules would apply to any TIF district created:

- The established redevelopment districts do not have to meet the statutorily required blight findings for establishing a redevelopment district.
- Increments from the established districts would not be required to be spent on correction of blight conditions, as required by statute for redevelopment districts.
- The five-year rule is extended to ten years.
- The percentage pooling limitation on expenditures outside the district is increased to 35 percent so long as increment is spent within the project area described in the bill.

Effective the day after the governing body of the city of Minneapolis and its chief clerical officer comply with the requirements of Minn. Stat. § 645.021, subs. 2 and 3.

- **Roseville expenditure of hazardous substance sub-district tax increment.** Article 7, section 9 is a session law that authorizes the city of Roseville to use all increment collected within its Hazardous Substance Subdistrict No. 17A for the purpose of funding environmental remediation on parcels within the district. This includes increment generated but not expended within the district's first five years after certification. *Effective the day after the governing body of the city of Roseville and its chief clerical officer comply with the requirements of Minn. Stat. § 645.021, subs. 2 and 3.*
- **Duluth Regional Exchange District.** Article 10 creates several new sections of law (Minn. Stat. § 16A.968, Minn. Stat. §§ 469.50-.54) that collectively form the framework for the city of Duluth to establish a regional exchange district around two medical centers (St. Luke's and Essentia) in Duluth to stimulate economic development activity. The district would utilize both city and state resources and is modeled, in part, after the Destination Medical Center (DMC) plan in Rochester that was enacted in 2013. City funding for these projects would be raised through the city utility fund, a 0.5 percent increase in the Duluth local sales tax, and shared parking revenue. State funds would be generated through the sale of 25-year appropriation bonds.
- **Duluth Sales Tax increase.** Article 10, section 7 amends Laws 1980, chapter 511, section 1, subd. 1 to authorize the city to increase its local sales tax by 0.5 percent to a total of 1.5% to pay for road and bridge improvements, based on voter approval at the 2017 general election. Revenues must be used for improvements in the Duluth Street Improvement Program 2017, as of Aug. 8, 2017 and further requires that at least \$10 million in combined revenue from the sales tax increase or the city's utility fund must be used to fund road improvements in the regional exchange district. The city is authorized to issue bonds to fund the road projects without another referendum and the extra tax

is required to sunset at the earlier of 25 years or when revenues are sufficient to fund the allowed projects plus associated bond costs. *The city sales tax increase law is contingent on the city's compliance with article 6, section 34 (see previous section description in article 6, section 34) and is effective the day after the governing body of the city of Duluth and its chief clerical officer timely comply with Minn. Stat. § 645.021, subds. 2 and 3.*

(GC)



MISCELLANEOUS

Census 2020

First Special Session Chapter 10 (HF 8/SF 10*) is the omnibus state government finance bill. Article 1, section 11 appropriates \$1.6 million for Minnesota Census 2020 mobilization, which includes a grant program. Article 2, section 25 creates the Minnesota Census 2020 Mobilization Partnership whose purpose is to increase participation of Minnesotans in the 2020 U.S. Census through outreach and mobilization activities.

- **Grant funds available.** At least 45 percent of the appropriation must be allocated for a grant to the Minnesota Council on Foundations, which must then issue subgrants of up to \$5,000 to identified fiscal hosts of any Minnesota-based complete count committee.
- **Complete count committees.** A complete count committee must be registered with the U.S. Census Bureau and be a tribal nation, political subdivision, non-partisan nonprofit community organization, or public or private college or university engaged in census mobilization work in Minnesota.
- **Engaging hard to reach households.** This program must support (1) initiatives to increase census response rates among households outside the 11-county metropolitan area and (2) initiatives to increase awareness among census employees, multiunit apartment managers and owners, and renters on the law governing access by census employees.
- **Reaching historically-undercounted communities.** The program must support (1) job sourcing efforts to ensure the pool of candidates reflects the diversity of Minnesota's communities, including those communities historically undercounted in census reports and (2) initiatives that engage historically undercounted communities and reduce census participation gaps in these communities compared to Minnesota's historically high overall census response rates.
- **Electronic census.** The program must support (1) opportunities for Minnesotans to submit their census response electronically through online portals provided in common gathering spaces within a community and (2) commit-to-the-census initiatives that organize Min-

nesotans to commit to participate in the census and including electronic reminders to facilitate their participation.

- **Shared services.** The program must support efficiency in census mobilization efforts by providing shared services to support local and community census outreach, including development of multilingual educational and promotional materials and tools to reach respondents through a variety of communication platforms and services.

Effective May 31, 2019. (IK)



PENSIONS

Omnibus pension bill

First Special Session Chapter 8 (HF 10*/SF 6) is the omnibus pension bill.

Article 2: Public Employees Retirement Association (PERA)

- **Military service credit purchases.** Sections 1 to 3 amend Minn. Stat. § 353.01, subd. 16 and add two new sections, Minn. Stat. § 353.014 and Minn. Stat. § 353.0141 to expand the right of members covered by the PERA General Plan, Police and Fire Plan and the Correctional Plan to purchase service credit for periods of military leave. Minn. Stat. § 353.014 is a restatement of current law regarding service credit purchases for military leave that is also subject to the Uniformed Services Employment and Reemployment Rights Act (USERRA), with the addition of new requirements to ensure the returning military service member receives notice of his or her right to purchase service credit. Minn. Stat. § 353.0141 gives members the right to purchase up to five years of service credit for military service leave that is not federally protected because either the service occurred prior to public employment or the member did not meet the payment deadlines applicable to federally protected leave purchases. A member requesting to purchase the leave must pay an administrative fee of \$250 for the cost of calculating the purchase price, which will be credited toward the purchase if the member decides to do the purchase. The service credit purchased cannot be used in calculating a disability pension. *Effective July 1, 2019.*
- **Phased Retirement Option (PRO).** Sections 4 to 10 permanently extend the PRO, a program that allows an employer to retain for up to five years a PERA General Plan employee who has reached age 62 and who agrees to reduce their work schedule in each pay period by 25 percent and not work in excess of 1,044 hours in the year. Under a PRO arrangement, the employee would begin collecting their retirement annuity, however the member is not allowed to contribute to a pension ben-

efit or accrue additional service credit. Changes to these sections also rename the program as a “Phased Retirement Option.” Previously, the program was titled “Post-retirement Option.” The PRO program was set to expire for new PRO agreements on June 30, 2019. *Effective July 1, 2019.*

- **Eligibility.** Section 4 amends Minn. Stat. § 353.371, subd. 1 to specify that elected officials cannot participate in a PRO arrangement. This section also eliminates a provision that allowed a person to enter in to a PRO arrangement with a different governmental subdivision. Under the change, the employee accepting the phased retirement agreement must be continuing employment with the same employer.
- **Annuity reduction under a PRO arrangement.** Section 5 amends Minn. Stat. § 353.371, subd. 2 to specify that re-employment suspension or reduction of the employee’s annuity does not apply to a participant in a PRO arrangement.
- **Governmental subdivision discretion to offer a PRO.** Section 6 amends Minn. Stat. § 353.371, subd. 3 to clarify the discretion of the local government employer to offer a PRO arrangement.
- **PRO Duration.** Section 7 amends Minn. Stat. § 353.371, subd. 4 to allow for a PRO arrangement of up to five years. Similar to the current duration limit, if the initial PRO arrangement is for less than five years, the PRO could be extended for a total period not to exceed five years. Previously, the agreement was limited in duration to one-year, with up to four annual renewals.
- **PRO documentation to PERA.** Section 8 amends Minn. Stat. § 353.371, subd. 5 to clarify the requirement that the employer provide documentation of the PRO to the PERA executive director. This section also clarifies that the documentation must be provided before the employee terminates membership with PERA.
- **Additional employer reporting requirements.** Section 9 amends Minn. Stat. § 353.371, subd. 6 to clarify that the employee will not earn allowable service for pension purposes while under the PRO and to require the governmental subdivision employer to report to the PERA executive director the salary earned by an employee in a phased retirement position. The report must include the number of compensated hours the employee worked and must be made on a pay period basis in a manner prescribed by the executive director. Reports must be submitted no later than 14 calendar days following the last day of each pay period.
- **Termination and subsequent employment; reporting.** Section 10 amends Minn. Stat. § 353.371, subd. 7 to require upon termination of employ-

ment under a PRO, the governmental subdivision and employee must inform the executive director, in a manner prescribed by the executive director, of the effective date of the employee’s termination of public service.

- **Increase in the Minneapolis Payments to PERA Police & Fire (P&F) for Relief Associations.** Sections 11 and 12 amend Minn. Stat. § 353.665, subd. 8 and add a new subdivision, Minn. Stat. § 353.665, subd. 8a that increases the annual amount paid by the city of Minneapolis to the PERA P&F plan on behalf of the Minneapolis Police Relief Association (MPRA) and the Minneapolis Firefighters Relief Association (MFRA). The payments are intended to cover the unfunded liabilities accepted by PERA P&F when MPRA and MFRA were merged into PERA P&F in 2011. Previously, the annual payment amount has fluctuated significantly since 2011 because current law requires the payment to be recalculated when actuarial assumptions change. PERA and the city of Minneapolis agreed to a new calculation method, which fixes the amounts to be paid by the city for each relief association at \$4,489,837 for MPRA and \$3,188,735 for MFRA starting in 2019, through 2031. *Effective May 31, 2019.*

Article 3: PERA Statewide Volunteer Firefighter Plan (PERA-SVF)

- **Termination of participation.** Section 1 creates a new statute, Minn. Stat. § 353G.18, that establishes a process for a municipality, independent nonprofit firefighting corporation, or a joint powers entity to terminate participation in the PERA-SVF plan. A participant is eligible to terminate if both of the following are true:
 - The entity has eliminated its fire department or, if its fire department is ongoing, the fire department has ceased using the services of all departing firefighters and any other noncareer or volunteer firefighters.
 - The entity’s account has assets sufficient to cover all liabilities, after taking into account the requirement to fully vest all departing firefighters and pay administrative expenses.

Under the procedure, the governing board of the departing entity shall adopt a resolution expressing the intent to terminate and the proposed date of termination and deliver the resolutions to the executive director. The executive director would then execute the termination by fully vesting all departing firefighters as of the termination date, and then distributing to each departing firefighter, regardless of whether the firefighter has reached age 50, the firefighter’s benefit. If the account has assets in excess of accrued liabilities, the executive director is required to allocate the excess among all departing firefighters in the same proportion that the present value of the accrued benefit for each

departing firefighter bears to the total present value of the accrued benefits of all departing firefighters. *Effective May 31, 2019.*

- **Grandfather for previously approved terminations.** Section 2 is a session law that grandfathers any termination already underway and establishes a termination date, which will permit the Brevator Township to terminate participation and its former firefighters to receive distributions of their pension benefits. *Effective May 31, 2019.*

Article 4: Volunteer Firefighter Relief Associations (VFRA)

- **Financial report and audit.** Section 1 amends Minn. Stat. § 69.051, subd. 1 to require that VFRA audits must be conducted in compliance with generally accepted governmental auditing standards as defined in Minn. Stat. § 6.65. *Effective May 31, 2019.*
- **Break in service definitions.** Section 2 amends Minn. Stat. § 424A.001 to define a break in service to be temporarily ceasing all of the following with a particular fire department:
 - Performing fire suppression duties.
 - Performing fire prevention duties.
 - Supervising fire suppression duties.
 - Supervising fire prevention duties.

Effective Jan. 1, 2020.

- **Return to active firefighting service.** Section 3 amends Minn. Stat. § 424A.01, subd. 6 to make several technical changes but also to specify that a firefighter who has been paid a service pension or disability benefit must wait at least 60 days following receipt of the pension or benefit before resuming active firefighting with the fire department and active membership in the relief association. *Effective Jan. 1, 2020.*
- **Calculation of benefit clarification.** Section 4 amends Minn. Stat. § 424A.015, subd. 6 to clarify that a service pension or ancillary benefit must be calculated using the earlier of:
 - The date on which a member separates from active service in the fire department and active membership in the relief association, or
 - The date on which the member begins a break in service that continues until the member separates from active service and active membership in the relief association. *Effective Jan. 1, 2020.*
- **Vesting schedule for defined contribution relief associations.** Section 5 amends Minn. Stat. § 424A.016, subd. 3 to make technical clarifying changes to the calculation of the vested percentage of an individual's pension amount. This section also specifies that in no event may the articles of incorporation or bylaws:
 - Require that a member have more than 20 years of active service to become 100 percent vested in the member's account; or

- Provide for a larger vesting percentage than is provided in the following schedule with respect to the completed number of years of active service indicated in the schedule. *Effective Jan. 1, 2020.*
- **Defined contribution deferred service pensions; interest.** Section 6 amends Minn. Stat. § 424A.016, subd. 6 to make technical and clarifying changes related to defined contribution relief associations that include interest on the deferred lump-sum service pension during a period of deferral. *Effective Jan. 1, 2020.*
- **Vesting schedule for defined benefit plans.** Section 7 amends Minn. Stat. § 424A.02, subd. 2 to reduce the permitted graded vesting schedule from 20 years to 10 years for defined benefit relief associations. This section also specifies that in no event may the articles of incorporation or bylaws:
 - Require that a member have more than 20 years of active service to become 100 percent vested in the member's accrued service pension; or
 - Provide for a larger vesting percentage than is provided in the following schedule with respect to the completed number of years of active service indicated in the schedule. *Effective Jan. 1, 2020.*
- **Defined benefit deferred service pensions; interest.** Section 8 amends Minn. Stat. § 424A.02, subd. 7 makes technical and clarifying changes related to defined-benefit relief associations that include interest on the deferred lump-sum service pension during a period of deferral. *Effective Jan. 1, 2020.*
- **Limitation on Ancillary benefits.** Section 9 amends Minn. Stat. § 424A.02, subd. 9 to specify that for deferred members, the amount of a permanent disability benefit or a survivor benefit must be calculated using the service pension amount in effect on the date specified in Minn. Stat. § 424A.015, subd. 6 (see changes in section 4 above), unless the bylaws of the relief association specify a different service pension amount to be used for the calculation. *Effective Jan. 1, 2020.*
- **Local approval of bylaws; defined benefit relief associations.** Section 10 amends Minn. Stat. § 424A.02, subd. 10 to clarify that a defined benefit relief association must file a revised copy of its bylaws with the state auditor upon adoption of any amendment to its governing bylaws granted not only by the governing body of municipality but also by the independent nonprofit firefighting corporation, if applicable. *Effective Jan. 1, 2020.*
- **Supplemental benefits paid to designated beneficiaries.** Section 11 amends Minn. Stat. § 424A.10, subd. 1 to allow supplemental benefits to be paid to designated beneficiaries and estates, where there is no surviving spouse or children. *Effective Jan. 1, 2020 and applies to supplemental benefits paid by a relief association in 2019 and thereafter for the death of an active or deferred volunteer firefighter that occurred on or after Jan. 1, 2019.*

- **City of Austin allocation of fire state aid.** Section 12 amends Laws 2018, chapter 211, article 14, section 26 to extend a special law for the city of Austin that allows the city to allocate fire state aid between its relief association and contributions to PERA P&F for its full-time firefighters. The exemption is currently set to expire on July 1, 2019. The extension is effective until the effective date of general legislation that permits the allocation of fire state aid. *Effective the day after the governing body of the city of Austin and its chief clerical officer comply with Minn. Stat. § 645.021, subdivisions 2 and 3.*

Article 6: Generally applicable retirement plan changes

- **Disclosure of public pension plan investment portfolio and performance information.** Section 1 amends Minn. Stat. § 356.219, subd. 3 to increase from \$25 million to \$50 million the threshold for pension plan assets required before an entity is subject to more stringent investment reporting requirement. *Effective Jan. 1, 2020.*
- **City of St. Paul and St. Paul School District temporary supplemental pension plan contribution restriction exemption.** Section 4 is a session law that creates an exemption for the city of St. Paul and the St. Paul School District, allowing them to continue to make contributions to supplemental pension and retirement plans on behalf of trade union employees for one year, until June 30, 2020. Current law prohibits contributions to supplemental plans unless specifically allowed as an exception; however, the current exceptions do not cover the contributions being made by these employers to a number of multi-employer plans. *Effective May 31, 2019.*

(GC)



PUBLIC SAFETY

MNLARS continued funding provided and report required

Chapter 1 (HF 861*/SF 1092) is a session law that appropriates money for the Minnesota Licensing and Registration System (MNLARS) and Driver and Vehicle Services (DVS). It also requires a report.

- **Deficiency funding request for MNLARS and Driver's License System appropriation provided.** Section 1 appropriates \$11.2 million from the general fund in FY 2019 for ongoing development work on the motor vehicle and driver's license information technology systems. This is a onetime appropriation.
- **Deficiency funding for DVS appropriation provided.** Section 2 provides \$2 million in FY 2019 from the general fund to the commissioner of public safety to temporarily increase the capacity of DVS to meet the customer service levels needs of business partners and the public. This appropriation is only for work per-

formed or expenses incurred on or before June 30, 2019. This is a onetime appropriation.

- **Quarterly progress reports required.** Section 3 requires, as part of the quarterly progress reports specified by Laws 2018, chapter 101, section 2, subd. 3, that the commissioner of public safety and the state chief information officer must report on how the appropriations in sections 1 and 2 have been spent and the plans for how the remaining funds will be spent. The report must include detailed explanation of how the funds were spent, including a line-item breakdown of costs.
- **Independent expert review and report required and funded.** Section 4 requires the chair of the Governor's Blue Ribbon Council on Information Technology, established by Executive Order 19-02, to conduct a review of MNLARS. The section requires the report to be completed by May 1, 2019 and provides \$100,000 from the general fund to compensate experts. *Effective March 6, 2019. (AF)*

Peace officers authorized to issue citations based on report from work zone flagger

Chapter 35 (HF 1408/SF 1753*) amends Minn. Stat. § 169.06, subd. 4a.

- **Flagger authority clarified.** The chapter clarifies that a flagger in a work zone may stop vehicles, hold vehicles in place and direct vehicles to proceed when it is safe.
- **Citations authorized.** A new provision is added to Minn. Stat. § 169.06, subd. 4a. It provides a peace officer may issue a citation to the operator of a motor vehicle if the peace officer has probable cause to believe that the person has violated the direction of a work zone flagger. A citation may be issued even though the violation did not occur in the officer's presence. In addition to other evidentiary elements or factors, a peace officer has probable cause under this subdivision if:
 - A qualified work zone flagger has provided a report of a violation that includes a description and the license plate number of the vehicle used to commit the offense, and the time of the incident;
 - The person is operating the vehicle described in the report; and
 - It is within the four-hour period following the time of the incident, as specified in the report.

A work zone flagger is qualified to provide a report if each flagger involved in the reporting has completed training that includes information on flagging operations, equipment, traffic laws, observation and accurate identification of motor vehicles, and delegation of duties involving a report.

Effective Aug. 1, 2019. (AF)

Use of certain flame-retardant chemicals prohibited

Chapter 47 (HF 359*/SF 321) expands the prohibition

on the use of flame-retardant chemicals to residential textiles and mattresses. modifies the flame-retardant chemicals that are prohibited; prohibits the use of certain firefighting foam, and authorizes the commissioner of the Pollution Control Agency (PCA) to enforce the provisions.

- **Flame-retardant chemicals definitions and prohibition provided.** Section 1 amends Minn. Stat. § 325F.071. It adds a definition of mattress, organohalogenated chemical, and residential textile for purposes of the prohibitions. It provides that, beginning July 1, 2021, manufacturers are prohibited from selling, distributing, or offering for sale mattresses and residential textiles that contain organohalogenated flame retardant chemicals in amounts greater than 1,000 parts per million. Beginning July 1, 2022, retailers are prohibited from selling or offering for sale mattresses or residential textiles that contain an organohalogenated chemical in amounts greater than 1,000 parts per million. The section provides exemptions from the prohibitions for the sale of used products, certain electronic components, products required to meet federal or national flammability standards, the thread/fiber used for stitching mattresses, and components of adult mattresses other than foam. It allows the commissioner of the PCA to enforce the section in coordination with the commissioners of health and commerce.
- **Firefighting foam defined and regulated.** Section 2 creates Minn. Stat. § 325F.072. It provides definitions for class B firefighting foam, polyfluoroalkyl substances (PFAS), chemicals, political subdivision, state agency, and testing for purposes of the new prohibitions established in this section. It provides that, beginning July 1, 2020, a person, political subdivision, or state agency is required to report the discharge of any class B firefighting foam containing intentionally added PFAS chemicals to the Minnesota Fire Incident Reporting System within 24 hours. Beginning July 1, 2020, a person, political subdivision, or state agency is prohibited from discharging class B firefighting foam containing intentionally added PFAS chemicals for testing or training purposes with certain exceptions. It states that the section does not restrict the manufacture, sale, or distribution of class B firefighting foams containing intentionally added PFAS chemicals or their use in emergency firefighting/fire prevention activities. It allows the commissioner of the PCA to enforce the section in coordination with the commissioners of health and commerce.

Effective Aug. 1, 2019. (AF)

Public safety provisions in the omnibus transportation bill

First Special Session Chapter 3 (HF 6*/SF 5) is the omnibus transportation budget and policy bill. It sets the budget for the Minnesota Department of Transportation

(MnDOT) and parts of the Minnesota Department of Public Safety (DPS) and the Metropolitan Council for the biennium. Summarized below are public safety provisions that may be of interest to cities. (*Note: Transportation provisions are summarized in the Transportation section.*)

Article 1: Appropriations for FY 2020 and 2021

Article 1 spends \$3.019 billion in FY 2020 and \$3.046 billion in FY 2021. General Fund net expenditures are \$97.3 million over the base for FY 2020–2021, and \$1.4 million over base for FY 2022–2023. *Effective July 1, 2019, unless otherwise noted.*

- **Department of Public Safety funding provided.** Article 1, section 4 establishes the biennial budget for transportation-related divisions of the Department of Public Safety and department administration.
- **Public safety survivor benefit funded.** An appropriation of \$640,000 in each year of the biennium is from the general fund for payment of public safety officer survivor benefits under Minn. Stat. §299A.44. This is the same amount provided in the previous biennium.
- **Continued health insurance benefit reimbursement funded.** \$1.367 million in each year of the biennium is from the general fund for the Public Safety Officer Benefit Account under Minn. Stat. § 299A.465. This is the same amount provided in the previous biennium.
- **Soft body armor reimbursements funded.** \$745,000 in each year of the biennium is provided for soft body armor reimbursements under Minn. Stat. § 299A.68. Of this amount, \$645,000 each year is from the general fund and \$100,000 each year is from the Trunk Highway Fund. This amount is a \$45,000 per year increase in the appropriation.
- **Vehicle crimes unit funded.** \$832,000 in FY 2020 and \$866,000 in FY 2021 is provided from the Highway User Tax Distribution Fund to investigate registration tax and motor vehicle sales tax liabilities from individuals and business that currently do not pay all taxes owed; and illegal or improper activity related to the sale, transfer, titling and registration of motor vehicles.
- **Driver and Vehicle Systems replacement funded.** A onetime general fund appropriation in FY 2020 of \$52.7 million is for development of a packaged vehicle systems replacement to the MN Licensing and Registration System (MNLARS), and \$3 million for final development of the driver licensing system.
- **Bureau of Criminal Apprehension (BCA) software update funded.** A onetime appropriation of \$29,000 from the general fund in FY 2020 is to cover costs of updating BCA software systems to allow for access to and contact of emergency contacts as listed in driver records. (See article 3, section 76.)

- **MNLARS audits funded.** \$200,000 from the general fund in FY 2020 is for the Legislative Auditor to conduct audits of MNDOT and DPS programs and services; and \$50,000 in FY 2020 and \$50,000 in FY 2021 from the Data Security Account in the special revenue fund is for quarterly reviews and final audit of MNLARS and the new vehicle registration and title system.
- **Deputy registrar reimbursements funded.** \$13 million from the general fund in FY 2019 is to the commissioner of DPS for reimbursement grants to deputy registrars as provided in article 2, section 36. *Effective May 31, 2019.*
- **Soft body armor deficiency funding provided.** \$374,000 from the general fund in FY 2019 is to the commissioner of DPS for soft body armor reimbursements. This is a onetime appropriation. *Effective May 31, 2019.*

Article 2: Driver and Vehicle Systems

Article 2 replaces the Minnesota Licensing and Registration System (MNLARS) with a third-party vendor system, referred to as the Vehicle Title and Registration System (VTRS). Fees for driver's licenses, license plates, and filing fees are increased and a technology surcharge is implemented to pay for VTRS, the decommissioning of MNLARS, and DPS services. The Driver and Vehicle Systems Oversight Committee and the legislative auditor provide oversight of MNLARS and VTRS. A vehicle registration task force is established to study various methods of vehicle registration. A reimbursement grant program is established to provide grants to deputy registrars for losses related to MNLARS.

- **Surcharge imposed.** Article 2, section 1 amends Minn. Stat. § 168.013, subd. 21. It imposes a \$2.25 surcharge on vehicle registration renewals. The surcharge is deposited in the Driver and Vehicle Services (DVS) technology account in the special revenue fund. *Effective Aug. 1, 2019.*
- **Special license plate cross reference modified.** Article 2, sections 2 to 9, 11 to 24, and 28 amend provisions in Minn. Stat. ch. 168 relating to various special license plates. The special plate fee is stricken and is replaced with a cross-reference to the statute that sets the fees for license plates (see section 10). *Effective Aug. 1, 2019.*
- **Plate fee schedule modified.** Article 2, section 10 amends Minn. Stat. § 168.12, subd. 5. It sets the fees for license plates issued on and after Aug. 1, 2019 but before July 1, 2022, and for license plates issued on and after July 1, 2022. *Effective Aug. 1, 2019.*
- **Driver record fee increased.** Article 2, section 25 amends Minn. Stat. § 168.327, subd. 4. It increases the fee charged for driver records from one cent to two cents per record requested. The additional revenue from

the increase is deposited in the DVS technology account. *Effective Aug. 1, 2019.*

- **Bulk vehicle records request fee increased.** Article 2, section 26 amends Minn. Stat. § 168.327, subd. 5. It increases the fee charged for bulk vehicle records from one cent to two cents per record requested. The additional revenue from the increase is deposited in the DVS technology account. *Effective Aug. 1, 2019.*
- **Filing fee increased.** Article 2, section 27 amends Minn. Stat. § 168.33, subd. 7. It increases filing fees by \$1 for vehicle transactions. The deputy registrars retain the \$1 for each transaction. Of the filing fees collected by the DPS, the additional dollar is deposited in the vehicle services operating account and \$1.50 continues to be deposited into the DVS technology account. The section deletes language that would, at a future point, deposit the \$1.50 into the vehicle services operating account. *Effective Aug. 1, 2019.*
- **Titling surcharge imposed.** Article 2, section 29 amends Minn. Stat. § 168A.29, subd. 1. It imposes a \$2.25 surcharge on titling fees collected by the department. The surcharge is deposited into the DVS technology account. *Effective Aug. 1, 2019.*
- **License fees modified.** Article 2, section 30 amends Minn. Stat. § 171.06, subd. 2. It sets the fees for driver's licenses issued on and after Aug. 1, 2019, but before July 1, 2022, and for licenses issued on and after July 1, 2022. In addition, a surcharge of \$2.25 is imposed on each driver's license and ID card. This surcharge is deposited in the DVS technology account. *Effective Aug. 1, 2019.*
- **DVS technology account use of funds specified.** Article 2, section 31 amends Minn. Stat. § 299A.705. It provides that the money in the DVS technology account may be used for the development, deployment, and maintenance of the driver and vehicle services information systems. The commissioner of DPS must annually report to the legislature on the money in the account and provide an estimate of ongoing system maintenance costs. *Effective Aug. 1, 2019.*
- **Audits and monitoring required.** Article 2, section 32 amends a 2018 Session Law, chapter 101, section 3, subd. 1. It requires the IT auditor in the Office of the Legislative Auditor to monitor and report on the Vehicle Title and Registration System ("VTRS") and submit quarterly reports on VTRS to the Driver and Vehicle Systems Oversight Committee. The auditor must also complete a final audit of VTRS once the system is fully implemented. *Effective May 31, 2019.*
- **Definitions provided.** Article 2, section 33 is a session law. It provides definitions that apply to sections 34 and 35. *Effective May 31, 2019.*
- **Oversight Committee established.** Article 2, section 34 is a session law. It establishes the Driver and Vehicle Systems Oversight Committee (Oversight Committee).

The MNLARS Steering Committee that was established in 2018 is dissolved and replaced by the Oversight Committee. The membership of the Oversight Committee is the same as the MNLARS Steering Committee. The Oversight Committee must review progress reports and reports from the IT auditor, oversee the implementation of VTRS, oversee the decommissioning of MNLARS, oversee the driver's license system, and review fees and surcharges implemented by this act. The commissioners of public safety and Minnesota IT Services (MN.IT) and the VTRS vendor must submit quarterly reports to the Oversight Committee. Stakeholders may also submit quarterly reports. The Oversight Committee must meet at least once each quarter. The Oversight Committee expires six months after full implementation of VTRS. The Oversight Committee must submit a final report to the Office of the Legislative Auditor. *Effective May 31, 2019.*

- **Expedited procurement process required.** Article 2, section 35 is a session law. It requires the commissioner of DPS to conduct an expedited procurement process to enter into a contract with a vendor for a packaged software system providing vehicle title and registration services. Stakeholders must be consulted during the implementation of VTRS. After MNLARS update 1.16 in June 2019, MNLARS will be frozen and maintained at that level until VTRS is live and MNLARS is decommissioned. The roles of DPS and MN.IT are specified. The commissioner of DPS is responsible for determining if the software should be customized. The intended timeline provides that work will begin in summer 2019, VTRS will be fully implemented by the end of calendar year 2020, and MNLARS will be decommissioned by the fall of 2021. *Effective May 31, 2019.*
- **Deputy registrar reimbursement grant established.** Article 2, section 36 is a session law. It establishes the reimbursement grant for deputy registrars. The amount received by a deputy registrar is determined by formula. A deputy registrar that accepts a grant must agree to release the state from liability or claims relating to MNLARS. Payment of the grants is not an admission of liability by the state. *Effective May 31, 2019.*
- **Self-service options study required.** Article 2, section 37 is a session law. It requires the commissioner of DPS to consider ways in which the driver's license system and VTRS allow for additional self-service options and on-the-spot fulfillment. The commissioner must report to the legislature on the commissioner's findings. *Effective May 31, 2019.*
- **Vehicle registration task force established.** Article 2, section 38 is a session law. It establishes a vehicle registration task force to study various methods of vehicle registration and the corresponding fee structures. The task force must report back to the legislature by Jan. 15, 2020. *Effective May 31, 2019.*

Article 3: Policy provisions

Article 3 includes various policy provisions relating to the Department of Transportation (MnDOT), the Department of Public Safety (DPS) and the Metropolitan Council.

- **Electronic submission of title transfers and vehicle registrations required.** Article 3, section 25 adds a subdivision to Minn. Stat. § 168.33, subd. 8a. It directs the DPS to set standards for electronically submitting title transfers and vehicle registrations. Effective date delayed until full implementation of the new vehicle title and registration system.
- **Consular identification card authorized as “primary” document.** Article 3, section 28 adds a subdivision to Minn. Stat. § 168A.085. It allows an individual to use a consular identification card as a “primary” document to show identity for vehicle titling and registration. *Effective May 31, 2019 and is effective retroactively to Oct. 1, 2018.*
- **Farm work restricted license expanded.** Article 3, section 73 amends Minn. Stat. § 171.041. It allows an individual to use a restricted license for farm work on any type of farm, regardless of how it is legally organized. The radius in which a farm work license-holder may operate is increased from 20 miles to 40 miles of the farmhouse. The restriction on driving in a city of the first class is removed. *Effective June 1, 2019.*
- **Autism spectrum or mental health identifier authorized.** Article 3, section 75 adds a subdivision to Minn. Stat. § 171.07. It allows a person to add an identifier to the person's driver's license or identification card that indicates that the person has been diagnosed with an autism spectrum disorder or a mental health condition. *Effective July 1, 2020, or upon completion of the necessary program changes, whichever is earlier.*
- **Cardholder emergency contact information access authorized.** Article 3, section 76 adds a subdivision to Minn. Stat. § 171.12. It allows a driver's license or Minnesota identification cardholder to identify up to three emergency contacts to be on the cardholder's record to be available to law enforcement personnel. *Effective July 1, 2020, or upon completion of the necessary program changes, whichever is earlier.*

(AF)

Omnibus judiciary and public safety bill

First Special Session Chapter 5 (HF 3/ SF 8*) is the omnibus judiciary and public safety act.

Article 1: Appropriations for FY 2020 and 2021

Article 1 spends \$2.609 billion in the FY 2020–2021 biennium. It funds the Supreme Court, Court of Appeals, District Courts, Guardian ad Litem Board, Tax Court, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Department of Human Rights,

Sentencing Guidelines Commission, Department of Public Safety, Peace Officer Standards and Training (POST) Board, Private Detective Board and Department of Corrections. *Effective July 1, 2019.*

• **Homeland Security and Emergency Management (HSEM) appropriations provided.** The article funds the following programs in the HSEM Division of DPS:

- **Hazmat and chemical assessment teams.** \$850,000 each year from the Fire Safety Account to fund Hazmat and Chemical Assessment Teams.
 - **Bomb squad reimbursements.** \$50,000 each year to local governments for bomb squad services.
 - **School safety center.** \$250,000 each year to hire two additional school safety specialists.
 - **Emergency response teams.** \$675,000 each year to maintain four emergency response teams.
- **Bureau of Criminal Apprehension appropriations provided.** The article funds the following programs in the DPS's BCA.
- **Federal Bureau of Investigations (FBI) cybersecurity compliance.** \$428,000 each year for staff and technology costs to meet FBI cybersecurity requirements.
 - **Automated fingerprint identification (ID) system.** \$1.5 million each year to replace the current fingerprint ID system.
 - **Drug agents and scientists.** \$650,000 each year for drug agents and forensic scientists.
- **Fire Marshal appropriations provided.** The article funds the following programs in the Fire Marshal Division of the DPS:
- **Nursing home inspections.** \$300,000 each year to inspect nursing homes and boarding care facilities.
 - **Board of Firefighter Training.** \$4,265,000 each year for firefighter training and education.
 - **Minnesota Task Force 1.** \$500,000 each year for Minnesota Task Force 1.
 - **Minnesota Air Rescue Team.** \$250,000 each year for the Minnesota Air Rescue Team.
- **Office of Justice Programs (OJP) appropriations provided.** The article funds the following programs in the DPS's OJP:
- **Indigenous Women Task Force.** \$105,000 the first year and \$45,000 the second year to convene an Indigenous Women Task Force.
 - **Domestic abuse prevention grants.** \$200,000 each year to an entity that addresses domestic abuse in current and former military service members.
 - **Criminal sexual conduct statutory reform working group.** \$20,000 the first year and \$14,000 the second year to convene a criminal sexual conduct statutory reform working group.

• **Emergency communications networks appropriations provided.** The article funds the following emergency communications programs:

- **Emergency telecommunications.** \$77,838,000 in FY 2020 and \$77,768,000 in FY 2021 is from the 911 emergency telecommunications service fee account for emergency communications. This funds public safety answering points, medical resource communication centers, Allied Radio Matrix for Emergency Response (ARMER) debt service, ARMER state backbone operating costs, and ARMER improvements.
 - **Public Safety Answering Points (PSAPs) reimbursements.** \$188,000 in FY 2020 and \$118,000 in FY 2021 is for grants to reimburse PSAPs for 911 operator CPR training.
- **Peace Officers Standards and Training (POST) Board.** The article funds the following programs in the POST Board:
- **Deficiency appropriation.** \$400,000 is a deficiency appropriation to cover operating costs this fiscal year.
 - **Reimbursements to local governments.** \$2,949,000 each year for reimbursements to local governments for peace officer training costs. \$6,000,000 the first year is for peace officer training assistance. \$100,000 each year is for de-escalation training. \$100,000 each year is for a rules coordinator.

Article 2: Courts and public safety policy provisions

Article 2 contains policy provisions pertaining to the courts and public safety.

- **License reinstatement fee redirected.** Article 2, section 4 amends Minn. Stat. § 171.20, subd. 4. It redirects a transfer of license reinstatement fees to the Peace Officer Training Reimbursement Fund to the general fund. This is needed to implement the transition of the POST Board funding to the general fund. *Effective retroactively to July 1, 2017.*
- **Public safety answering point employees required to have training in cardio pulmonary resuscitation (CPR).** Article 2, section 11 adds a subdivision to Minn. Stat. § 403.03. It requires public safety answering points to either train individuals taking 911 emergency calls in how to provide instruction for CPR or transfer such calls to another answering point that provides such training. It establishes minimum requirements for the training. It requires answering points to conduct ongoing quality assurance of its telephone CPR program. *Effective Aug. 1, 2019.*
- **Task force on missing and murdered indigenous women.** Article 2, section 28 is a session law. It creates a task force to address violence against indigenous women and defines the standards and requirements for the task force. *Effective May 31, 2019.*

Article 4: Sexual offenders

Article 4 makes policy changes to provisions related to sex offenders. *Effective Aug. 1, 2019, unless otherwise noted.*

- **“Position of authority” definition broadened.** Article 4, section 2 amends Minn. Stat. § 609.341, subd. 10. It broadens the definition of “position of authority” in the criminal sexual conduct statutes. Currently, felony penalties apply to an adult who sexually penetrates or contacts a 16- or 17-year-old juvenile when the adult is in a position of authority over the juvenile. This section: (1) extends the definition so that an adult who within the past 120 days was in a position of authority over a 16- or 17-year-old is also subject to criminal penalties for having a sexual relationship with the juvenile; and (2) extends the definition of position of authority to cases where an adult “assumed” authority over a victim. Currently, the provision only applies when the adult is “charged” with providing some parental obligation to the juvenile. Article 2, sections 3, 4, and 19 make conforming changes related to section 2.
- **“Crime” definition updated.** Article 4, section 5 amends Minn. Stat. § 609.342, subd. 1. It updates a reference to “position of authority” to reflect changes made to the definition of the term in section 2. It also clarifies that certain first degree criminal sexual conduct convictions for “sexual contact with a person under 13 years of age” do not require proof of sexual penetration. Article 2, section 6 makes a conforming change related to section 5.
- **Peace officer prohibited from sexually penetrating a person.** Article 4, section 7 amends Minn. Stat. § 609.344, subd. 1. It contains two changes to the offense of third degree criminal sexual conduct: (1) it updates a reference to “position of authority” to reflect changes made to the definition of the term in section 2, and (2) it creates a new criminal sexual conduct offense specific to peace officers. It prohibits a peace officer from sexually penetrating a person who is restrained by the peace officer or otherwise does not reasonably feel free to leave the officer’s presence. A peace officer would not be entitled to assert victim consent as a defense. It provides an exception for lawful searches.
- **Peace officer prohibited from sexually contacting a person.** Article 4, section 8 amends Minn. Stat. § 609.345, subd. 1. It contains two changes to the offense of fourth degree criminal sexual conduct: (1) it updates a reference to “position of authority” to reflect changes made to the definition of the term; and (2) it creates a new criminal sexual conduct offense specific to peace officers. It prohibits a peace officer from sexually contacting a person who is restrained by the peace officer or otherwise does not reasonably feel free to leave the officer’s presence. A peace officer would not be entitled to assert victim consent as a defense.
- **Exclusion to fifth degree criminal sexual conduct eliminated.** Article 4, section 9 amends Minn. Stat. § 609.3451, subd. 1. It eliminates the exclusion to fifth degree criminal sexual conduct—a first-time violation of which is a gross misdemeanor—for intentionally touching the clothing covering the immediate area of the buttocks.
- **Law enforcement reports of sexual assault.** Article 4, section 10 creates Minn. Stat. § 609.3459. It allows a victim of sexual assault to initiate a law enforcement investigation by contacting any law enforcement agency, regardless of where the crime may have occurred. The agency must then begin an investigation or refer the matter along with the summary of the allegation to the agency that has jurisdiction.
- **New enhanced felony penalty created for surreptitious intrusion provided.** Article 4, section 11 amends Minn. Stat. § 609.746, subd. 1. It creates a new enhanced felony penalty (statutory maximum sentence of up to four years imprisonment and/or \$5,000 fine) for surreptitious intrusion, if the offense involved use of a recording device, the victim was a minor, the offender was more than 36 months older than the victim, the offender knew or had reason to know of the minor’s presence, and the offense was committed with sexual intent. A person convicted under this provision must also register as a predatory offender. (See article 5 summary.)
- **Using a minor in sexual performance maximum penalty increased.** Article 4, section 12 amends Minn. Stat. § 617.246, subd. 2. It increases the statutory maximum penalty for using a minor in a sexual performance or pornographic work if the victim is under the age of 13 or the offender is a repeat offender or is registered as a predatory offender.
- **Business owner who shows certain pornographic work maximum penalty increased.** Article 4, section 13 amends Minn. Stat. § 617.246, subd. 3. It increases the statutory maximum penalty for a business owner who shows a pornographic work involving a minor if the victim is under the age of 13 or the offender is a repeat offender or is registered as a predatory offender.
- **Dissemination of child pornography maximum penalty increased.** Article 4, section 14 amends Minn. Stat. § 617.246, subd. 4. It increases the statutory maximum penalty for dissemination of child pornography for a profit to 15 years if the victim is under the age of 13 or the offender is a repeat offender or is registered as a predatory offender.
- **Conditional release term for child pornography for profit increased.** Article 4, section 15 amends Minn. Stat. § 617.246, subd. 7. It increases the conditional release term for offenders convicted of child pornography for profit from ten years to 15 years for repeat offenders.

- **Dissemination of child pornography maximum sentence increased.** Article 4, section 16 amends Minn. Stat. § 617.247, subd. 3. It increases the statutory maximum sentence for dissemination of child pornography to 15 years for offenses that have a victim under the age of 13.
- **Possession of child pornography if victim is under 13 maximum sentence increased.** Article 4, section 17 amends Minn. Stat. § 617.247, subd. 4. It increases the statutory maximum sentence for possession of child pornography to ten years for offenses that have a victim under the age of 13.
- **Conditional release term for child pornography repeat offenders increased.** Article 4, section 18 amends Minn. Stat. § 67.247, subd. 9. It increases the conditional release term for offenders convicted of child pornography from ten years to 15 years for repeat offenders.
- **Reference to “position of authority” to reflect changes made in section 2 provided.** Article 4, section 19 amends Minn. Stat. § 626.556, subd. 2. It updates a reference to “position of authority” to conform with changes made in article 2, section 2.
- **Policies on investigating sexual assault cases required.** Article 4, section 20 creates Minn. Stat. § 626.8442. It requires that by Oct. 1, 2019, the chief law enforcement officer of every state and local law enforcement agency must establish and enforce a written policy addressing how the agency will respond to and investigate reports of sexual assault. The policy must substantially incorporate the main items from the POST Board model policy. *Effective May 31, 2019.*
- **Criminal Sexual Conduct Statutory Reform Working Group required.** Article 4, section 21 is a session law. It directs the commissioner of DPS to convene a working group to develop recommendations to the legislature for statutory changes to the state’s criminal sexual conduct laws. The working group must make its recommendations by Jan. 15, 2021.
- **Sentencing guidelines review required.** Article 4, section 22 is a session law. It directs the Sentencing Guidelines Commission to comprehensively review and consider modifying the sex offender grid for the offenses of manufacturing, disseminating, and possessing child pornography.
- **“Corrections agent” defined and “law enforcement authority” re-defined.** Article 5, section 2 amends Minn. Stat. § 243.166, subd. 1. It defines “corrections agent” and redefines “law enforcement authority” for the purposes of the predatory offender registration statute.
- **Registration required for offenders from other states.** Article 5, section 3 amends Minn. Stat. § 243.166, subd. 1b. It provides that a person who commits a registerable offense in another state must register in Minnesota if the person spends more than 30 days aggregate in Minnesota during a calendar year. It also requires registration for surreptitious intrusion.
- **Notice of registration requirements by law enforcement directed.** Article 5, section 4 amends Minn. Stat. § 243.166, subd. 2. It provides the correct name for a court form and directs that local law enforcement with jurisdiction over an offender to provide notice of the registration requirements to the offender, if the offender does not have an assigned corrections agent.
- **Contents of registration modified.** Article 5, section 5 amends Minn. Stat. § 243.166, subd. 4. It provides the following:
 - Requires collection of a DNA sample as part of registration.
 - Establishes the protocol on how existing registrants who do not already have a DNA sample on file will comply with the new DNA requirement.
 - Requires registrants to provide fingerprints to the probation agency or law enforcement authority within one year of the effective date of the legislation.
 - Modifies the Bureau of Criminal Apprehension’s (BCA) duty to investigate non-compliant predatory offenders discharged from commitment as a sexually dangerous person or a sexually psychopathic personality and subject to community notification.
- **Information required to be provided.** Article 5, section 6 amends Minn. Stat. § 243.166, subd. 4a. It expands the items that offenders must report to include expiration date of license plate tabs and telephone numbers (home, work, school, cell).
- **“Health care facility” definition expanded in predatory offender registration statute.** Article 5, section 7 amends Minn. Stat. § 243.166, subd. 4b. It expands the definition of “health care facility” in the predatory offender registration statute to include licensed home care providers. By expanding the definition, the law will require that predatory offender notice be provided to licensed home care providers in the same manner that the other entities listed in the definition of health care facility receive notice.

Article 5: Predatory offenders

Article 5 makes policy changes related to predatory offenders. *Effective Aug. 1, 2019.*

- **Driver’s license photograph use authorized.** Article 5, section 1 amends Minn. Stat. § 171.07, subd. 1a. It authorizes the use of an offender’s driver’s license photograph to locate a non-compliant predatory offender.

- **Notices in writing clarified.** Article 5, section 8 amends Minn. Stat. § 243.166, subd. 4c. It defines “signature” to include both electronic and biometric means established by the BCA.
- **Criminal penalty modified.** Article 5, section 9 amends Minn. Stat. § 243.166, subd. 5. It modifies the criminal penalty section of the predatory offender statute. (This change is in response to *State v. Mikulak*, 903 N.W.2d 600 (Minn. 2017), a Minnesota Supreme Court decision which overturned a conviction for failing to register as a predatory offender because the defendant claimed he did not know about the specific registration requirement that he was convicted of violating.)
- **Data sharing with child protection services required.** Article 5, section 10 amends Minn. Stat. § 243.166, subd. 7. It ensures that corrections agents share predatory offender data with child protection services as required under Minn. Stat. § 244.057. (See also section 12.)
- **Law enforcement agency disclosure of information to public modified.** Article 5, section 11 amends Minn. Stat. § 244.052, subd. 4. It amends the community notification law to require law enforcement agencies to notify the entities and individuals who were initially provided notification when an offender for whom notification was initially made no longer resides, is employed, or is regularly found in their area of jurisdiction. Notification is to be made according to the current guidelines for each assigned risk level.
- **Database of registered predatory offenders sharing with child protection services required.** Article 5, section 12 amends Minn. Stat. § 299C.093. It ensures that corrections agents share predatory offender data with child protection services as required under Minn. Stat. § 244.057. (See also section 10.)
- **First degree DWI expanded.** Article 6, section 3 amends Minn. Stat. § 169A.24, subd. 1. It expands the list of prior convictions that enhance an offense to first-degree driving while impaired by including convictions for a felony in another state for criminal vehicular homicide and injury committed while under the influence of a substance when the other state’s statute is in conformity with Minnesota law. Under current law, a person who drives while under the influence commits a first-degree offense if the person:
 - Commits the violation within ten years of the first of three or more qualified prior impaired driving incidents;
 - Has previously been convicted of a first-degree driving while impaired offense; or
 - Has previously been convicted of a felony under Minnesota statutes addressing criminal vehicular homicide and injury committed while under the influence of a substance.

A qualified prior impaired driving incident can take place under Minnesota law or under the law of another state that is in conformity with Minnesota law.

- **Ignition interlock forfeiture exemption provided.** Article 6, section 4 adds a subdivision to Minn. Stat. § 169A.63. It exempts a motor vehicle from forfeiture for driving under the influence if the driver enters the ignition interlock program. *Effective July 1, 2019.*
- **City and county license reinstatement diversion program authorized.** Article 6, section 5 creates Minn. Stat. § 171.2405. It permits a city or county to establish a license reinstatement diversion program for certain drivers as follows:
 - **Establishment.** The section permits a city or county to establish a license reinstatement diversion program for individuals charged with driving after suspension or driving after revocation and defines which offenses are eligible offenses. All driving after suspension offenses are eligible for diversion programs. Driving after revocation offenses are only eligible if a defendant’s license was revoked for a violation of (1) failing to provide proof of insurance, (2) failing to carry insurance, (3) test refusal, (4) DWI, or (5) repeat driving offenses. An individual who holds a commercial driver’s license or committed an offense in a commercial motor vehicle is not eligible for the program. A person cannot obtain a license during the underlying suspension or revocation period.
 - **Diversion of an individual.** The section allows prosecutors to determine whether to accept an individual into the program and provides guidance for making that determination. Prosecutors may request a review without a formal city or county diversion program being established. A judge may also submit a request for an individual to apply for entry into a diversion program.

Article 6: Vehicle operations

Article 6 addresses Driving while impaired (DWI) and vehicle operations related policy. It contains provision related to city diversion programs. *Effective Aug. 1, 2019, unless otherwise noted.*

- **Snowmobile and ATV operating privileges revocation provided.** Article 6, section 1 amends Minn. Stat. § 84.91, subd. 1. It directs that a person’s snowmobile and ATV operating privileges must be revoked when a person fails a lawfully administered test to determine if the person was operating under the influence.
- **Motorboat operating privileges revocation provided.** Article 6, section 2 amends Minn. Stat. § 86B.331, subd. 1. It directs that a person’s motorboat operating privileges must be revoked when a person fails a lawfully administered test to determine if the person was operating under the influence.

- **Diversion driver's license.** The section permits the DPS to issue a diversion driver's license to a program participant who pays the applicable reinstatement fee. It allows DPS to place additional restrictions, including participation in the ignition interlock program, on program participants. It describes how payments made by program participants must be distributed. It prohibits an additional revocation of a program participant's license based purely on making payments.
- **Program components.** The section requires diversion program participants to (1) attend educational classes, (2) participate in a payment program, (3) comply with all traffic laws, and (4) maintain motor vehicle insurance. It establishes discounts on the program fee for individuals with citations of \$500 or less.
- **Termination of participation; reinstatement of driver's license.** The section terminates participation in a program for individuals who violate the terms of the program. Termination for a violation results in cancellation of the diversion driver's license and permits prosecutors to reinstate the original charge of driving after suspension or revocation. If an individual successfully completes the program, the participant's driver's license must be reinstated and the original charge must be dismissed.
- **Fees held on termination of participant.** The section provides that fees paid by an individual who leaves the program before completion must be retained for 12 months and, if the individual returns to the program, must be applied to the later participation. After 12 months, the fees are forfeited.
- **Biennial report required.** The section requires a biennial report from the third-party administrator. It permits any city or county to request an audit of the administrator at the expense of the city or county.

Effective July 1, 2019.

- **Pilot program sunset.** Article 6, section 6 amends 2009 Laws, chapter 59, article 3, section 4, subd. 9, as amended by several session laws. The section establishes that the diversion pilot program in current law ends when the permanent program becomes effective. It permits individuals enrolled in the pilot program to transfer to the permanent program. A city or county participating in the pilot program is authorized to continue to accept individuals until June 30, 2019, and to disperse fees under current law until that time. *Effective May 31, 2019.*

Article 7: Firefighters

Article 7 contains policies related to firefighters. *Effective Aug. 1, 2019.*

- **"Fire department" definition narrowed.** Article 7, section 1 amends Minn. Stat. § 299N.01, subd. 2. It amends the definition of "fire department" to exclude industrial fire brigades that do not have a fire depart-

ment identification number issued by the state fire marshal. Currently, all industrial fire brigades are excluded from the definition.

- **"Career firefighter" replaced with "full-time firefighter."** Article 7, section 2 amends Minn. Stat. § 299N.01, subd. 2. It replaces the word "career" with "full-time" in the definition of "firefighter." Section 3 makes a conforming change related to this definition.
- **Board of Firefighter Training and Education member terms modified.** Article 7, section 4 amends Minn. Stat. § 299N.02, subd. 2. It extends the term of Board of Firefighter Training and Education members from one year to two years.
- **Board of Firefighter Training and Education duties modified.** Article 7, section 5 amends Minn. Stat. § 299N.02, subd. 3. It adds maintaining a list of qualified instructors to the required duties of the Board of Firefighter Training and Education. It permits the board to accept funding from the Fire Safety Account and reimburse fire departments for training, set guidelines regarding how allocated reimbursement funds must be distributed, and set standards governing the use of reimbursement funds.
- **"Fire department" definition conforming change provided.** Article 7, section 6 amends Minn. Stat. § 299N.03, subd. 4, to be consistent with the definition of "fire department" provided in section 1.
- **"Full-time firefighter" definition amended.** Article 7, section 7 amends Minn. Stat. § 299N.03, subd. 5. It amends the definition of "full-time firefighter" to provide a statutory reference for the definition of "fire company."
- **"Licensed firefighter" definition expanded.** Article 7, section 8 amends Minn. Stat. § 299N.03, subd. 6. It amends the definition of "licensed firefighter" to specifically include a state employee.
- **"NFPA 1001" standard defined.** Article 7, section 9 adds a subdivision to Minn. Stat. § 299N.03. It creates a new definition "NFPA 1001 standard" by referencing standards created by the National Fire Protection Association.
- **Firefighter examination requirements replaced.** Article 7, section 10 amends Minn. Stat. § 299N.04. It replaces the existing requirements for firefighter certification with the requirement that applicants demonstrate competency that meets the NFPA 1001 standard or a national standard.
- **Firefighter licensure requirement modified.** Article 7, section 11 amends Minn. Stat. § 299N.05, subd. 1. It establishes two additional requirements for a firefighter to be eligible for permanent employment: (1) the firefighter must successfully complete a firefighter examination; and (2) the chief firefighting officer or a designee must provide employment verification.
- **Optional licensing for volunteer firefighters modified.** Article 7, section 12 amends Minn. Stat. § 299N.05,

subd. 2. It provides that a volunteer firefighter may receive a license if that person is affiliated with a department under the same terms as a full-time firefighter.

- **Firefighter license requirements modified.** Article 7, section 13 amends Minn. Stat. § 299N.05, subd. 5. It requires that a firefighter be affiliated with a fire department to obtain a license and states that the firefighter must also meet the requirements of Minn. Stat. §§ 299N.04, 299N.05, or 299N.06.
- **License renewal requirements modified.** Article 7, section 14 amends Minn. Stat. § 299N.05, subd. 6. It requires that a firefighter's license must be renewed if the application is completed and the firefighter or chief attest that the firefighter met the required hours of training. It allows a requirement to provide proof of training upon request. It requires verification that the person is actively serving on a department. The person must attest that the person has not been convicted of a felony, arson-related charge, or another offense arising from the same set of circumstances. It provides that the license renewal fee is \$75 and lasts for three years.
- **Duties of chief firefighting officer modified.** Article 7, section 15 amends Minn. Stat. § 299N.05, subd. 7. It requires chief firefighting officers to verify whether individuals applying, reinstating, or renewing a license are affiliated with a Minnesota fire department.
- **Deposit of fees modified.** Article 7, section 16 amends Minn. Stat. § 299N.05, subd. 9. It provides that fees collected under this section must be credited to an account used to pay costs incurred under Minn. Stat. § 299N.04, 299N.05, and 299N.06.
- **Eligibility for reciprocity and examination based on relevant military experience provided.** Article 7, section 17 adds a subdivision to Minn. Stat. § 299N.06. It creates a new right to apply for licensure for an applicant who becomes an active member of a fire department, has the appropriate certified accreditation by the International Fire Service Accreditation Congress or Pro Board, and has met the requirements in Minn. Stat. § 299N.04. It makes conforming changes to the existing provision relating to military experience.

(AF)



Omnibus tax bill

First Special Session Chapter 6 (HF 5*/SF 11) is the omnibus tax bill. The chapter includes a local government aid (LGA) appropriation increase, local sales tax authorizations or adjustments for 19 cities, sales tax refunds for six specific local government projects, a reduction in the state general levy for business and cabin properties as well as other income tax, property tax and sales tax modifications.

Article 1: Federal conformity

- Article 1 includes a set of state personal income tax and corporate income tax changes to align Minnesota's tax systems with changes enacted in the federal Tax Cuts and Jobs Act (TCJA) of 2017, the Disaster Tax Relief and Airport and Airway Extension Act of 2017, the Bipartisan Budget Act of 2018, and the Consolidated Appropriations Act of 2018.
- Article 1 changes the starting point for calculating individual income taxes for individuals from federal taxable income (FTI) to federal adjusted gross income (FAGI). The effect of this change is to allow the Minnesota legislature to set itemized and standard deductions and dependent exemptions rather than allowing Congress to set those amounts.
- Of interest to cities, the article increases the standard deduction allowed to match the amounts allowed federally under TCJA. The state standard deduction amounts for tax year 2019 are \$24,400 for married couples filing joint returns, \$12,000 for singles, and \$18,350 heads of households. The standard deduction is partially phased out according to the same rules that govern the partial phase-out of itemized deductions under current Minnesota law.
- The article generally adopts itemized deductions that parallel those under TCJA, but retains some deductions that were repealed federally. Similar to federal law, the bill limits the itemized deduction for taxes paid to state and local government, including property taxes, to \$10,000 for married, joint filers and \$5,000 for single and separate filers.

Article 3: Sales taxes

- **Use of a portion of county fair revenue.** Section 1 amends Minn. Stat. § 38.27 by adding a new section that provides that a county agricultural society must use an amount equal to the forgone sales tax revenue provided by the exemption under section 10 for maintaining, improving, and expanding the society-owned fairground buildings and facilities. If the fairgrounds are owned by another entity (i.e., the county), the amount must be transferred to the owner of the fairgrounds to be used for that same purpose. *Effective July 1, 2019.*
- **Sales and use tax-June accelerated remittance.** Section 2 amends Minn. Stat. § 289A.20, subd. 4 to modify the percent of the June sales tax liability remitted by vendors to the Department of Revenue on an accelerated basis from 81.4 percent to 87.5 percent for vendors with annual liabilities of more than \$250,000 per year for the June 2020 and 2021 liabilities. The rate is later reduced to 84.5 percent beginning with June 2022 liabilities. Note: Tobacco distributors and liquor distributors are similarly impacted under sections 16 and 17 below. *Effective for sales and purchases made after June 30, 2019.*

- **Accelerated payment of June sales tax liability; penalty for underpayment.** Section 3 amends Minn. Stat. § 289A.60, subd. 15 to modify the safe harbor provision for underpayment of accelerated June sales tax liabilities to reflect the rate change in section 2. *Effective for sales and purchases made after June 30, 2019.*
- **Marketplace provider definitions (Wayfair).** Sections 4 to 6 amend Minn. Stat. § 297A.66, subd. 1 to 3 to reorganize the definitions used in establishing the duty to collect sales and use tax in response to *South Dakota v. Wayfair*, 585 U.S. ____ (2018). Among the changes is the de minimis provision that requires businesses without a physical presence in the state (remote sellers and remote marketplace providers) to only collect and remit the tax to match the de minimis in the Wayfair case. A remote retailer must collect if they either make 200 retail sales or \$100,000 in retail sales into the state during the last 12-month period. *Effective for sales and purchases made after September 30, 2019.*
- **Sales tax exemption for certain herbicides.** Section 7 amends Minn. Stat. § 297A.67 by adding a subdivision that provides a sales tax exemption for herbicides used under an invasive aquatic plant management permit. This section covers purchases by lakeshore property owners, an association of lakeshore property owners, or by a contractor hired to provide the invasive aquatic plant management. This section only covers herbicides registered with the Department of Agriculture for use on invasive aquatic plants. *Effective for sales and purchases made after June 30, 2019.*
- **Sales tax exemption for nonprofit tickets or admissions.** Section 8 amends Minn. Stat. § 297A.70, subd. 10 to provide a sales tax exemption on tickets or admissions to performances or events held by a nonprofit agricultural heritage organization provided that the following conditions are met:
 - The nonprofit organization has premises of at least 115 acres and is organized to educate the public about rural history and farms in Minnesota.
 - The event is sponsored and conducted exclusively by volunteers, employees, and board members of the nonprofit organization.
 - The performance or event is consistent with the nonprofit's tax-exempt purpose. *Effective May 31, 2019.*
- **Sales tax exemption for ice arenas and rinks.** Section 9 amends Minn. Stat. § 297A.70, subd. 20 to expand the existing sales tax exemption for the nonprofit running the ice arena and rinks at the Duluth Heritage Center to include the nonprofit running the ice arena or rinks at the David M. Thaler Sports Center in Mound, Minnesota. Both facilities are used for youth and high school hockey programs. *Effective for sales and purchases made after June 30, 2019.*
- **County agricultural society sales at county fairs.** Section 10 amends Minn. Stat. § 297A.70 by adding a subdivision that provides a sales tax exemption for all sales by the county agricultural society on the fairgrounds during its regularly scheduled county fair. Revenue equal to the savings from this exemption must be used as provided in section 1. *Effective for sales and purchases made after June 30, 2019.*
- **Sales tax exemption for Melrose properties destroyed by fire.** Section 11 amends Minn. Stat. § 297A.71, subd. 50 to require that for the period between January 1, 2019, and July 1, 2019, the sales tax must be paid on exempt construction materials and refunded to the property owners in the same manner as was required for the time period from Sept. 30, 2016, and July 1, 2017. The extension of the exemption to Jan. 1, 2023 is provided in section 18, which amends the original 2017 session law. Section 15 (Minn. Stat. § 297A.75, subd. 2) provides that the person eligible for the refund is the owner or developer of the project and further provides that the local government must apply for the sales tax refund. *Effective retroactively for sales and purchases made after Dec. 31, 2018.*
- **Sales tax exemption for Mazeppa properties destroyed by a fire.** Section 12 amends Minn. Stat. § 297A.71 by adding a new subdivision 52 that provides a refundable sales tax exemption for taxes paid on materials, supplies, and equipment for buildings and equipment destroyed in the March 11, 2018, fire in the city of Mazeppa. The sales tax refund includes sales tax paid on purchases of durable equipment used in a restaurant for food preparation, storage, and serving in the definition of capital equipment exempt under this provision. Section 15 (Minn. Stat. § 297A.75, subd. 2) provides that the person eligible for the refund is the owner or developer of the project and further provides that the local government must apply for the sales tax refund. *Effective retroactively to March 11, 2018, and applies to sales and purchases before Jan. 1, 2022.*
- **Sales tax exemption for construction, certain government facilities.** Sections 13 and 14 amend Minn. Stat. §§ 297A.71 and 297A.75, subd. 1 by adding a subdivision that provides a sales tax exemption for construction materials and supplies and equipment purchased for projects in the following jurisdictions:
 - Monticello fire station for purchases between Jan. 1, 2019 to Jan. 1, 2022.
 - Inver Grove Heights fire station for purchases from June 30, 2018, to January 1, 2021.
 - Minnetonka fire and police station for purchases between May 23, 2019, to Jan. 1, 2021.
 - Minneota school building for purchases between Jan. 1, 2018, to Jan. 1, 2021.
 - Mendota Heights fire station for purchases between Dec. 31, 2018, and Jan. 1, 2021.

- Dakota County SMART center for purchases after June 30, 2019, and before July 1, 2021.

For each project, the sales tax is initially paid at the time of the purchase of materials and refunded as provided in Minn. Stat. § 297A.75, subd. 2. *Section 13 is effective May 31, 2019, and applies retroactively to sales and purchases made during the time periods listed for each project in paragraph (a). Section 14 requires that the sales tax is initially collected and then the allows the jurisdiction to file for a refund of the sales taxes paid and is effective May 31, 2019.*

- **Accelerated tax payment; cigarette or tobacco products distributor.** Section 16 amends Minn. Stat. § 297F.09, subd. 10 to change the percent of the June sales tax liability paid on an accelerated basis from 81.4 percent to 87.5 percent for vendors with annual liabilities of more than \$250,000 per year for the June 2020 and 2021 liabilities. The rate is reduced to 84.5 beginning with June 2022 liabilities. *Effective for sales and purchases made after June 30, 2019.*
- **Accelerated tax penalty; payment; liquor distributors.** Section 17 amends Minn. Stat. § 297G.09, subd. 9 to modify the percent of the June sales tax liability paid on an accelerated basis from 81.4 percent to 87.5 percent for liquor distributors with annual liabilities of more than \$250,000 per year for the June 2020 and 2021 liabilities. The rate is reduced to 84.5 beginning with June 2022 liabilities. *Effective for sales and purchases made after June 30, 2019.*

Article 4: Property taxes

- **Watershed districts; loans or grants from the state.** Section 1 amends Minn. Stat. § 103D.905, subd. 5 to allow a watershed district's construction or implementation fund to receive loans or grants from any state agency or federal government agency. Under current law, the funds may receive loans only from the Pollution Control Agency or from any agency of the federal government. *Effective beginning with taxes payable in 2020 and thereafter.*
- **Watershed district project tax levy.** Section 2 amends Minn. Stat. § 103D.905, subd. 9 to allow watershed districts to levy for projects that receive grants or loans appropriated by law, and allows the district to levy for repayment of bonds or interest associated with any bonds. Under current law, watershed districts can levy for projects that receive grants or loans from the Clean Water Partnership. *Effective beginning with taxes payable in 2020 and thereafter.*
- **Historical society tax levy.** Section 3 amends Minn. Stat. § 138.053 to allow a city or town to appropriate funds for its own historical society from its property tax levy. Current law only allows a city or town to appropriate funds to the county's historical society. *Effective May 31, 2019.*
- **Data privacy for disabled veterans.** Section 4 amends Minn. Stat. § 197.603, subd. 2 to authorize county veterans' service officers to share certain data on veterans with county and local assessors for the purposes of making eligibility determinations under the disabled veterans homestead exclusion. *Effective May 31, 2019.*
- **Agricultural historical society property.** Section 5 amends Minn. Stat. § 272.02, subd. 49 to increase the amount of property that may be exempted for agricultural historical societies from 20 acres to 40 acres. The deadline to apply for this exemption is extended to July 1 for applications filed in 2019 only. *Effective for assessments beginning in 2019.*
- **Property tax exemption for tribal-owned pharmacy.** Section 6 amends Minn. Stat. § 272.02 by adding a subdivision that provides a property tax exemption for a pharmacy in the city of Minneapolis owned by a federally recognized Indian tribe. The property must have been owned by the tribe on January 1, 2016 and the exemption is limited to parcels and structures that do not exceed 4,000 square feet. The exemption expires with taxes payable in 2029. *Effective for taxes payable in 2020 and thereafter.*
- **Property tax exemption for certain licensed child care facilities.** Section 7 amends Minn. Stat. § 272.02 by adding a subdivision to provide a property tax exemption for licensed child care facilities that are owned and operated by a 501(c)(3) nonprofit charitable organization and that accept families participating in the Child Care Assistance Program (CCAP) child care assistance program. For assessment year 2019 only, an exemption application must be filed by July 1, 2019. *Effective beginning with assessment year 2019.*
- **Certificates of Real Estate Value threshold.** Section 8 amends Minn. Stat. § 272.115, subd. 1 to change the threshold for filing a Certificate of Real Estate Value at consideration in excess of \$1,000 to in excess of \$3,000. *Effective for certificates of value filed after Dec. 31, 2019.*
- **Manufactured home park cooperative ground lease payments.** Section 9 amends Minn. Stat. § 273.124, subd. 3a to eliminate a prohibition against ground lease payments being included as part of property taxes payable for shareholders of manufactured home park cooperatives when filing for the homestead credit refund. *Effective for taxes payable in 2020.*
- **Agricultural homestead classification for business entities.** Section 10 amends Minn. Stat. § 273.124, subd. 8 to allow agricultural homestead classification for properties owned by one business entity and operated by a separate business entity if the following requirements are met:
 - The shareholder, member, or partner residing on and actively engaged in farming the land is a shareholder, member, or partner of the business entity that is operating the farm.

- More than half of the shareholders, members, or partners of each entity are qualifying relatives. *Effective beginning with assessment year 2019.*
- **Agricultural homesteads; special provisions.** Section 11 amends Minn. Stat. § 273.124, subd. 14 to eliminate language allowing certain special agricultural homesteads owned by grantor trusts to qualify for homestead property tax status. This language is moved to section 12 below. Adds language related to changes made in section 10. *Effective for taxes payable in 2020.*
- **Trust property; homestead.** Section 12 amends Minn. Stat. § 273.124, subd. 21 to modify the statute that allows certain properties owned by trusts to qualify for homestead property tax treatment. This section:
 - Adds the language eliminated in section 11 above.
 - Defines agricultural land for agricultural homestead rules and classification statutes so that the rules requiring agricultural property to have the same ownership (e.g. when a farm is divided into multiple parcels with different owners or when there are multiple owners of a parcel) are satisfied if the properties are owned by some combination of the individual owner, the individual's spouse or surviving spouse, or a trust or trusts, the grantor of which is the individual, spouse, surviving spouse, or deceased spouse.
 - Extends the proposed trust ownership rule to noncontiguous parcels located within four townships or cities. *Effective for taxes payable in 2020.*
- **Fractional homesteads ownership percentages.** Section 13 amends Minn. Stat. § 273.124 by adding a new subdivision 23 that requires fractional ownership of agricultural homesteads owned by tenants in common to be determined based on the ownership percentage that each owner has as per the county land records. *Effective for and must be applied to agricultural homestead properties owned by tenants in common by all county assessors beginning no later than assessment year 2019 and thereafter, unless the county assessor determines that a county is unable to comply with this requirement, in which case the county must implement this section beginning with assessment year 2020 and thereafter.*
- **County assessor sharing of data.** Section 14 amends Minn. Stat. § 273.1245, subd. 2 to authorize the county assessor to share certain data on veterans with the county veterans' service officer, for the purpose of making eligibility determinations under the disabled veterans homestead exclusion. *Effective May 31, 2019.*
- **Agricultural land used for environmental purpose.** Section 15 amends Minn. Stat. § 273.13, subd. 23 to allow land to continue to qualify for agricultural classification even if up to three acres of the land is used to serve environmental purposes, such as buffer strips, old growth forest restoration or retention, or retention ponds. *Effective beginning with assessments in 2019.*
- **Homestead of disabled veteran or family caregiver.** Section 16 amends Minn. Stat. § 273.13, subd. 34 to change the application deadline for the disabled veterans' homestead exclusion from July 1 to Dec. 15. This section also repeals the eight-year limit on the spousal benefit. *Effective for assessments beginning in 2019.*
- **Agricultural homestead market value credit.** Section 17 amends Minn. Stat. § 273.1384, subd. 2 to modify the agricultural homestead credit to clarify that the maximum credit for a full agricultural homestead is \$490 and the maximum credit any owner can receive is \$490 multiplied by the owner's percentage of homestead. *Effective beginning with taxes payable in 2020.*
- **Utility cooperative associations report requirement.** Section 18 amends Minn. Stat. § 273.371, subd. 1 to require property tax data reported to the Department of Revenue by utility companies that are cooperative associations be aggregated to the unique taxing jurisdiction level. This section also requires that the data reported exclude information related to distribution line property, which is subject to in-lieu taxes rather than property taxes. *Effective beginning with assessment year 2020 and thereafter.*
- **Recommended and ordered values; state assessed property.** Section 19 amends Minn. Stat. § 273.3711 to modify the date by which recommended assessment values for state assessed property must be certified by the commissioner of revenue to the county auditor from Aug. 1 to July 15. *Effective beginning with assessment year 2019.*
- **State general property tax levy amount.** Section 20 amends Minn. Stat. § 275.025, subd. 1 to reduce the state general property tax levy amounts for commercial-industrial property by \$47.5 million (to \$737.09 million) and seasonal-recreational property by \$2.5 million (to \$41.69 million). *Effective beginning with taxes payable in 2020.*
- **State general property tax abatement for qualifying natural gas pipeline.** Section 21 amends Minn. Stat. § 275.025 to require a county to abate the state general levy on personal property that is part of qualifying natural gas pipelines. To qualify for the tax abatement, construction of the intrastate natural gas transportation or distribution pipeline system must have commenced after Jan. 1, 2018, and must provide service to an area outside the seven-county metropolitan area in which more than half of households or businesses lacked access to natural gas distribution systems as of Jan. 1, 2018. The abatement is limited to 12 taxable years, provided that once a property no longer qualifies for the abatement, it may not subsequently qualify. *Effective beginning with taxes payable in 2021.*

- **Wind energy/solar energy production tax; distribution of penalties, interest, and costs.** Section 22 amends Minn. Stat. § 276.131 to require that all penalties, interest, and costs collected on the wind energy production tax and the solar energy production tax must be distributed to the same local taxing jurisdictions in the same percentage as is required for the original tax distribution: 80 percent to counties and 20 percent to cities and townships. *Effective for penalties, interest, and costs collected on taxes payable in 2020 and thereafter.*
 - **Duties of the commissioner after tax-forfeiture sale.** Section 23 amends Minn. Stat. § 282.01, subd. 6 to require the commissioner of revenue to issue a deed for land sold at a tax-forfeiture sale if the county auditor has written confirmation from a closing agent that the purchase money for the deed is held in escrow. *Effective for conveyances issued by the commissioner after Dec. 31, 2019.*
 - **Determination of deed tax.** Section 24 amends Minn. Stat. § 287.21, subd. 1 modifies the minimum consideration for real property, used in calculating the deed tax, from \$500 or less to \$3,000 or less. *Effective for deeds recorded after Dec. 31, 2019.*
 - **Manufactured home cooperative shareholders; assumed property taxes payable.** Section 25 amends Minn. Stat. § 290A.03, subd. 13 to allow resident shareholders of manufactured home cooperatives to add 17 percent of their ground lease payments to the actual personal property tax amounts on their individual units when filing for the homestead credit refund. *Effective beginning with claims for tax payable in 2020.*
 - **Senior deferral program; initial application.** Section 26 amends Minn. Stat. § 290B.04, subd. 1 to move the application date for the senior deferral program from July 1 to Nov. 1. *Effective beginning with applications submitted in 2019.*
 - **Agricultural preserves expiration.** Section 27 amends Minn. Stat. § 473H.08, subd. 1 to authorize a state agency or governmental unit to initiate expiration of an agricultural preserve. *Effective May 31, 2019.*
 - **Expiration of agricultural preserves for park and trail purposes.** Section 28 amends Minn. Stat. § 473H.08 by adding a new subdivision 3a that provides that an agricultural preserve expires immediately when the public entity purchases the property or acquires an easement for purposes of a trail or park. The expiration would apply only to the portion of the preserve used for trail or park purposes. The remaining portion of the agricultural preserve remains an agricultural preserve, even if the trail or park lowers the total acreage to less than 40 acres. Requires the public entity to notify the preserve authority accordingly. *Effective May 31, 2019.*
 - **Expiration of agricultural preserves; notice to others.** Section 29 amends Minn. Stat. § 473H.08, subd. 4 to add conforming change to section 28 above. *Effective May 31, 2019.*
 - **Agricultural preserves; early termination upon approval by authority.** Section 30 amends Minn. Stat. § 473H.09 by adding a new subdivision 3 that allows for early termination upon request by the landowner, and approval by a majority vote of the authority (defined as the unit of government exercising planning and zoning authority over the land). To be eligible, the land must be enrolled in the program for at least eight years, and the landowner must provide notice to the authority that contains a description of the property for which termination is desired, and the date of termination. *Effective May 31, 2019 and applies to any agricultural preserve where the previously required eight-year termination period has not expired.*
 - **Sustainable Forest Incentive Act; effective date.** Section 37 amends Laws 2017, First Special Session chapter 1, article 10, section 4, the effective date to modify the effective date to a Sustainable Forest Incentive Act (SFIA) provision enacted in 2017 that amended the definition of forest land to include land improved with a paved trail under an easement, lease, or license to the state or political subdivision. The change to the effective date clarifies that land improved with a paved trail at the same time an SFIA enrollee submits their annual certification meets the new definition of forest land. *Effective retroactively for certifications made in 2018 and thereafter.*
 - **Disabled veterans homestead exclusion; special refund provision.** Section 38 is a session law that allows a veteran who received a disability rating of 70 percent or more in 2016 or 2017 to apply for a refund of taxes paid in 2017 or 2018. The refund is equal to the difference between the tax paid and the tax that the veteran would have paid had they qualified for the exclusion in one or both of those years. *Effective for refund applications received in 2019, for refunds of tax paid in 2017 and 2018.*
- Article 5: Aids and Credits (Note: provisions related to local government grants are under the local laws section)**
- **School district referendum equalization levy.** Section 1 amends Minn. Stat. § 126C.17, subd. 6 to increase the second-tier equalizing factor of referendum revenue beginning in FY 2021. This lowers the school district referendum levy by approximately \$10 million per year. *Effective for revenue for fiscal year 2021 and later.*
 - **School building bond agricultural credit increase.** Section 2 amends Minn. Stat. § 273.1387, subd. 2 to phase-in an increase the school building bond agricultural credit from 40 percent to 70 percent of the tax on the property attributable to school district bonded debt levies. The credit is increased to 50 percent for taxes payable in 2020, 55 percent for taxes payable in 2021, 60 percent for taxes payable in 2022, and 70 percent for taxes payable in 2023. The credit is available to all prop-

erty classified as agricultural, excluding the house, garage, and surrounding one acre of land of an agricultural homestead. *Effective beginning with property taxes payable in 2020.*

- **Additional border city allocations.** Section 3 amends Minn. Stat. § 469.169 to provide an annual allocation of \$750,000 to be allocated on a per capita basis to cities with border city enterprise zones. The funds may be used for tax reductions currently allowed for the border cities enterprise zones. *Effective July 1, 2020.*
- **Border cities enterprise zone technical changes.** Section 4 amends Minn. Stat. § 469.171, subd. 4 to include technical clean-up language clarifying the types of property that can qualify for border cities enterprise zone tax reductions. *Effective May 31, 2019.*
- **City aid distribution-2020 grandfather.** Section 5 amends Minn. Stat. § 477A.013, subd. 9 to provide that for aids payable in 2020 only, a city's 2020 aid may not be less than its 2019 LGA amount. This section also modifies the cap on maximum aid losses in any year to allow for the ending of a special city-specific LGA adjustments. *Effective for aids payable in 2020 and thereafter.*
- **LGA appropriation increase.** Section 6 amends Minn. Stat. § 477A.03, subd. 2a to increase the appropriation to the city LGA formula by \$26 million (to \$560,398,012) for aids payable in 2020 and an additional \$4 million added beginning in 2021 (to \$564,398,012) for aids payable in 2021 and thereafter. *Effective beginning with aids payable in 2020.*
- **County Program Aid (CPA) appropriation increase.** Section 7 amends Minn. Stat. § 477A.03, subd. 2b to increase CPA by \$26 million for aids payable in 2020 with an additional \$4 million added for aids payable beginning in 2021. *Effective for aids payable in calendar year 2020 and thereafter.*
- **City of Melrose; appropriation of lapsed appropriation for fire remediation.** Section 11 is a session law that appropriates in fiscal year 2020 from the general fund the amount of unused remediation grants to the city of Melrose. The appropriated amount is \$634,729 and is available until June 30, 2021. *Effective May 31, 2019.*

Article 6: Local option sales tax (Note: provisions related to local laws are under the local laws section)

- **Local option sales tax; authorization and scope.** Section 1 amends Minn. Stat. § 297A.99, subd. 1 to allow a local government to spend money to disseminate information on the resolution to seek a local sales tax but only if they provided a detailed list of proposed projects to be funded and each of the project's costs. Local governments are prohibited from including motor vehicle excise taxes in any future local sales taxes, except as authorized for counties under Minn. Stat. § 297A.993. *Effective May 31, 2019.*

- **Local option sales tax; requirements.** Section 2 amends Minn. Stat. § 297A.99 by adding a subdivision that adds a statement clarifying that the purpose of local government sales taxes is to pay for capital projects with a clear regional benefit and that using the funds for local projects increases inequities between communities and undermines state assistance provided through property tax deductions and the property tax refund system. *Effective May 31, 2019.*
- **Local resolution before seeking special legislation.** Section 3 amends Minn. Stat. § 297A.99, subd. 2 to modify and expand the requirements for the local resolution that a political subdivision must pass prior to seeking local sales tax authority from the legislature. These additional modifications require a city to:
 - Include a detailed description of not more than five capital projects to be funded by the proposed sales tax.
 - Include documentation of the regional significance of each project, including the share of economic benefit to, or use of each project by non-residents and non-local businesses.
 - Submit the resolution and underlying documentation to the chairs of the House and Senate tax committee by Jan. 31 of the year in which it is seeking special legislation.

The modifications also specify that special legislation approved by the legislature may only include projects listed in the city's resolution, although the special legislation need not include all projects listed in the city's resolution. *Effective May 31, 2019 and applies to all local sales taxes not authorized by the legislature before July 1, 2019.*

- **Legislative authority required before voter approval; separate ballot questions.** Section 4 includes four significant changes to Minn. Stat. § 297A.99, subd. 3:
 - Requires the political subdivision to receive legislative authority to impose a local sales tax before seeking approval by the voters. Prior to this change, political subdivisions were required to conduct the referendum before seeking authorizing legislation.
 - Requires separate ballot questions for each project authorized in the special legislation. If voters do not approve all projects, the maximum amount raised and the termination date for the tax must be adjusted proportionately for any project that is not approved by the voters.
 - Specifies that any city that passed a referendum at the 2018 general election but did not get special legislation enacted in 2019 will not have to go back and hold a second election if it receives authorization under special law before January 1, 2021, provided it submits a detailed resolution under subdivision 3 that does not conflict with the language in the 2018 referendum.

- Requires the Department of Revenue to retain a portion of any excess sales tax revenues when a tax terminates because the authorized amount of revenues has been raised. The amount retained is defined as the amount the final quarterly collections exceed the average quarterly revenues collected over the preceding 12 months. This amount is deposited in the state's general fund.

Effective May 31, 2019 and applies to all local sales taxes not authorized by the legislature before July 1, 2019, except that the Department of Revenue retainage requirement in the final bullet above applies retroactively to all currently imposed local sales taxes.

Article 7: Tax Increment Financing (Note: provisions related to local tax increment are under the local laws section)

Article 8: Public finance

- **Interest (maximum interest rates on drainage lien).** Section 2 amends Minn. Stat. § 103E.611, subd. 2 to increase the maximum interest rate that counties can charge on drainage lien principal to 6 percent. Present law sets the limit at the rate set by the State Court Administrator for interest on court judgments, a floating interest rate pegged to the rate on one-year Treasury securities. *Effective July 1, 2019.*
- **School district bond authorization.** Section 3 amends Minn. Stat. § 123B.595, subd. 5 to eliminate the public notice requirement for solicitation of bids to allow school districts to solicit project bids prior to involving bond counsel. *Effective July 1, 2019.*
- **Transportation sales and use tax; authorized counties.** Section 5 amends Minn. Stat. § 297A.993, subd. 1 to clarify that any county in the state may impose a transportation sales and use tax under current law. The prior law only permitted counties outside the "metropolitan transportation area" to impose transportation sales taxes, however, due the disbanding of Counties Transportation Improvement Board (CTIB), effectively all counties were outside the metropolitan transportation area. *Effective July 1, 2019.*
- **Counties; bonds secured by transportation sales tax revenues.** Section 5 amends Minn. Stat. § 297A.993, subd. 2 and section 6 amends Minn. Stat. § 297A.993 by adding a subdivision to authorize counties to issue bonds secured by the transportation sales and use tax. Bond issuance is subject to a public hearing, and the projects funded with the bonds must be included in a county's capital improvement plan. *Effective July 1, 2019.*
- **Municipality; bankruptcy petition update.** Section 7 amends Minn. Stat. § 471.831 to update the reference to the U.S. Bankruptcy Code to reflect amendments made since 1996 and to adopt future amendments in law authorizing municipalities to file for bankruptcy. *Effective July 1, 2019.*

- **Public facilities project.** Section 8 amends Minn. Stat. § 474A.02, subd. 22b to allow district heating projects owned by for-profit entities to qualify as public facilities projects under the Minnesota's bond allocation process. Under present law, these projects must be owned by a governmental entity or a nonprofit organization to qualify for an allocation of public facilities bonding. *Effective July 1, 2019.*
- **Authority of towns to issue capital improvement bonds.** Section 9 amends Minn. Stat. § 475.521, subd. 1 to modify the definition of "municipality" for purposes of capital improvement bonds so that any town can issue these bonds, regardless of population. This permits added towns to issue capital improvement bonds without holding a town meeting. *Effective July 1, 2019.*

Article 11: Miscellaneous

- **Taconite production tax guaranteed distribution.** Section 9 amends Minn. Stat. § 298.225, subd. 1 to guarantee the production tax distributions allocated to the Taconite Municipal Aid Account at 100 percent of the 1983 distribution and eliminates the decrease in the distribution when production falls below 42 million taxable tons. This change would reduce the amounts distributed to the Taconite Environmental Protection Fund and the Douglas J. Johnson Economic Protection Trust Fund. *Effective for distributions in 2020 and thereafter.*
- **Taconite municipal aid to cities and towns.** Section 9 amends Minn. Stat. § 298.28, subd. 3 to index to inflation the amount of the distribution to the Taconite Municipal Aid Account. *Effective for distributions in 2020 and thereafter.*
- **Minneapolis Employees Retirement Fund.** Sections 13 and 14 amend Minn. Stat. § 353.27, subd. 3c and Minn. Stat. § 353.505 to increase the state's payment to the Minneapolis Employees Retirement Fund (MERF) to \$16 million per year. Current law requires a \$6 million contribution to the fund in 2019 and thereafter. *Effective May 31, 2019.*
- **Central Iron Range Sanitary Sewer district board membership.** Section 15 amends Laws 2009, chapter 122, section 3, subd. 1 to modify membership in the Central Iron Range Sanitary Sewer District (including the cities of Buhl, Chisholm, and Kinney) to allow the town board of each township that joins the district to appoint one member, instead of one resident, to the sewer board. Also, the Iron Range Resources and Rehabilitation Board (IRRRB) member does not need to be a resident of the municipality, and language is added allowing members of the sewer board to also be a member of the governing body of the municipality appointing the member. *Effective retroactively from Dec. 27, 2003, once timely compliance with local approval procedures is complete. All board appointments made since are deemed ratified and confirmed.*

- **Budget reserve reduction.** Section 17 is a session law that reduces the balance of the budget reserve account by \$491,369,000 on July 1, 2021. The budget reserve is currently at \$2.075 billion.

Article 19: Department of Revenue—Fire State Aid—Recodification

Chapter 477B is the new chapter of the Minnesota Statutes where the recodified provisions of the fire state aid program will reside.

Article 20: Department of Revenue—Police State Aid—Technical

Chapter 477C is the new chapter of the Minnesota Statutes where the recodified provisions of the police state aid program will reside.

(GC)



TELECOMMUNICATIONS

Telecommuter Forward! certification

Chapter 13 (HF 2181*/SF 2094) creates a new statute, Minn. Stat. § 116J.9923, to establish the Telecommuter Forward! Certification allowing any city, township, or county to meet certain criteria and apply to the commissioner of the Department of Employment and Economic Development to be certified as a Telecommuter Forward! Community. *Effective Aug. 1, 2019. (DL)*

User acceptance testing required for software impacting local units of government

Chapter 62 (HF 132/SF 316*) creates a new statute, Minn. Stat. § 16E.031, to require any state agency implementing a new information technology business software application or new business software application functionality that impacts operations of primary users to provide opportunities for user acceptance testing. *Effective Aug. 1, 2019. (DL)*

Broadband

First Special Session Chapter 1 (HF 7/SF 1*) is the omnibus agriculture, rural development, and housing finance bill. Article 7 contains appropriations to the Department of Employment and Economic Development and the Broadband Development Office. Section 2 allocates \$20 million in FY 2020 and \$20 million in FY 2021 to the border-to-border broadband grant fund. The Broadband Development Office was allocated \$250,000 each year for operational funding. *Effective July 1, 2019. (DL)*



TRANSPORTATION

“Move Over Law” modified to include garbage and recycling vehicles

Chapter 18 (HF 1188*/SF 1548) modifies the “move over” law to (1) include recycling and solid waste vehicles; and (2) expand the situations where a citation for failure to move over can be issued in a four-hour period following the incident, so that this authority applies for all types of vehicles identified in the move-over provision (instead of just emergency vehicles under current law).

- **“Recycling vehicle” definition.** Section 1 adds a subdivision to Minn. Stat. § 169.011. It defines “recycling vehicle” as vehicle hauling recyclable materials as authorized by Minn. Stat. § 115A.93, subd. 1.
- **“Solid waste vehicle” definition.** Section 2 adds a subdivision to Minn. Stat. § 169.011. It defines “solid waste vehicle” as a vehicle hauling solid waste as authorized by Minn. Stat. § 115A.93, subd. 1.
- **Prohibition on passing vehicle amended.** Section 3 amends Minn. Stat. § 169.18, subd. 11. It modifies a provision requiring drivers to move over or reduce speed when specified types of vehicles are on the side of the road with lights activated, so that the requirements also apply to recycling and solid waste vehicles, authority to cite a driver within a four-hour window following an incident (without direct observation by a peace officer) is expanded to cover all types of vehicles for which moving over is mandated, and moving over is required when various types of flashing and warning lights are in use. (Under current law, the four-hour citation window is only available for violations involving emergency vehicles. It does not include towing vehicles, freeway service patrol vehicles, road maintenance vehicles, utility company vehicles, or construction vehicles.)
- **Warning lamps required.** Section 4 amends Minn. Stat. § 169.64, subd. 9. It updates the standard for warning lamps used on solid waste vehicles and makes recycling vehicles subject to the same standard and requirements on use.

Effective May 4, 2019. (AF)

Omnibus transportation budget and policy bill

First Special Session Chapter 3 (HF 6*/SF 5) is the omnibus transportation budget and policy bill.

Article 1: Appropriations for FY 2020 and 2021

Article 1 spends \$3.019 billion in FY 2020 and \$3.046 billion in FY 2021. General fund net expenditures are \$97.3 million over the base for FY 2020–2021, and \$1.4 million over base for FY 2022–2023. It sets the budget for

the Minnesota Department of Transportation (MnDOT) and parts of the Minnesota Department of Public Safety (DPS) and the Metropolitan Council for the biennium. Summarized below are transportation provisions that may be of interest to cities. (*Note: DPS provisions, including those pertaining to the Minnesota Licensing and Registration System, are in the Public Safety section.*) *Effective July 1, 2019, unless otherwise noted.*

- **Multimodal systems funding provided.** Article 1 appropriates money for non-highway transportation modes including aeronautics, transit, and freight.
 - **Aeronautics.** \$18.598 million in each year of the biennium is for airport development and assistance. This amount is a reduction of \$5.4 million from the previous biennium. It must be spent in accordance with Minn. Stat. § 360.305, subd. 4.
 - **Greater Minnesota Transit.** \$18.801 million in FY 2020 and \$18.181 million in FY 2021 is for Greater Minnesota transit. This represents a base increase from the Trunk Highway Fund (THF) of \$25,000 in FY 2020 and \$55,000 in FY 2021.
 - **Northstar study.** A onetime \$650,000 general fund appropriation is for a study to extend Northstar Commuter Rail service to St. Cloud.
- **Safe Routes to School funding.** The article appropriates \$500,000 in each year of the biennium for the Safe Routes to School Program under Minn. Stat. § 174.40. This is the same amount provided in the previous biennium.
- **Corridors of Commerce funding.** The article provides \$25 million in each year of the biennium for the Corridors of Commerce Program under Minn. Stat. § 161.088.
- **Local roads funding.** The article appropriates money for county state-aid highways (CSAH), municipal state-aid Streets (MSAS), and other local roads. It allows for increases in the state-aid appropriations if there are additional funds and certain conditions are met. Changes from base appropriations represent constitutional passthrough amounts due to changes to available highway user tax distribution fund (HUTDF) money as follows:
 - CSAH: \$833.413 million in FY 2020 and \$846.606 million FY 2021 is for the CSAH system. This increases the CSAH fund by \$388,000 in FY 2020 and \$395,000 in FY 2021; and
 - MSAS: \$208.536 million in FY 2020 and \$211.505 million in FY 2021 is for the MSAS. This increases the MSAS fund by \$102,000 in FY 2020 and \$104,000 in FY 2021.
- **Metropolitan Council funding.** The article establishes the biennial general fund budget for the transportation functions of the Metropolitan Council. Changes from base appropriations are:

- \$23.2 million onetime general fund appropriation in FY 2020 for Metro Mobility; and
- \$200,000 onetime general fund appropriation in FY 2020 for an existing MN Valley Transit Authority express bus route.
- **Active transportation program use of federal funds authorized.** The article requires the commissioner of MnDOT to spend up to \$5 million in FY 2020 and 2021 from the federal Transportation Alternative Program funds for the purposes of the active transportation program.
- **Cancellation of port development assistance provided.** The article cancels \$160,000 in unused previous general fund appropriations for MnDOT's Port Development Assistance program. This amount is appropriated in FY 2020 for the Port Authority of Winona for the same purposes as the previous appropriation. *Effective May 31, 2019.*
- **Budget narratives required.** The article requires MnDOT and the DPS to produce budget narratives and proposals for the FY 2022-23 biennium that match the budget structure set in the bill. It also requires additional budgeting detail to be provided by the Metropolitan Council as part of its budget submission for the FY 2022-2023 biennium.
- **Closing balance allocation provided.** The article provides if the FY 2019 final closing balance in the general fund exceeds the closing balance projected at the end of the 2019 legislative session by at least \$33 million, the commissioner of Minnesota Management and Budget must transfer \$20 million from the general fund to the Disaster Assistance Contingency Account and appropriate \$13 million in FY 21 to the chair of the Metropolitan Council for Metro Mobility. If the balance is less than \$33 million, the commissioner must allocate the balance on a prorated basis. The transfers must be completed before Oct. 15, 2019.

Article 3: Transportation Policy

Article 3 includes various policy provisions relating to the Department of Transportation (MnDOT), the Department of Public Safety (DPS) and the Metropolitan Council.

(*Note: provisions related to DPS provisions are under the public safety section*) *Effective Aug. 1, 2019, unless otherwise noted.*

- **MnDOT contract requirement modified.** Article 3, section 18 amends Minn. Stat. § 161.32, subd. 2. It raises the limit from \$150,000 to \$250,000 for maintenance or construction contracts in which MnDOT can use direct negotiation instead of being required to use the competitive bidding process.
- **Unfinished forest products overweight penalties modified.** Article 3, section 20 amends Minn. Stat. § 168.013, subd. 3. It modifies exceptions to penalties and required reregistration for some overweight vehicles

- transporting unfinished forest products, which includes having a variance calculation apply throughout the year (instead of just during winter weight increases).
- **Decommissioned military vehicle registration authorized.** Article 3, sections 21 and 27 amend Minn. Stat. § 168.10, subd. 1h and Minn. Stat. § 168A.02, subd. 1. The provisions allow for some types of decommissioned military vehicles (e.g., a Humvee) to be registered and operated as general motor vehicles for on-road use.
 - **“Platooning system” definition.** Article 3, section 31 adds a subdivision to Minn. Stat. § 169.011. It defines a “platooning system” as driver-assisted vehicle-to-vehicle technology that integrates electronic communications between and among multiple vehicles to synchronize speed, acceleration, and braking while leaving system monitoring and intervention in the control of each vehicle’s driver.
 - **“Residential roadway” definition modified.** Article 3, section 32 amends Minn. Stat. § 169.011, subd. 64. It expands the definition of “residential roadway” to include an area zoned exclusively for housing that is not a collector or arterial street. This has the effect of allowing cities and towns to adopt a 25 mile per hour speed limit on residential roadways without a traffic engineering study and MnDOT approval.
 - **“Vehicle platoon” definition.** Article 3, section 33 adds a subdivision to Minn. Stat. § 169.011. It defines “vehicle platoon” as a group of commercial vehicles traveling in a unified manner through use of a platooning system or systems. A vehicle platoon consists of a lead vehicle and following vehicles. A vehicle platoon is not a combination vehicle.
 - **Cities authorized to set certain speed limits.** Article 3, sections 34 and 35 amend Minn. Stat. § 169.14, subd. 5 and add a new subdivision to Minn. Stat. § 169.14. The provisions authorize a city to establish speed limits for city streets under the city’s jurisdiction without conducting an engineering and traffic investigation. The subdivision does not apply to township roads, county highways, or trunk highways in the city. A city that establishes speed limits using this authority must implement speed limit changes in a consistent and understandable manner. The city must erect appropriate signs to display the speed limit. A city that uses the authority under this provision must develop procedures to set speed limits based on the city’s safety, engineering, and traffic analysis. At a minimum, the safety, engineering and traffic analysis must consider national urban speed limit guidance and studies, local traffic crashes and methods to effectively communicate the change to the public.
 - **Semi lane deviation in roundabout clarified.** Article 3, section 37 amends Minn. Stat. § 169.18, subd. 7. It allows semis and other large vehicles to deviate from the driving lane in a roundabout.
 - **Vehicle platoon following exemption provided.** Article 3, section 38 amends Minn. Stat. § 169.18, subd. 8. It exempts a vehicle platoon from a limitation on following within 500 feet of another vehicle outside of a business or residential district.
 - **Slower vehicles required to stay in right lane.** Article 3, section 39 amends Minn. Stat. § 169.18, subd. 10. It requires a driver proceeding at a slow speed to drive as close as practicable to the right-hand edge of the roadway. On a road with more than one lane in a direction, a driver must move out of the left-most lane to allow another vehicle to pass unless it is not practicable or an exception applies. (Article 3, section 131 is a 2019 session law requiring the commissioner of the DPS to provide educational information to the public about this law.)
 - **Drivers required to yield to school buses.** Article 3, section 40 adds a provision to Minn. Stat. § 169.20, subd. 7. It requires drivers to yield to a school bus that is attempting to enter a lane of travel from a shoulder, right-turn lane, or other location used for passenger loading or unloading.
 - **Semi right-of-way in roundabout provided.** Article 3, section 41 adds a subdivision to Minn. Stat. § 169.20. It provides for right-of-way when two semis or other similarly large vehicles drive through a roundabout at the same time, so that the driver of the vehicle on the right must yield to the vehicle on the left.
 - **On-track railroad equipment added to traffic rules regarding grade crossings.** Article 3, sections 42 to 45 modify provisions in Minn. Stat. §§ 169.26, 169.28 and 169.29 to clarify traffic rules regarding railroad grade crossings by motor vehicles. On-track railroad equipment is treated the same as trains for purposes of restricting motor vehicle crossing, penalties for pedestrians who ignore barriers, and “stopping at crossings” requirements for certain vehicles. The new law also provides that persons going through a rail grade crossing on heavy equipment or similar slow-moving vehicles must follow the same procedures for other on-track equipment as for trains.
 - **School bus operator authorized to proceed from right-turn lane.** Article 3, section 48 adds a provision to Minn. Stat. § 169.443, subd. 2. It allows school bus operators to re-enter traffic from a right-turn lane after loading or unloading students, instead of being required to turn.
 - **Transportation network company vehicle illuminated display authorized.** Article 3, section 55 adds a subdivision to Minn. Stat. § 169.58. It authorizes transportation network companies (such as Uber and Lyft) to display illuminated company signs. Sign specifications are provided in the section.

- **Transportation network company sign placement provided.** Article 3, section 59 amends Minn. Stat. § 169.64, subd. 8. It authorizes transportation network company vehicles to mount illuminated company signs on the lower portion of a windshield.
- **Motor vehicle window tinting provisions modified.** Article 3, sections 60, 61, and 126 amend Minn. Stat. §§ 169.71 and 169.81. The sections broaden an exception to the prohibition on motor vehicle window tinting that is available based on a prescription or medical statement, so that individuals other than the holder of the prescription can operate the vehicle. Until Nov. 1, 2019, a driver may rely on a prescription or physician's statement of medical need issued to a person not present in the vehicle under certain circumstances.
- **Emergency vehicle weight limit established.** Article 3, section 65 adds a provision to Minn. Stat. §169.829, subd. 4. It establishes per-axle and gross vehicle weight limits for emergency vehicles operated on interstates, using limits established in federal law.
- **Overweight permit for agricultural products authorized.** Article 3, sections 67 to 69 and 139 amend Minn. Stat. § 169.865 to specify several agricultural products that can be hauled under a special overweight vehicle permit.
- **Vehicle platooning authorized on freeways and expressways.** Article 3, section 70 creates Minn. Stat. § 169.881. It allows for vehicle platooning on freeways and expressways. It sets the requirements and conditions under which a vehicle platoon may operate, including requiring plan approval by MnDOT.
- **Transportation asset inventory required.** Article 3, section 78 adds a subdivision to Minn. Stat. § 174.03. It requires MnDOT to maintain an inventory of transportation assets. *Effective July 1, 2019; however, the initial inventory must be completed by Dec. 15, 2021.*
- **Tribal government eligibility for public transit assistance.** Article 3, section 80 amends Minn. Stat. § 174.24, subd. 2. It adds tribal governments as eligible for public transit financial assistance administered by MnDOT.
- **MnDOT snow and ice appropriation calculation modified.** Article 3, section 81 amends Minn. Stat. § 174.57. It modifies the calculation for a statutory appropriation to MnDOT for snow and ice control so it is based on annual expenditures and not biennial expenditures.
- **“Comprehensive plan” in aeronautics chapter definition provided.** Article 3, section 89 adds a subdivision to Minn. Stat. § 360.013. It defines “comprehensive plan” for the chapter of statutes on aeronautics by cross reference to definitions in county and municipal planning and zoning statutes.
- **Municipal airport planning disbursements authorized.** Article 3, section 90 amends Minn. Stat. § 360.017, subd. 1. It allows for State Airports Fund expenditures for municipal airport planning and permits municipalities to receive assistance from the fund even if its comprehensive plan is incompatible with the state aviation plan. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Airport operation and maintenance considered essential public service.** Article 3, section 91 amends Minn. Stat. § 360.021, subd. 1. It states that airport operation and maintenance is an essential public service. It allows MnDOT to fund airport safety projects to maintain existing infrastructure regardless of a zoning authority's efforts to complete zoning, but otherwise requires funds be withheld from the airport unless it is proceeding with or has completed an airport zoning ordinance. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Air transportation service charge expanded.** Article 3, section 92 amends Minn. Stat. § 360.024. It expands charges to users of agency provided air transportation services to include indirect operating costs and directs MnDOT to also charge for capital costs of the aircraft. It establishes a new account for the aircraft capital revenue.
- **Airport hazard prevention and protection.** Article 3, section 93 amends Minn. Stat. § 360.062. It narrows specification of what constitutes airport hazards based on existing land uses around the airport. It establishes that prevention of airport hazards and airport lighting are essential public services, not just public purposes. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Enforcement under police power.** Article 3, section 94 amends Minn. Stat. § 360.063, subd. 1. It provides for municipal zoning regulation in airport hazard areas (areas where an aircraft takeoff or landing hazards might be established), broadening the geographic area that can be regulated by removing the specific distance limitations. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Joint airport zoning board provision clarified.** Article 3, section 95 amends Minn. Stat. § 360.063, subd. 3. It makes technical and conforming changes, to cross-reference proposed airport zoning regulation standards being established in the act. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Airport zoning regulations in comprehensive plan required.** Article 3, section 96 amends Minn. Stat. §360.064, subd. 1. It requires inclusion in the municipal comprehensive plan any airport zoning regulations that apply to the same area as a municipal plan does. It is permissive under current law. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*

- **Notice of proposed airport zoning regulations required.** Article 3, section 97 amends Minn. Stat. § 360.065, subd. 1. It specifies procedures for notice of proposed airport zoning regulations in newspapers, on websites, and by mail. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Adoption of airport zoning regulations procedure provided.** Article 3, section 98 creates Minn. Stat. § 360.0655. It establishes a process for political subdivisions to adopt airport zoning regulations using standards prescribed by MnDOT, which includes specifying MnDOT review and subsequent revision procedures, permitting more stringent local ordinances, preserving substantive rights from before Aug. 1, 2019, and providing for protection of existing uses. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Custom airport zoning standards allowed.** Article 3, section 99 creates Minn. Stat. § 360.0656. It provides an alternative zoning process (to the previous section) that allows custom regulations by a local government. It specifies the factors that must be addressed in the custom regulations and provides for MnDOT review and subsequent revision procedures. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Airport zoning reasonableness considerations eliminated.** Article 3, section 100 amends Minn. Stat. § 360.066, subd. 1. It eliminates a nonexclusive list of considerations in determining reasonableness of airport zoning regulations. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Federal no hazard determination authorized.** Article 3, section 101 adds a subdivision to Minn. Stat. § 360.067. It permits a custom regulation to allow a structure or tree higher than otherwise allowed if the Federal Aviation Administration has analyzed it and determined it does not pose a hazard, require a change in operations, or require mitigation that cannot be accomplished. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Airport zoning board staggered terms authorized.** Article 3, section 102 amends Minn. Stat. § 360.072, subd. 2. It allows for staggered initial appointments of a zoning board of adjustments. For the Metropolitan Airports Commission, it provides that the commission chair, not the commission as whole, makes the appointments. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Airport zoning required.** Article 3, section 103 amends Minn. Stat. § 360.305, subd. 6. It allows MnDOT to fund airport safety projects to maintain existing infrastructure regardless of a zoning authority's efforts to complete zoning, but otherwise prohibits funding unless the municipality, county, or joint airport zoning board is proceeding on with zoning. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **“Airport safety zone” definition added to county planning law.** Article 3, section 104, adds a subdivision to Minn. Stat. § 394.22. It adds a definition of “airport safety zone” to the county planning and zoning statute. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **County comprehensive plan required.** Article 3, section 105 amends Minn. Stat. § 394.23. It requires a county to consider the location and dimensions of airport safety zones in its comprehensive plans, as well as consider any improvements identified in the airport's layout plan. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Greater Minnesota county comprehensive plans required.** Article 3, section 106 amends Minn. Stat. § 394.231. It adds to the goals of county plans in Greater Minnesota, so that the plan encourages land uses in airport safety zones that are compatible with safe airport operation. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Airport safety zoning maps required in counties.** Article 3, section 107 amends Minn. Stat. § 394.25, subd. 3. It requires county zoning maps to include airport safety zones. *Effective Aug. 1, 2019, for maps created or updated on or after that date.*
- **“Airport safety zone” definition added to municipal planning law.** Article 3, section 108 adds a subdivision to Minn. Stat. § 462.352. It adds a definition of “airport safety zone” to the municipal planning and zoning statute by cross-reference to the definition in the municipal planning and zoning statute. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Municipal preparation and review required.** Article 3, section 109 amends Minn. Stat. § 462.355, subd. 1. It requires a municipality to consider the location and dimensions of airport safety zones in its plans, as well as to consider any improvements identified in the airport's layout plan. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*
- **Airport safety zoning maps required in municipalities.** Article 3, section 110 adds a subdivision to Minn. Stat. § 462.357. It requires municipal zoning maps to include airport safety zones. *Effective Aug. 1, 2019, for maps created or updated on or after that date.*
- **Greater Minnesota municipality development goals and objectives required.** Article 3, section 111 amends Minn. Stat. § 462.357, subd. 9. It adds to the goals of municipal plans in Greater Minnesota, so that the plan encourages land uses in airport safety zones that are compatible with safe airport operation. *Effective Aug. 1, 2019, for runway-related changes on or after that date.*

- **Metro Mobility service expanded to Lakeville.** Article 3, section 112 amends Minn. Stat. § 473.386, subd. 3. It expands Metro Mobility services to Lakeville. *Effective Jan. 1, 2020.*
- **Suburban transit assistance extended.** Article 3, section 113 amends Minn. Stat. § 473.388, subd. 4a. It extends by two years the requirement that the Metropolitan Council provide financial assistance through the regional allocation of the motor vehicle sales tax to the opt-out transit providers. *Effective May 31, 2019.*
- **Regional transit capital bonds authorized.** Article 3, section 114 adds a subdivision to Minn. Stat. § 473.39. It authorizes the Metropolitan Council to issue up to an additional \$92.3 million in “regional transit capital” bonds or similar forms of debt. *Effective July 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington.*
- **Prohibition on light rail transit debt narrowed.** Article 3, section 115 amends Minn. Stat. § 473.39, subd. 6. It narrows a prohibition on use of debt (bonds and grant anticipation notes) issued by the Metropolitan Council for light rail transit purposes. *Effective July 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington.*
- **MnDOT waiver authorized.** Article 3, section 116 amends Minn. Stat. § 574.26, subd. 1a. It permits MnDOT to waive payment and performance bond requirements for direct negotiation contracts for construction or maintenance work.

(AF)

BILLS THAT DID NOT BECOME LAW (DNBL)

DNBL—BONDING

Bonding bill

HF 2529/no SF (Rep. Mary Murphy, DFL-Hermantown) represents the House majority party proposal for where state capital investment should take place and included roughly \$1.5 billion in total appropriations. While the inclusion of a \$500 million asset preservation and replacement bonding bill was part of the agreed-upon budget package between the Governor, Speaker of the House, and Senate Majority Leader, there was not enough support in the House Republican caucus to pass any bonding during the special session. Bonding will be a major topic in the 2020 session, as it usually is in even-numbered legislative sessions. (CJ/AF)

DNBL—DATA PRACTICES

Data breach notification

HF 54/SF 248 (Rep. Peggy Scott, R-Andover, and Sen. Warren Limmer, R-Maple Grove) would have modified when government entities are required to notify individuals whose private or confidential data is affected by a breach in data security. Under current law, a breach does not occur unless there is unauthorized access of data by a person “with intent to use the data for nongovernmental purposes.” This factor would have been removed from the law. (IK)

Omnibus data practices bill

HF 631/SF 1263 (Rep. John Lesch, DFL-St. Paul, and Sen. Warren Limmer, R-Maple Grove) was the omnibus data practices bill. The bill was heard by the full Senate, but not by the House.

- **Similar House and Senate provisions.** Provisions included: (1) rideshare and customer transit data, (2) ignition interlock, (3) government prohibition of compelling access to third-party electronic communications, and (4) tracking warrants.
- **House only.** House-only provisions included: (1) data breach notification and (2) cooperative parenting.
- **Senate only.** Senate-only provisions included: (1) law enforcement use of drones, (2) extension of the Legislative Commission on Data Practices, and (3) Minnesota Department of Human Rights authorized limited sharing of closed case file data.

(IK)

Disclosure of sexual harassment investigation data to complainant

HF 798/SF 172 (Rep. Kelly Moller, DFL-Shoreview, and Sen. Ron Latz, DFL-St. Louis Park) would have allowed government entities to disclose to a complainant the status

of otherwise private personnel data regarding allegations of harassment. This bill was introduced last year as well, but did not receive a hearing. (IK)

Legislative Commission on Data Practices allowed to sunset

HF 804/SF 802 (Rep. John Lesch, DFL-St. Paul, and Sen. Warren Limmer, R-Maple Grove) would have extended the sunset for the Commission to 2026. Now, the Commission will expire on June 30, 2019. (IK)

Population threshold of “public official”

HF 1945/SF 1634 (Rep. Ron Kresha, R-Little Falls, and Sen. Jeff Howe, R-Rockville) would have removed the current population threshold of 7,500 in determining that a city employee is a “public official” under the Minnesota Government Data Practices Act, which triggers certain personnel data be public. (IK)

DNBL—ELECTIONS

Elections technical bill

HF 1487/SF 2582 (Rep. Raymond Dehn, DFL-Minneapolis, and Sen. Mary Kiffmeyer, R-Big Lake) was the 2019 elections technical bill. The bill would have allowed cities to require, by resolution, that candidates for local elective office file a written request with the chief election official at least seven days before the city election if they want to have their write-in votes individually recorded. The language also would have allowed cities to require, by resolution, that write-in votes for an individual candidate only be individually recorded if the total number of write-in votes for that office is equal or greater than the fewest number of non-write-in votes for a ballot candidate. The bill proposed amending the requirements for designating polling places by allowing cities to designate polling places by ordinance or resolution only if there are changes regarding the polling place from the previous year. The bill passed through committees in the House and was awaiting action on the House floor. The companion did not receive a hearing in the Senate. (AL)

Omnibus elections bill

HF 1603/no SF (Rep. Raymond Dehn, DFL-Minneapolis) was the 2019 elections omnibus bill. The bill contained several League-supported provisions including: restoration of voting rights for those convicted of a felony and not incarcerated; the establishment of a true early voting system; authorization for cities with fewer than 400 registered voters within the seven-county metropolitan area to hold elections by mail; and language allowing statutory cities to consider implementing Ranked-Choice Voting for municipal elections, which charter cities are currently able

to consider. The bill passed through several committees and the language was incorporated into the larger House State Government Finance omnibus bill but was not included in the conference committee report nor included in the special session omnibus state government finance bill. **(AL)**

DNBL—EMPLOYMENT

Paid family and medical leave benefit program

HF 5/SF 1060 (Rep. Laurie Halverson, DFL-Eagan, and Sen. Susan Kent, DFL-Woodbury) would have created a statewide insurance program to compensate employees for lost wages when taking leave after the birth or adoption of a child or for a serious medical condition. The program would have operated much like unemployment insurance in that both employees and employers would have contributed a fixed percentage of wages, and employees would have applied directly to the state Department of Employment and Economic Development for lost wage payments. Employees would have been eligible to receive partial wage replacement for up to 24 weeks per year. The House bill was passed by several committees and was awaiting action on the House floor. The Senate companion did not receive a hearing. The language was also included in the House omnibus jobs, economic development, energy and climate, and telecommunications policy and finance bill but was not included in the special session omnibus jobs bill. **(AL)**

Sexual harassment definition

HF 10/SF 1307 (Rep. Kelly Moller, DFL-Shoreview, and Sen. Kari Dziedzic, DFL-Minneapolis) would have changed the definition of sexual harassment by eliminating the “severe or pervasive” standard that was set by a 1986 U.S. Supreme Court ruling in *Meritor Savings Bank v. Vinson*, 477 U.S. 57 (1986). The bill was amended when heard on the House floor to further clarify the definition. It stated that “the conduct or communication has the purpose or effect of creating an intimidating, hostile, or materially offensive environment when: a reasonable person in similar circumstances to the plaintiff would find the environment intimidating, hostile, or materially offensive; and the plaintiff found the environment intimidating, hostile, or materially offensive. The intimidating, hostile, or materially offensive environment must be determined based on the totality of the circumstances.” The bill was passed by a vote of 113-10. The language was also included in the House omnibus judiciary and public safety bill but was not included in the special session omnibus jobs bill. The Senate companion did not receive a hearing though SF 2295 (Sen. Karin Housley, R-St. Mary’s Point), which also

addressed the definition of sexual harassment, did receive a hearing, was passed out of committee and was awaiting action on the Senate floor. **(AL)**

Earned sick and safe time

HF 11/SF 1597 (Rep. John Lesch, DFL-St. Paul, and Sen. Sandra Pappas, DFL-St. Paul) would have required employers to allow employees to earn, at a minimum, one hour of paid, earned sick and safe time for every 30 hours worked, up to at least 48 hours per year. The time could have been used both for an employee’s or family member’s illness and/or absence related to domestic abuse, sexual assault, or stalking. It could also have been used in response to closure of an employee’s workplace or family member’s school due to weather or public emergency. The bill passed out of several House committees and was awaiting action on the House floor. The language was also included in the House omnibus jobs, economic development, energy and climate, and telecommunications policy and finance bill but was not included in the special session omnibus jobs bill. The Senate companion did not receive a hearing. **(AL)**

Local government compensation cap repeal

HF 703/SF 1651 (Rep. Sandra Masin, D-Eagan, and Sen. Dan Hall, R-Burnsville) would have repealed the local government compensation cap in Minn. Stat. § 43A.17, subd. 9. The House bill was approved and sent to the House floor as a full repeal while the Senate bill was amended to increase the cap to \$200,000 while preserving the annual inflation adjustment under current law. **(GC)**

Public Employment Relations Board (PERB) data modified

HF 769/SF 1515 (Rep. Lyndon Carlson, Sr., DFL-Crystal, and Sen. Sandra Pappas, DFL-St. Paul) addressed treatment of data accessed and maintained by PERB under the Minnesota Government Data Practices Act, as well as treatment of PERB meetings under Minnesota’s Open Meeting Law. The bill would have allowed PERB access to personnel data in the same manner that labor organizations and the Bureau of Mediation Services have access under current law. PERB would have been exempted from the Open Meeting Law when deliberating decisions, reviewing recommended decisions, or hiring employees. The bill also modified the effective date from July 2020 to January 2020 and appropriated \$435,000 in FY 2020 and 2021. The House bill passed through several committees and the language was included in the House omnibus jobs, economic development, energy and climate, and telecommunications policy and finance bill but was not included in the special session omnibus jobs bill. The PERB did receive a fraction of the appropriation, \$125,000, in the special session omnibus jobs bill. The Senate companion did not receive a hearing. **(AL)**

Settlement reporting and transparency

HF 2439/SF 1011 (Rep. Duane Quam, R-Rochester, and Sen. Carla Nelson, R-Rochester) would have required local government, state agencies, and the Legislature to provide annual reports on settlements related to allegations of employee or employer misconduct. This annual report would have been required to be on the public entity's website and sent to the Legislature. This bill was introduced last year and again was only heard in the Senate. **(IK)**

Uniform state labor standards act

HF 2776/SF 2321 (Rep. Pat Garofalo, R-Farmington, and Sen. Mark Koran, R-North Branch) would have preempted cities from requiring employers, by resolution, ordinance, or policy to: pay a minimum wage higher than that set by the state; provide paid or unpaid leave, or provide an employee a particular benefit or terms of employment. The bill also would have prohibited cities from regulating the hours or scheduling of work time that an employer provides an employee. The bill was heard and passed out of the Senate Local Government committee and was awaiting action in the Senate Jobs and Economic Growth Finance and Policy committee. The language was included in the Senate omnibus jobs and economic development bill but was not included in the special session omnibus jobs bill. The House companion did not receive a hearing. **(AL)**

Employment suspension limit

HF 2870/SF 2876 (Rep. John Huot, DFL-Rosemount, and Sen. Gregory Clausen, DFL-Apple Valley) would have limited the length of time a management employee of a political subdivision could be placed on leave to 90 days. The term "employment suspension" was defined as placement on leave, paid or unpaid, or a requirement or allowance that an employee not fulfill regular job duties. Following the 90-day period, the employer would have been required to either terminate or reinstate the employee. The bills were introduced late in the session and did not receive hearings in either body. **(AL)**

DNBL—ENVIRONMENT**Irrigation and groundwater management areas**

HF 1198/SF 928 (Rep. Jeanne Poppe, DFL-Austin, and Sen. Jeff Howe, R-Rockville) would have been a collection of changes to statutes related to water appropriation, Department of Natural Resources efforts in groundwater management areas, and well interference claims. The bill received hearings in the Senate, but was not heard in the House. It was in the Senate omnibus environment and natural resources budget and policy bill, but was not included in the special session omnibus bill. **(CJ)**

Private salt applicator liability

HF 1502/SF 1667 (Rep. Peter Fischer, DFL-Maplewood, and Sen. Carrie Ruud, R-Breezy Point) would have removed certain liabilities for private salt applicators that attend state training on reducing salt use for de-icing. This proposal has been brought in the past. This provision was included in the final House omnibus environment and natural resources omnibus budget and policy bill, but was not included in the special session omnibus bill. The bill contained the language ensuring existing city liability provisions in statute were not affected. The environmental interests and landscaping industry proponents are expected to continue to ask for this change. **(CJ)**

MPCA water permit fee increases

Immediately after the 2017 legislative session, the Minnesota Pollution Control Agency (MPCA) announced that it was undertaking a rule revision to significantly increase the fees for those required to have a federal water discharge permit. That caught most people off guard, as there had been no mention during the budget hearings that they had a \$28 million shortfall in their water program funding. They received a very high number of comments on that topic during an initial public comment period, so the commissioner instead announced the formation of an advisory group to further discuss the change. Information on the MPCA's rationale and the advisory group can be found at <https://www.pca.state.mn.us/water/amendments-water-quality-fee-rules>. Coming into the 2019 budget cycle, a six-year escalation of water permit fees was included in the agency's budget, but was later removed by the agency. The increase affected almost all water permits to some degree, but was especially steep for municipal stormwater. The state should be considering most of the increased costs the agency is facing as part of an overall need they have for statewide water programs, which should be funded by the general fund, not only by city resident utility charges. No administrative proposal has been made to increase general fund revenue for those purposes, but it has been made clear that a permit fee rule revision is still something the MPCA intends to do. **(CJ)**

Legislative approval of agency fee increases

No HF/SF 102 (Sen. Mark Johnson, R-East Grand Forks) would have required legislative approval of all fee increases by environmental agencies before they could be implemented. The language was not included in the final budget agreement with the House and the Governor. It is expected to continue to be a topic of discussion at the legislature, especially since major water permit fee increases are being proposed by the Minnesota Pollution Control Agency. **(CJ)**

Legislative Water Commission allowed to sunset, but likely to continue in different form

The Legislative Water Commission (LWC) is an advisory group made up of six members each of the House and Senate, equally divided between Republicans and Democrats from each body. When it was created, it was given five years of funding, due to sunset on June 30, 2019. The commission had spent a great deal of time over the past two years reviewing municipal water and wastewater infrastructure needs, as well as operational and regulatory challenges. It had started making suggestions to the broader Legislature on how to address that, including supporting the significant increase in state bonding support of city infrastructure. Both the House and Senate included a continuation of that commission in their state government finance omnibus budget bills, but when the final budget deal was done, the policy language removing the sunset was not included. The funding, however, was still included in the budget of the Legislative Coordinating Commission (LCC). In light of that, a proposal will be made to the LCC to continue the work of the LWC for the next two years as a sub-committee with essentially the same purpose and staffing. **(CJ)**

Long term base funding for soil and water conservation districts

An ongoing discussion of how to provide adequate funding for the work of soil and water conservation districts received significant discussion at the legislature this year. Right now, counties are not required to provide set base funding for districts. Instead, each chooses what level of support they wish to provide to their district, with some being strong financial partners, but others providing only in-kind support like office space with no other operational funds. Legislative proposals ranged from granting the districts their own levy authority, to using the general fund, to using other constitutionally dedicated pots of money. In the end, a two-year patch providing \$12 million per year was provided out of the Clean Water Fund (see Legacy bill summary) that gives each district \$100,000 per year and leaves the remaining funds available as competitive grants. **(CJ)**

DNBL—HOUSING**This Old House/This Old Shop**

HF 1093/SF 1898 (Rep. Cheryl Youakim, DFL-Hopkins, and Sen. Carla Nelson, R-Rochester) would have reinstated programs that allow home or business owners to make certain improvements to qualifying homestead or commercial property and delay the valuation increase causing increased property tax assessments due to the improvements made on the property. The bill would have altered

the eligible age of homes to include those 30 years and older as opposed to 45 years and older allowed for in the previous program. **(DL)**

Housing Tax Credit Contribution

HF 1156/SF 404 (Rep. Brad Tabke, DFL-Shakopee, and Sen. Carla Nelson, R-Rochester) would have established a Minnesota housing tax credit contribution fund that provided a nonrefundable tax credit against the state tax liability of an individual or corporate contributor who contributed \$100 to \$5,000,000 to a specific affordable housing project or revolving fund established to provide loans or grants towards low- and moderate-income housing construction. Both House and Senate versions received a hearing in the House and Senate Tax Committees, but the provision was not included in the special session omnibus tax bill. **(DL)**

Local Housing Trust Fund state match funding

HF 1402/SF 1961 (Rep. Michael Howard, DFL-Richfield, and Sen. Andrew Lang, R-Olivia) would have appropriated \$10 million from the general fund to the Minnesota Housing Finance Agency for matching grants to local housing trust funds to incentivize local investment. Grant funding would have been needed to benefit households with incomes at or below 115 percent of state median income to be used for purposes outlined under Minn. Stat. §462C.16, subd. 3. A grantee would have been eligible to receive 100 percent match for own-source revenue committed up to \$150,000, and 50 percent of amounts committed between \$150,000 and \$300,000. **(DL)**

Class 4d property tax rate modification

HF 2424/SF 2571 (Rep. Greg Davids, R-Preston, and Sen. David Senjem, R-Rochester) would have set the class rate for all low-income rental properties qualifying as Class 4d properties at 0.25%. Under current law, the class rate for 4d property is 0.75 percent on the first-tier value (first \$150,000 for assessment year 2019) and 0.25 percent of the value exceeding the first-tier amount for each unit. The Senate version received a hearing in the Senate Tax Committee and was included in the initial omnibus tax bill language, but it did not survive the conference committee process. **(DL)**

DNBL—LAND USE**Annexation**

HF 1139/SF 1179 (Rep. Raymond Dehn, DFL-Minneapolis, and Sen. Bruce Anderson, R-Buffalo Township) would have allowed a township to adopt an orderly annexation agreement with a neighboring city that potentially locks out other adjacent cities from proposing an annexation if

the agreement says that those areas in the township will not be annexed. It would have also prevented private property owners in those areas from petitioning to be annexed. The League and the Coalition have strongly opposed this legislation since it was first proposed in 2013. In its 2019 decision in *In re Annexation of Certain Real Property of City of Proctor from Midway Township*, the Minnesota Supreme Court has since ruled that using an orderly annexation agreement in this manner is not legal. The legislation will continue to be pushed in the 2020 session. **(CJ)**

Municipal street impact fee authorization

HF 2296/SF 2442 and HF 2297/SF 2443 (Rep. Brad Tabke, DFL-Shakopee and Sen. Eric Pratt, R-Prior Lake) would have explicitly allowed municipalities to impose street impact fees. These bills were in response to the Minnesota Supreme Court decision in *Harstad v. City of Woodbury*, 902 N.W.2d 64 (Minn. 2017). Neither bill was heard in any committees. **(IK)**

DNBL—LIQUOR AND TOBACCO

Tobacco purchase age increased to 21

HF 331/SF 463 (Rep. Heather Edelson, DFL-Edina, and Sen. Carla Nelson, R-Rochester) would have raised the tobacco purchase age statewide from 18 to 21. The bill also included language requiring licensing authorities to report violations found in retail compliance checks to the Minnesota Department of Human Services. The bill passed through several committees and the language was included in the House Health and Human Services omnibus bill. The Senate companion passed out of one committee and was awaiting action in the Judiciary and Public Safety Finance and Policy committee. The language was not included in the special session omnibus health and human services bill. **(AL)**

Electronic cigarettes added to the Minnesota Clean Indoor Air Act

HF 349/SF 462 (Rep. Laurie Halverson, DFL-Eagan, and Sen. Carla Nelson, R-Rochester) would have added electronic cigarettes, used for vaping, to the definition of smoking for the purposes of the Minnesota Clean Indoor Air Act. It would also have included products derived from nicotine, tobacco, marijuana, other plants, and synthetics intended for inhalation. This would have prohibited vaping in all places where smoking is currently prohibited. The bill passed off of the House floor 100-25 and the language was included in the House health and human services omnibus bill. It was not included in the special session omnibus health and human services bill. Though this provision did not become law, permissive language was

included in the special session omnibus health and human services bill allowing cities to enact and enforce more stringent measures than in the Minnesota Clean Indoor Air Act to protect individuals from involuntary exposure to aerosol or vapor from electronic delivery devices. **(AL)**

Omnibus liquor bill

HF 2290/SF 2130 (Rep. Andrew Carlson, DFL-Bloomington, and Sen. Gary Dahms, R-Redwood Falls) was the 2019 omnibus liquor bill. Included were several liquor licensing provisions for the cities of Alexandria, Austin, Pemberton, Pierz, Rochester, Roseville, and St. Paul. The bill also included language allowing the Metropolitan Airports Commission to set the hours of sale at on-sale locations within the security areas of both terminals. Of particular importance to cities operating municipal liquor stores, was language that would have modified the municipal liquor store “continuation” statute to exclude long-term pension liability when calculating the profitability of the operation. When long-term pension liability is considered in the profit/loss of a municipal liquor store, for purposes of the continuation statute, an otherwise profitable liquor operation could appear to be operating with a net loss. The bill passed off of the Senate floor but was not taken up on the House floor. **(AL)**

DNBL—MISCELLANEOUS

Americans with Disabilities Act notice to business working group

HF 803/SF 806 (Rep. Peter Fischer, DFL-Maplewood, and Sen. Kari Dziedzic, DFL-Minneapolis) would have created a working group to develop recommendations for providing notice to business owners that standard building code inspections, plan reviews, and approvals do not guarantee complete compliance with the accessibility requirements of the Americans with Disabilities Act, the Minnesota Human Rights Act, or state accessibility codes. The League would have had an appointee on this working group. **(IK)**

Website Accessibility Grant Advisory Council

HF 2808/no SF (Rep. Steve Elkins, DFL-Bloomington) would have established the Advisory Council to provide grants to local governments to improve the accessibility of local government websites. The House omnibus state government finance bill included \$200,000 for the biennium, but this amount was removed in conference committee. **(IK)**

BILLS THAT DID NOT BECOME LAW (DNBL)

DNBL—PUBLIC SAFETY

Public Safety Officers Benefit funding increase

Initiated by the League of Minnesota Cities, HF 1009/SF 825 (Rep. Paul Marquart, DFL-Dillworth, and Sen. Jeff Howe, R-Rockville), would have required an annual general fund appropriation to fully compensate local units of government for the cost of continuing health insurance benefits for police officers and firefighters injured in the line of duty and for dependents of those killed in the line of duty. The bill was not heard in the House or Senate. (AF)

Law enforcement use of drones regulated

HF 1236/SF 1430 (Rep. John Lesch, DFL-St. Paul, and Sen. Scott Dibble, DFL-Minneapolis) would have required a search warrant when law enforcement agencies used an unmanned aerial vehicle (or drone), except under certain situations. These exceptions included emergency situations where there is a threat to a person's life or safety, in a public area when there is reasonable suspicion of criminal activity, high risk of a terrorist attack, prevention of the loss of life and property in disasters, etc. This provision was included in the House omnibus judiciary and public safety bill, but was taken out in negotiations. (IK)

Forfeiture reform

HF 1971/SF 2155 (Rep. John Lesch, DFL-St. Paul, and Sen. Scott Newman, R-Hutchinson) would have eliminated administrative forfeiture and limited local law enforcement's ability to partner with federal agencies in the equitable sharing program. This bill was similar to last year's bill. (IK)

Forfeiture reform task force

HF 2840/no SF (Rep. Kelly Moller, DFL-Shoreview) would have created a task force to comprehensively examine seizure and forfeiture of property associated with criminal activity with interested stakeholders. This bill was included in the House omnibus judiciary and public safety finance and policy bill, but was not included in the special session omnibus bill. (IK)

DNBL—TAXES

Restricting local sales taxes to cities over 1,000 population

SF 5 (Sen. Roger Chamberlain, R-Lino Lakes), the Senate omnibus tax bill, included a prohibition on cities under 1,000 from seeking authority to impose a local sales tax. This restriction was not included in the special session tax bill. (GC)

Repeal of authority of cities to impose a local gambling tax

SF 5 (Sen. Roger Chamberlain, R-Lino Lakes), the Senate omnibus tax bill, included the repeal of cities to impose local gambling taxes under Minn. Stat. § 349.213. This provision was not included in the special session tax bill. (GC)

Local lodging tax base

HF 346/SF 473 (Rep. Andrew Carlson, DFL-Bloomington, and Sen. Melissa Wiklund, DFL-Bloomington) would have clarified that local lodging taxes apply to the entire amount paid by a consumer for lodging including accommodation intermediary charges. (GC)

LGA dedicated to housing

HF 371/no SF (Rep. Duane Quam, R-Byron) would have required cities to dedicate the portion of the LGA distribution equal to the percentage of housing built before 1970 times the city's LGA distribution to fund housing development, redevelopment, and rehabilitation. (GC)

Five percent of LGA appropriation dedicated to water treatment loan program

HF 372/no SF (Rep. Duane Quam, R-Byron) would have dedicated 5 percent of the total LGA appropriation to a local program to assist cities in renovating rural municipal water treatment facilities. (GC)

State-paid property tax reimbursement for state assessed property

HF 424/SF 1708 (Rep. Mike Sundin, D-Esko, and Sen. Paul Utke, R-Park Rapids) would have required the state, rather than local units of government, to reimburse owners of state-assessed properties such as pipelines, railroads, and public utility property. (GC)

Construction materials sales tax exemption simplification

HF 670/SF 901 (Rep. Mike Freiberg, DFL-Golden Valley, and Sen. Ann Rest, DFL-New Hope) and HF 779/SF 1589 (Rep. Chris Swedzinski, R-Ghent, and Sen. Jason Rarick, R-Brook Park) would have simplified the sales tax exemption for purchases of construction materials made by a contractor, subcontractor, or builder under a lump sum contract for buildings and facilities used directly by local governments. (GC)

BILLS THAT DID NOT BECOME LAW (DNBL)

Snowplow sales tax exemption

HF 702/SF 877 (Rep. Chris Swedzinski, R-Ghent, and Sen. Gary Dahms, R-Redwood Falls) would have exempted purchases of road construction and road maintenance vehicles from the motor vehicle sales tax. This bill would have made city and county purchases of these vehicles consistent with the current law exemption for township purchases of similar vehicles. **(GC)**

Stronger Communities Aid program

HF 1780/no SF (Rep. Paul Marquart, DFL-Dilworth) would have enhanced the existing local performance aid statute to encourage cities to adopt performance measurement systems to measure efficiency and effectiveness in municipal services. For cities with a population up to 500, the aid would have been equal to \$8 per capita, up to a maximum of \$2,000. For cities between 501 and 2,500 in population, the aid would have been equal to \$5 per capita up to a maximum of \$5,000. For cities over 2,500 in population, the aid would have been equal to \$2 per capita up to a maximum of \$50,000. **(GC)**

General authority to create fire protection districts

HF 1280/SF 668 (Rep. Jamie Becker-Finn, DFL-Roseville, and Sen. Karla Bigham, DFL-Cottage Grove) would have allowed two or more political subdivisions to establish, by resolution, a special taxing district to provide fire protection services. The district would have been required to be governed by a board consisting of representatives of each participating political subdivision in the proportions set out in the district's establishing resolution. Each representative would have been an elected member of his or her respective political subdivision. The fire protection district board would have been permitted to levy a tax on property in the district. The property tax would have been administered in the same manner as all other local government property taxes. **(GC)**

Reverse referendum requirement for franchise fees

HF 1891/no SF (Rep. Bob Vogel, R-Elko New Market) would have required a referendum on new or renewed franchise fees and would have allowed citizens to petition for a referendum (reverse referendum) on most new or modified franchise fees. **(GC)**

General authority for local option sales taxes

HF 1970/SF 1272 (Rep. Cheryl Youakim, D-Hopkins, and Sen. Ann Rest, D-New Hope) would have granted cities the authority to implement one-time local option sales taxes without legislative approval but still subject to a referendum as well as limitations on the duration, sales tax rate, and use of the tax revenue. The legislation was heard in the House Property Tax and Local Government Finance Division but did not receive a hearing in the Senate. **(GC)**

LGA minimum distribution

HF 2031/SF2807 (Rep. Jerry Hertaus, R-Greenfield, and Sen. David Osmek, R-Mound) would have increased the LGA appropriation by nearly \$31 million and would have dedicated 2 percent of the LGA appropriation to an alternative per capita aid to cities that receive no LGA under the general formula. **(GC)**

Extension of Public Employees Retirement Association employer aid

HF 2387/SF 2488 (Rep. Mary Murphy, D-Hermantown, and Sen. Julie Rosen, R-Vernon Center) would have extended the PERA employer aid to the earlier of the new full funding date for the PERA General Plan or June 30, 2048. The language was included in the regular session omnibus pension bill but was not included in the special session omnibus pension bill. **(GC)**

Prohibition on excise taxes or fees on containers

HF 2473/SF 1173 (Rep. Jim Nash, R-Waconia, and Sen. Andrew Mathews, R-Milaca) would have expanded the current prohibition on cities and counties imposing taxes on income or sales to explicitly prohibiting an increase or new excise tax or fee on food and beverages or their containers at any level in the distribution process. The prohibition would have applied to volume and unit taxes as well as those based on value. It also would have applied to food for both human and animal consumption. The language of the bill was included in the Senate omnibus tax bill and amended to include "instruments" such as plastic straws, but was not included in the special session omnibus tax bill. **(GC)**

Small Cities LGA increase

No HF/SF 1939 (Sen. Roger Chamberlain, R-Lino Lakes) would have increased the LGA appropriation by \$15 million and make modifications to the formula to direct the appropriation increase to cities under 5,000 in population. **(GC)**

DNBL—TELECOMMUNICATIONS

Broadband grant policy changes

No HF/SF 2622 (Sen. Mark Koran, R-North Branch) would have made several policy changes to the Border-to-Border Broadband grant program including requiring the Office of Broadband Development to develop a comprehensive "Broadband How-to Guide" to assist grant applicants. The bill also would have changed applicant notification requirements to notify existing area broadband providers in the proposed project area from six weeks to 30 days before an applicant could apply. It would have required applicants to hold meetings with individual broadband providers or one open meeting for all provid-

ers in the proposed project area rather than notification in writing. The bill would have also modified the information required for an existing provider to challenge an awarded project and would have required providers awarded a grant to complete construction of the broadband infrastructure in 18-months to be eligible for submitting another application for the next grant cycle. Lastly, the bill would have required the purchase of a performance bond if the service provider is or has been part of an investigation in the past three years by the Minnesota Public Utilities Commission for service quality issues. The bill did not receive a hearing but is likely to be revisited next session. **(DL)**

DNBL—TRANSPORTATION

Local Road Improvement Program funding

HF 780/SF 1081 (Rep. Tim O'Driscoll, R-Sartell, and Sen. Jeff Howe, R-Rockville) would have provided \$50 million for the Local Road Improvement Program and \$50 million for the Local Bridge Account. The House version was heard, laid over, and not included in the House omnibus transportation bill. Also in the House, \$100 million for the Local Road Improvement Program and \$100 million for the Local Bridge account was included in a bonding bill that passed out of committee but was not considered by the full House. The Governor expressed support for these programs and included robust funding for both in his bonding proposal. **(AF)**

Local cost share assistance

HF 846/SF 1228 (Rep. Steve Elkins, DFL-Bloomington, and Sen. Jeff Howe, R-Rockville) would have created a Local Cost-Share Assistance Account within the Local Road Improvement Program to provide grants to local governments to help with the local share of some trunk highway projects. A version of the bill, HF 780/SF 1081 (Rep. Tim O'Driscoll, R-Sartell, and Sen. Jeff Howe, R-Rockville), was heard by the House Transportation Committee, but it was not included in the House's omnibus bill. The bill was not heard in the Senate. **(AF)**

Street improvement district authority

HF 1095/SF 1271 (Rep. Steve Elkins, DFL-Bloomington, and Sen. Dave Senjem, R-Rochester) is a League initiative that would have provided authority for cities to establish street improvement districts to fund street maintenance, construction, and reconstruction. This bill was not heard in the House or Senate. **(AF)**

Funding for the Small Cities Assistance Account

Although omnibus transportation bills in both the House and Senate passed off their respective floors with provisions to fund the Small Cities Assistance Account, funding for the account did not survive negotiations between legislative leaders and the Governor. **(AF)**

Tab fee surcharge for city street funding

HF 1288/SF 1269 (Rep. Steve Elkins, DFL-Bloomington, and Sen. Jim Carlson, DFL-Eagan), was a League initiative that would have imposed a \$10 surcharge on license tab fees and on motor vehicle title transfers to be dedicated to city streets in large and small cities. It would have raised \$57 million per year for this purpose. The bill was not heard in the House or Senate. **(AF)**

Gas tax increase

Governor Tim Walz made a \$.20 gas tax increase the cornerstone of his proposed transportation budget. Although the House's omnibus transportation bill passed off the House floor with a \$.20 gas tax increase, the provision was very unpopular in the Senate. The provision was not included in the budget agreement reached by legislative leaders and the Governor. **(AF)**

Transportation network companies (TNC) state-wide regulation

Early in the 2019 legislative session, the ridesharing service, Lyft, indicated an interest in bringing back a version of a bill they tried and failed to pass in 2018. It would have created a loose regulatory structure for transportation network companies (TNCs) that would replace ordinances and requirements already set by several municipalities. The regulations would have covered state agency licensure and annual fee setting, fare and payment standards, minimum driver qualifications, standards for obtaining and providing rides, inspection of vehicles used in the service, mandated TNC policies on intoxicating substance and nondiscrimination, data practices and records retention, and local preemption. The League actively opposed the early drafts of the bill, and it was not advanced. **(AF)**

Local Road Wetland Replacement Program funding

Funding for the Local Government Road Wetland Replacement Program (LGRWRP) was not a part of the final agreement between the legislature and Governor. The LGRWRP provides wetland mitigation for certain qualifying road reconstruction, repair, and rehabilitation projects conducted by local road authorities (cities, townships, counties). The Board of Water and Soil Resources administers the program and provides wetland mitigation for wetland impacts resulting from a qualifying project. The LGRWRP is typically funded in the bonding bill, and the 2019 session did not yield an omnibus bonding bill. **(AF)**

League of Minnesota Cities Intergovernmental Relations Department

The League's Intergovernmental Relations (IGR) staff work on legislative issues that matter to cities. Feel free to contact our IGR staff members with any questions, concerns, or suggestions regarding legislative issues.

IGR staff members and legislative issues:

Gary Carlson

Intergovernmental Relations Director
(651) 281-1255
gcarlson@lmc.org
www.twitter.com/garyncarlson

Legislative issues:

- Aid to cities
- Economic development
- Pensions and retirement
- Public finance
- Taxes
- Tax increment financing (TIF)
- Workers' compensation

Anne Finn

Assistant Intergovernmental Relations Director
(651) 281-1263
afinn@lmc.org
www.twitter.com/annemfinn

Legislative issues:

- Emergency management
- Employment and human resources
- Public safety
- State bonding
- Transportation

Ted Bengtson

IGR Administrative Coordinator
(651) 281-1242
tbengtson@lmc.org
www.twitter.com/tbengtsonLMC

Legislative issues:

- General
- Member relations

Craig Johnson

Intergovernmental Relations Representative
(651) 281-1259
cjohnson@lmc.org
www.twitter.com/cajohnson_1

Legislative issues:

- Energy
- Environment
- Land use and annexation
- Local/tribal relations
- State bonding
- Sustainable development
- Wastewater, drinking water, and stormwater

Irene Kao

Intergovernmental Relations Counsel
(651) 281-1260
ikao@lmc.org
www.twitter.com/irenewkao

Legislative issues:

- Building codes
- Civil liability
- Data practices and Open Meeting Law
- Employment law
- Land use, zoning, and annexation

Daniel Lightfoot

Intergovernmental Relations Representative
(651) 281-1295
dlightfoot@lmc.org
www.twitter.com/DFLightfoot

Legislative issues:

- Broadband
- Cable/franchising
- Housing
- Telecommunications & information technology
- Wireless infrastructure

Ann Lindstrom

Intergovernmental Relations Representative
(651) 281-1261
alindstrom@lmc.org
www.twitter.com/AnnRL

Legislative issues:

- Elections
- Employment and human resources
- Federal relations and advocacy
- Local/state regulation and licensing
- Preemption



**League of Minnesota Cities
145 University Avenue West
St. Paul, MN 55103-2044**

**TEL: (651) 281-1200
(800) 925-1122
TDD: (651) 281-1290
FAX: (651) 281-1299
WEB: www.lmc.org**